yahsat الياه سات

Securing the future Enabling SpaceTech solutions

Annual Integrated Report 2023

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

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

2023 Financial Highlights

Yahsat awarded US$ 5.1 billion satellite capacity and managed services mandate by the UAE Government

Revenue **+6%** 2023: US$ 457m 2022: US$ 433m	Normalised Adjusted EBITDA **+5%** 2023: US$ 271m (59% margin) 2022: US$ 258m (60% margin)	Normalised Net Income **+9%** 2023: US$ 116m (25% margin) 2022: US$ 110m (25% margin)
Contracted future revenues **+4.8b** 2023: US$ 6.8b (14.9x annual revenues) 2022: US$ 2.0b (4.6x annual revenues)	Discretionary Free Cash Flow **-14%** 2023: US$ 193m 2022: US$ 225m	Dividends **+2%** 2023: US$ 109m (16.46 fils/share) 2022: US$ 107m (16.12 fils/share)
Cash and short term deposits **+3%** 2023: US$ 562m 2022: US$ 545m	Total assets **-2%** 2023: US$ 2.0b 2022: US$ 2.0b	Satellite availability rate **99.99%**

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

1. Interim dividend of 8.23 fils paid in October 2023. Board proposed final dividend of 8.23 fils subject to shareholder approval during the upcoming annual general assembly meeting, taking full year dividend to 16.46 fils.

During the UAE 2023 Year of Sustainability, Yahsat successfully implemented ESG strategies, policies, programmes and practices across its business operations. Yahsat's strong ESG performance resulted in achieving the MSCI ESG "AA" Leader rating and the Future Workplace Award for 'Best Employer of the Year' in 2023.

Read more **in the Sustainability and Corporate Governance Report sections.**

Strategic Report

In a year of significant achievement and transformation, Yahsat maintained strategic focus and upheld the highest standards of operational excellence, while setting the foundation for a future of SpaceTech solutions that will launch the next phase of growth and ensure sustainable value creation for all our stakeholders.

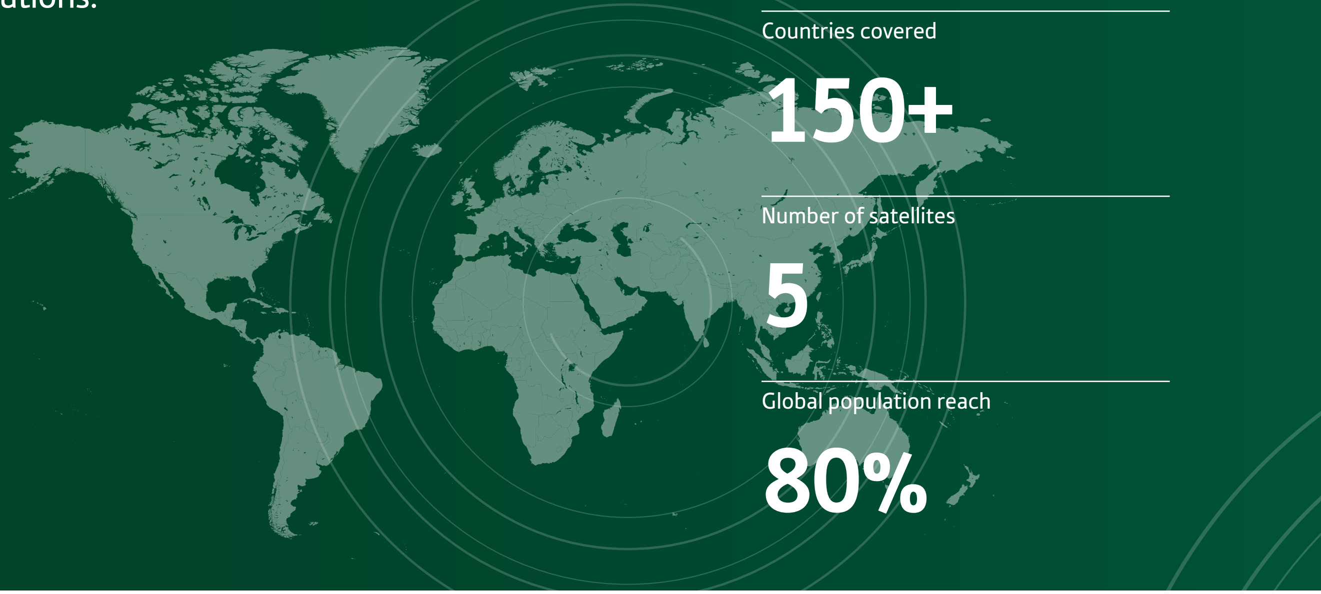
Al Yah Satellite Communications Company PJSC (Yahsat) is a public company listed on the Abu Dhabi Securities Exchange. A subsidiary of Mubadala Investment Company, Yahsat offers multi-purpose satellite services to more than 150 countries across Europe, the Middle East, Africa, South America, Asia and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

What We Do

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

Our Global Footprint

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



Key Differentiators

Global SpaceTech leader enabling critical solutions

- Covering >150 countries and potential to reach >2/3 of the world's population[1].
- Well diversified satellite services ranging from narrowband, broadband, broadcast, government and remote sensing.
- Deep, long-standing relationships with the UAE Government and key partners across the globe.

The UAE Government's preferred partner

- Provider of secure, mission critical connectivity services and solutions to the UAE Government.
- Strong and lasting relationship underpinned by significant long-term contracts that provide visibility and security of future cash flows.
- Enriching the relationship with a broad range of new satcom products and services.

Undergoing a transformational growth programme

- Significant and sizeable growth opportunities across our Government and Commercial businesses.
- Potential to expand and accelerate new verticals (IoT, D2D, EO) and deepen participation across the whole space value chain.
- New partnerships, channels and products ready to launch ahead of Thuraya-4 launch.

High-quality asset base with three new satellites under construction

- Fleet of five active geostationary satellites; Thuraya-4 expected to be launched in 2024 and AY 4 and AY 5 under construction.
- Incorporating a wide range of technologies, including valuable Ka and L-band frequency bands.
- Best-in-class ground infrastructure based in the UAE and internationally.

Industry pioneer in fast-growing emerging markets

- Differentiated offering in high-growth, underserved markets, underpinned by pioneering technology.
- Hybrid go-to-market model in the Middle East, Africa, Asia and Australasia, leveraging partnerships and direct-to-market channels.
- Flexible and scalable capacity model with opportunity to leverage in-market differentiation for new technologies.

Proven senior leadership and supportive shareholder

- Highly experienced management team with deep industry expertise and a strong track record of delivering results.
- Board of Directors with diverse industry and functional expertise.
- Strong backing from our majority shareholder, Mubadala.

Highly attractive and secure financial profile

- ~68%[2] of revenue driven by highly-rated UAE Government contracts under long-term commitments.
- High-margin business, strong cash flow, well-funded balance sheet and low net debt/EBITDA leverage.
- Robust growth profile and growing dividend capacity with a commitment to dividend growth of at least 2% per year.
- US$ 6.8 billion secured backlog, resulting into higher backlog/revenue multiple in the industry.

1 For mobility solutions (MSS).
2 For year 2023, from the UAE Government & Government related entities.

Our Business Lines:

Infrastructure

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

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

Managed Solutions

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

Mobility Solutions

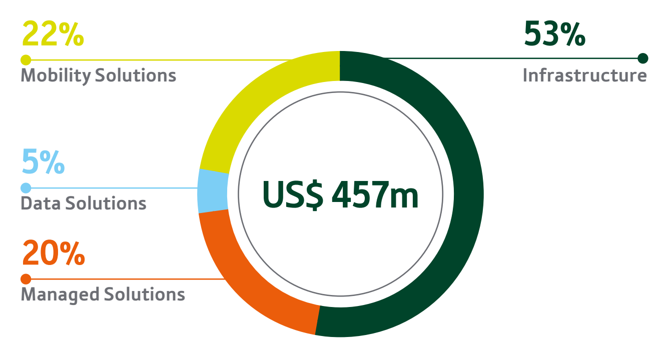
Thuraya
Mobile Satellite Services for reliable direct-to-device voice and data solutions.

Data Solutions

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

Broadcast Solutions

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



Our 2023 Year in Review

In a landmark year for Yahsat, we secured the future of the company while laying a strong and sustainable foundation for continued growth and diversification as a leader in SpaceTech, positioning the company for continued growth and value creation for all our stakeholders.

Conferences & Events

June 8
Yahsat held 'Yahsat Asia Week' in Singapore to showcase the innovative solutions of its mobility arm, Thuraya, and explore opportunities for forging new partnerships in the Asia Pacific region.

June 14
Thuraya participated in CommunicAsia 2023 in Singapore, Asia's biggest ICT exhibition, welcoming UAE Minister of State His Excellency Ahmed Ali Al Sayegh to its pavilion.

October 12
Yahsat showcased its innovative satellite-enabled solutions during GITEX 2023, the MENA region's leading technology conference, while forging several new partnerships with leading companies to enrich its portfolio of IoT and AI solutions.

November 13
Yahsat participated at the Dubai Airshow 2023 to highlight its transformation into a SpaceTech innovator, expanding multi-orbital capabilities to push the boundaries of Aerospace communications, enabling defence and aerospace experts to experience the future of in-flight connectivity and the next-gen Thuraya-4 Aero Solutions.

November 14
Yahsat participated in AfricaCom 2023, as part of its 'Yahsat Africa Week' of activities, which included the Group's first 'Africa Partner Pioneers' conference convening Thuraya and YahClick's service partners.

Investor Relations

May 11
Yahsat successfully participated in an ADX-led roadshow in New York, attracting noticeable interest from US-based institutions inclined to participate in the rapidly growing space economy of the UAE.

September 20
Yahsat increased its interim cash dividend to AED 201 million (8.23 fils per share) for the first half of 2023, demonstrating its commitment to rewarding the trust of its shareholders.

Corporate Social Responsibility

June 22
Yahsat worked closely with Chinese governmental agencies, including China's Embassy in the UAE and its Maritime Search and Rescue Coordination Centre (MRCC), using its powerful communications solutions to save a group of Chinese fishermen lost at sea.

Solutions Development

October 17
Thuraya launched a revolutionary shipping container transport offering, Cypod Solutions' industry-first CyLock product, which provides tracking, locking and multiple sensing features to transform cargo efficiency and safety.

Market Expansion

August 11
Yahsat met with officials to strengthen its presence in China, as part of its growth strategy to diversify and expand across international markets with the Chinese and the Asia Pacific regions at the forefront, amid growing demand for its world-class satellite-enabled connectivity solutions.

September 11
YahClick partnered with NIGCOMSAT to expand broadband penetration in Sub-Saharan Africa and boost access to critical electronic services across the region.

Thuraya-4 Development

February 17
Yahsat successfully completed the Critical Design Review (CDR) for Thuraya-4 programme's next generation service platform and broadband products, further adding to the Company's extensive portfolio of solutions.

Strategic Investments

April 3
Thuraya made a US$ 17.5 million non-cash investment in and extended an existing technical cooperation arrangement with a leading IoT and LEO network operator, Astrocast, marking Thuraya's first investment in a LEO satellite constellation and a significant milestone for its IoT ambitions.

Partnerships

February 15
Yahsat and MBRSC partnered on remote sensing and earth observation to enable commercialisation of earth observation imagery and expand Yahsat's solutions-based offerings to include remote sensing data and imagery.

February 23
Yahsat and Bayanat signed an MoU aimed at building and operating strategic earth observation capabilities within the UAE, including Synthetic Aperture Radar (SAR) and optical imagery satellite capabilities.

March 1
Yahsat and Calidus signed a partnership agreement to equip aeronautical and land defence systems with secure communications solutions, enabling new opportunities for connected platforms and ease the end user capabilities acquisition.

March 16
Yahsat partnered with Comtech to develop its government Location Tracking Solutions (LTS), which will operate on Yahsat's next-generation Thuraya-4 system, enabling blended communications and enhanced location-based services for end users of Yahsat's network.

October 23
Thuraya and YahClick signed a new service partnership agreement with Gate for Technologies Co. Ltd (G4T) to boost satellite-enabled connectivity in South Sudan.

November 16
Yahsat was selected by EDGE to equip its made-in-UAE REACH-S platforms with Yahsat's cutting-edge, secure satellite communications solutions.

November 23
Thuraya signed a collaboration agreement with Norway-based AnsuR Technologies to enable businesses in various international markets to leverage the benefits of its advanced video compression technology, Asmira.

December 19
Yahsat and Bayanat announced a strategic merger to create Space42, an AI-powered space technology champion with global reach, providing vertically integrated, AI-powered geospatial and mobility solutions, satellite communications and business intelligence.

Service Expansion

February 22
Yahsat partnered with GAL-AMMROC to expand services for the UAE and MENA region airborne market, creating a one-stop-shop for relevant platform requirements and services.

May 17
Yahsat partnered with Bayanat and ICEYE on an ambitious programme to broaden commercial opportunities across the UAE space-ecosystem, aiming to develop a constellation of five LEO SAR satellites.

May 23
Thuraya and eSAT Global announced a satellite IoT breakthrough with the successful completion of an over-the-air demonstration of low-latency, direct-to-satellite IoT texting system by transmitting low-power IoT messages over Thuraya's satellite network.

September 22
Yahsat Government Solutions was awarded a landmark US$ 5.1 billion satellite capacity and managed services mandate by the UAE Government for the next 17 years, commencing in 2026.

November 15
Yahsat, Bayanat and ICEYE announced the expansion of their ambitious Earth Observation space programme from five to seven synthetic aperture radar (SAR) satellites covering the Middle East.

Sustainability

August 29
Yahsat proudly celebrated the achievements of its Emirati women workforce in a town hall, under the 2023 Emirati Women's Day theme of 'We Collaborate for Tomorrow'.

October 30
Yahsat became the first space technology company in the UAE to join the United Nations Global Compact (UNGC), the world's largest corporate sustainability and social responsibility initiative, with the aim to integrate the UNGC's Ten Principles into its operations to promote fair and responsible business practices.

November 30
Yahsat demonstrated space technologies' critical role in empowering climate solutions, presented its innovative space technologies at COP28, the 28th United Nations Climate Change Conference held in Dubai.

Awards

January 11
Yahsat won the 'Best Marine Satellite Technology of the Year' award at Middle East Technology Excellence Awards 2022 for Thuraya MarineStar.

April 18
Yahsat won the 'Land Mobile Innovation' award at the 2023 Mobile Satellite Users Association (MSUA) Satellite Mobile Innovation Awards for Thuraya's Push-To-Talk (PTT) solution.

July 13
Yahsat won the 'Partner Recognition Award' from the UAE's Telecommunications and Digital Government Regulatory Authority (TDRA) for its role in developing an advanced satellite communications infrastructure in the UAE.

October 5
Yahsat won the 'Women Empowerment' award at the GCC GOV HR Awards 2023 for its empowering initiatives and innovative actions to promote gender equality.

October 12
Yahsat won the 'Best Employer of the Year' award at the 2023 Future Workplace Awards in recognition of its best practice HR policy and outstanding efforts to promote diversity and inclusivity among its employees.

November 1
Yahsat Group CEO, Mr. Ali Al Hashemi, was ranked amongst the top Sustainability Leaders in the region by Forbes Middle East, recognising Mr. Al Hashemi's and Yahsat's efforts to position Yahsat as a regional sustainability leader in the SpaceTech sector, in line with the strategic objectives of the UAE.

Chairman's Statement

Yahsat is entering a new phase in its momentous journey following securing its largest ever government mandate, the upcoming launch of Thuraya-4 in the second half of 2024 and the Board's recent announcement proposing a merger with Bayanat to better capture growth as the global satellite communications sector consolidates.

Musabbeh Al Kaabi
Chairman of the Board

The satellite communications (satcom) sector and wider space technology (SpaceTech) industry are increasingly competitive and forecast to grow rapidly in the near and medium term, as satellites and other emergent space technologies play a more critical role in providing global connectivity, Earth observation capabilities and many related use-cases. Similarly, opportunities for data-centric applications are increasing rapidly, creating high-growth markets in Direct-to-Device (D2D), Earth Observation (EO), and the Internet of Things (IoT).

The satcom and SpaceTech industries, however, remain capital intensive, which, when combined with the increased pace of recent innovation, place a greater onus on the Group to selectively invest in opportunities for profitable growth, whilst remaining focused on its core business of serving the UAE Government's requirements for satcom and SpaceTech-enabled solutions.

An historically strong year to usher in the next phase

In addition to achieving its strongest ever financial performance, the year was distinctive for Yahsat in several other respects.

In the first half of the year, the Group began work on establishing a partnership with Bayanat, a listed subsidiary of G42, focused on geospatial mapping and analytics, to engage in satellite-enabled EO activities and to procure the necessary LEO satellite constellations for that purpose. The first satellite of a synthetic aperture radar (SAR) satellite constellation being procured by Bayanat, is expected to be launched in the first half of 2024. Discussions soon evolved at the shareholder and Board levels to propose a full merger between the two companies.

In the second half of the year, the Group made significant progress in securing and expanding its core UAE Government business beyond the expiry of the existing capacity services agreement in 2026. A key milestone anticipated since the time of Yahsat's successful initial public offering in 2021, and forming a key part of the narrative for investors then and now, the Group was awarded its largest ever mandate by the UAE Government, worth US$ 5.1 billion. Under the mandate, the Group will provide capacity and managed services until 2043 using both the Al Yah 1 and Al Yah 2 satellites currently in orbit as well as two new advanced satellites, Al Yah 4 and Al Yah 5. The mandate includes the provision of a US$ 1 billion advance payment by the end-customer to be received by the Group in 2024 that will help fund the significant capital expenditure requirements of the programme.

While unquestionably the three main highlights of the year, there were other notable achievements.

The Group achieved revenue growth across its four operating segments for the first time since the IPO. Strong sales and business development initiatives helped expand our government business in the Managed Solutions segment to more UAE entities, including domestic energy and enterprise customers. The Mobility Solutions segment also achieved significantly more equipment sales and higher service revenues, reinforcing Thuraya's leading position in satellite voice communications as well as reflecting revenues from special projects like general elections in various African countries.

Promising progress was also made by eSAT Global, one of the Group's investments, whereby a proof-of-concept of its proprietary technology was successfully tested using Thuraya's satellite network, demonstrating low-power, low-cost, low-data-rate IoT messaging via GEO satellites.

Continuity in value creation for shareholders

The Group's investment proposition has long centred on its attractive and progressive dividend policy, underpinned by long-term contracted future revenues from highly-rated government counterparties and other recurring revenues from our commercial business. Investors are also offered further growth opportunities arising from an expansion in the scope of our government and commercial services, such as narrow-band connectivity using the Thuraya-4 satellite, expected to be launched later this year.

In light of the strong financial results for the year, and in line with our dividend policy, the Board is pleased to recommend a final dividend of 8.23 fils per share, bringing the total dividend for 2023 to 16.46 fils per share. From the time of the IPO, the Group will have distributed just over 40 fils per share, or a return of almost 15% on the IPO price. Based on the share price at the end of the year, the next-twelve-month dividends imply a dividend yield of 7%, broadly in line with last year and remaining one of the highest among UAE-listed equities.

A responsible corporate citizen

The Group's growing international footprint, with satellite coverage extending to more than 150 countries and the potential to reach more than four billion people, requires us to act responsibly as a global corporate citizen and hold ourselves to the highest of standards.

In 2023, the Group became the UAE's first space technology company to join the United Nations Global Compact (UNGC), the largest corporate sustainability and social responsibility initiative in the world. It is our intention to integrate the UNGC's Ten Principles into our operations to promote fair and responsible business practices.

In the UAE's Year of Sustainability, the Group showcased its innovative space technologies at COP28, the 28th United Nations Climate Change Conference held in Dubai in November, demonstrating how our SpaceTech could be used to deal with the climate challenge.

The Group was honoured to receive the Fast Company Middle East's Most Innovative Company Award 2023 in the Social Good category. The Group was recognised for its corporate social responsibility and for connecting communities to important social services in underserved parts of the world. Additionally, our humanitarian initiatives include Yahsat Saves Lives, which has supported search and rescue missions, including the rescue of Philippine and Chinese fishermen stranded in international waters.

Yahsat is also accelerating digital inclusion in Zimbabwe via its partnership with ZARNet, providing affordable internet connectivity and training sessions to disadvantaged rural communities to help improve their circumstances.

More information about our Corporate Governance, Sustainability, and humanitarian activities can be found in our 2023 Sustainability Report, which provides a detailed update on our ESG strategy and performance.

Outlook

The Group's developments in 2023 have set the stage for further important developments this upcoming year.

We continue to progress our core work serving the UAE Government and have locked-in a programme schedule with Airbus Defence and Space (Airbus) for the procurement of two new satellites, Al Yah 4 and Al Yah 5, in fulfilment of the newly awarded mandate and are expected to launch in 2027 and 2028 respectively. The Group's management team is focused on finalising the full contract with the UAE Government and with Airbus in 2024.

Further, at the end of 2023, the Group's Board of Directors recommended the merger of Yahsat and Bayanat, with the aim to create an AI-powered space technology champion with global reach. To be rebranded Space42 upon completion of the merger, the merged entity will provide vertically integrated, AI-powered geospatial and mobility solutions, satellite communications, and business intelligence. At the time of writing, the merger is subject to shareholder and regulatory approvals, and is expected to close in the middle of 2024. This is an exciting opportunity to create one of the most valuable publicly listed space companies in the world by market capitalisation, with additional potential for significant global growth and synergies. Until the merger is approved and the necessary regulatory approvals obtained, the two companies will continue to be run independently and administer their own dividend policies.

In closing and on behalf of the entire Board, I would like to thank our customers, shareholders, partners and colleagues for their continued support – a true year of accomplishments, and I look forward to seeing the Group achieve further success in the coming years.

Musabbeh Al Kaabi
Chairman of the Board

Group CEO's message

Securing the future. Delivering new SpaceTech solutions.

2023 was a year of major achievement for Yahsat. Not only did it record its strongest ever financial performance whilst continuing to meet the highest standards of operational excellence, but it was also awarded its largest ever mandate by the UAE Government. This multi-billion-dollar mandate will see the renewal and upgrade of the Group's satellite fleet, setting the stage for a second, exciting, 17-year phase in Yahsat's continuing success story.

Ali Al Hashemi
Group CEO

Expanding its role as the preferred partner of the UAE Government for satellite communications, the Group secured in September 2023 a landmark mandate from the UAE Government worth US$ 5.1 billion (or US$ 300 million per year) to provide capacity and managed services for 17 years from 2026 to 2043 using the Al Yah 1 and Al Yah 2 satellites currently in orbit as well as two new, advanced satellites to be procured, Al Yah 4 and Al Yah 5.

The Group is due to receive a US$ 1 billion advance payment from the end-customer in 2024 that will help fund the significant capital expenditure requirements of the programme. When combined with other contracted revenues from the government relating to the soon-to-be-launched Thuraya-4 satellite, this will underpin the Group's exceptionally strong and secure cash flow profile that support other promising growth initiatives.

Strong financial and operating performance

Yahsat recorded its strongest ever financial results, surpassing management guidance and analyst consensus figures across key metrics including revenue, Adjusted EBITDA, net income and cash flow.

The Group's revenues grew 6% to US$ 457 million due to strong performances across all four operating segments, and Mobility Solutions (Thuraya) in particular. Adjusted EBITDA of US$ 266 million generated a margin of 58% (2022: 60%) and reflected both the higher revenue and strong control of the underlying cost base, despite the prevailing inflationary environment. Net income increased 68% year-on-year to US$ 110 million, and 9% to US$ 116 million when normalised for one-off costs in both periods.

The Board's proposed dividend for 2023 of US$ 109 million (or 16.46 fils per share) demonstrates our continued commitment to shareholders to increase cash dividends by at least 2% each year. Based on the share price at the end of 2023, this implies an attractive dividend yield of more than 7%, amongst the highest offered by any company in the UAE capital markets.

Divisional overview

Yahsat's improved results were driven by strong performance across its four operating segments.

Infrastructure, with revenues of US$ 240 million, accounted for more than half of the Group's consolidated revenue figure. This reflects the Group's core business of providing satellite communications capacity to the UAE Government for a 15-year period on two satellites, Al Yah 1 and Al Yah 2. The segment is set to enjoy a significant revenue boost following the successful launch in 2024 and entry into service in 2025 of the Thuraya-4 satellite. Additional annual revenues of more than US$ 50 million should accrue from the second half of 2025 onwards.

The majority of future contracted revenues relating to the landmark US$ 5.1 billion mandate will be recorded under the Infrastructure segment.

Mobility Solutions, which contributed 22% to Group revenues, had an excellent 2023, with revenue advancing 23% to US$ 100 million. The segment's operating entity, Thuraya, saw a solid increase in service revenues, especially in the voice, maritime, aero and special projects sub-segments as well as in equipment sales, which outperformed targets and consolidated Thuraya's position as a leader in the voice market.

Managed Solutions, our third largest segment and also focused on servicing the UAE Government and related entities, contributed

20% to the Group's consolidated revenues, on the back of robust growth in several sectors, but particularly oil and gas. This performance was especially commendable given the high base established in 2022, with profitability remaining robust and EBITDA margins (2023: 64%) beating the historical range of 40-50%.

Data Solutions contributed 5% to total Group revenue under its YahClick brand. Underlying profitability improved significantly, albeit from a low base, with EBITDA doubling year-on-year, and subscriber numbers continuing to increase.

Growing our Market

The year was characterised by important business development initiatives to expand our market, including a focus to grow our international footprint in China and the Asia-Pacific region in response to rising demand for mobile satellite services (Thuraya).

The Group also built upon its strong presence in the African continent by launching YahClick services in Sudan and South Sudan and expanding its presence in Nigeria, providing data connectivity in underserved regions.

Partnerships, Investments and Innovative Solutions

A notable feature of 2023 was our pursuit of strategic partnerships that will accelerate Yahsat's technological innovation and increase our market position. Centre stage in this pursuit was increased collaboration with organisations to strengthen our value proposition and increase our contribution to the UAE's rapidly expanding space economy.

Supporting its growth strategy in earth observation (EO), the Group signed in early 2023 a memorandum of understanding (MoU) with the Mohammed Bin Rashid Space Centre (MBRSC) to explore opportunities to commercialise EO imagery and remote sensing data acquired by the centre's existing fleet of EO satellites.

In a similar vein, the Group signed an MoU and commenced work on establishing a partnership with Bayanat, a listed subsidiary of G42 focused on geospatial mapping and analytics, to procure and operate a constellation of synthetic aperture radar (SAR) and optical imagery EO satellites. This would include, in its initial phase, establishing an EO constellation consisting of at least seven SAR satellites from ICEYE, a leading EO satellite manufacturer, with the launch of the first satellite expected in the first half of 2024. The partnership will combine the Group's upstream and midstream capabilities, including expertise in satellite and ground segment operations, with Bayanat's downstream capabilities including image processing and AI-driven data analytics.

Supporting its growth strategy for the Internet of Things (IoT), the Group continued to closely manage its investments in eSAT Global and Astrocast, and the procurement programme of Thuraya-4, all of which will serve to enable numerous new applications in this space. As a clear example of demonstrable and promising progress from our investments in 2023, eSAT Global successfully tested low-power IoT messaging using Thuraya's satellite network.

Further partnerships were forged in 2023 to enhance our existing technology and develop new solutions. Work has started with ComTech in the US to develop location tracking solutions for our next-generation Thuraya-4 satellite system, while EDGE in the UAE selected Yahsat to equip a new line of unmanned aerial vehicles (UAVs) with secure satellite connectivity. A similar agreement was reached with Calidus Aerospace, also in the UAE, to equip their key air and land vehicles with satellite connectivity.

A Merger to Create a National Space Technology Champion

In December 2023, our Board recommended the merger of Yahsat with Bayanat, with the aim to create an AI-powered space technology champion with global reach. To be rebranded Space42 upon completion, the merged entity will provide vertically integrated, AI-powered geospatial and mobility solutions, satellite communications, and business intelligence. At the time of writing, the merger is subject to shareholder and regulatory approvals, and is expected to close in the second half of 2024.

Nurturing World-class Talent

As a highly successful, growing business operating in a dynamic and transforming industry, Yahsat's commitment to its employees is integral to its continued growth.

Following the implementation of our gender balance policy introduced in 2022, 13 women were appointed to key positions in 2023, and we reinforced female empowerment initiatives to train future leaders and create flexible working.

Our 52% Emiratisation rate in 2023 was supported by ongoing efforts to attract and engage our Emirati employees, including assigning six Emiratis to overseas projects to acquire deeper industry expertise and global exposure.

Our Train for Work programme has proved a resounding success as a key tool in actively engaging Emirati graduates to develop essential workplace skills and knowledge through on-the-job training. Building on the achievements of the first two cohorts in 2018 and 2020, four new graduate candidates joined Yahsat in 2023.

Our 2023 People Survey had an exceptional 98% participation rate, our highest-ever response rate. Our overall engagement score of 82 is in line with best-in-class benchmarks and above regional comparatives. Feedback from the survey was carefully considered and new initiatives actioned, including setting more parent-friendly work policies.

A Foundation for Growth

2023 set the stage for an exciting future for Yahsat. The partnerships established and investments made and to be made in the upcoming years will lay the foundations for Yahsat to continue as a national space technology champion, and help progress the nation's space aspirations.

The substantial renewal of our fleet with new, advanced, data-centric satellites (Thuraya-4, Al Yah 4 and Al Yah 5), valuable L-band spectrum rights, and best-in-class ground infrastructure position us well for significant growth opportunities, whether by serving the UAE Government's requirements for all satellite-enabled solutions, or by further commercialising our narrowband spectrum and becoming an important player in the Direct-to-Device (D2D) segment, or developing IoT technologies that allow remote asset tracking and monitoring.

Acknowledgements

I would like to thank the Board of Directors and the senior management team for their exceptional counsel during a momentous year. Our employees and partners have proved invaluable in their support and contributions, ensuring that we are primed for even greater successes in the years ahead.

The future is promising and we are excited to play our role in shaping it.

Ali Al Hashemi
Group Chief Executive Officer

Board of Directors





	Musabbeh Al Kaabi Chairman	**HE Tareq Al Hosani** Vice Chairman	**HE Maryam AlMheiri** Director	**Peng Xiao** Director	**HE Rashed Al Ghafri** Director
	Musabbeh Al Kaabi is the Executive Director of Low Carbon Solutions & International Growth at ADNOC Group. Prior to this, he served as the Chief Executive Officer of Mubadala's UAE Investments platform. He was also a member of Mubadala's Investment Committee, playing a strategic role advising on all major investment decisions related to the full range of the Company's sectors and businesses.	HE Tareq Abdulraheem Al Hosani is the Secretary General of Tawazun Council, the government authority responsible for acquisition management, industrial development and the setting of regulations, standards and governance for the defence and security industry. He manages the day-to-day business activities of Tawazun Council.	HE Maryam AlMheiri is Director General of the Abu Dhabi Media Office (ADMO), having overseen its growth from launch to becoming the emirate's central source of news, information and stories about Abu Dhabi for a local and global audience.	Peng Xiao is the Chief Executive Officer of Group 42 Ltd. (G42), where his responsibilities include shaping G42's business and product strategies, and overseeing G42's operating companies across numerous industry verticals, including smart city, healthcare, energy, finance and education.	HE Rashed Al Ghafri is a representative on the UAE's Supreme Council of National Security and previously was the President of Strategic Projects at EDGE Group, with more than 30 years' experience in the electrical engineering field.
Other Directorships	Mubadala Energy (C), Abu Dhabi Future Energy Company PJSC – Masdar (BM), National Central Cooling Company PJSC – Tabreed (BM), First Abu Dhabi Bank (BM), Emirates Global Aluminium (BM)	Bayanat (C), Tawazun Technology & Innovation (C), Munich Health Daman Holding Limited (C), Al Forsan Holding Company (VC), Royal Jet Group (BM), Rabdan Academy (BM)	Executive Committee of Executive Council (Member), UAE Special Olympics Board of Trustees (VC), Honorary Advisor to the Board of Abu Dhabi University (BM), Mohamed bin Zayed University for Humanities (BM), Emirates Red Crescent (BM), Fatima Bint Mubarak Ladies Sports Academy (BM)	Group 42 Holding Ltd (BM), Various private limited liability subsidiaries of Group 42 Holding Ltd (C/BM)	Thuraya Telecommunications Company (C)
Tenure	2.9 years	10.0 years	2.5 years	2.5 years	10.0 years
Committee membership			NRC		NRC

Badr Al Olama
Director

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

Other Directorships

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

Tenure

2.9 years

Committee membership

ARCC

HE Masood M. Sharif Mahmood
Director

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

Other Directorships

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

Tenure

2.9 years

Committee membership

NRC

Adrian Steckel
Director

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

Other Directorships

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

Tenure

2.5 years

Committee membership

ARCC NRC

Gaston Urda
Director

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

Other Directorships

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

Tenure

2.5 years

Committee membership

ARCC

Other Directorships Key

(C) Chairperson;
(VC) Vice Chairperson;
(BM) Board Member

Committee Membership Key

ARCC Audit Risk and Compliance Committee

NRC Nomination and Remuneration Committee

Full biographies can be found in the Corporate Governance section on **pages 96 to 98 →**

Senior Management

Ali Al Hashemi
Chief Executive Officer,
Yahsat Group

Ali Al Hashemi was appointed as Group CEO of Yahsat in April 2021, having previously served in concurrent roles as the General Manager of Yahsat Government Solutions (YGS) and CEO of Thuraya.

He is the Chairman of AMMROC and Vice Chairman of GAL, the leading companies in the field of aerospace and military aircraft MRO services. He is also a board member of the National Space Science and Technology Center (NSSTC). Ali successfully led the Yahsat Group's IPO in 2021. Yahsat's share sale was the second largest-ever on the Abu Dhabi bourse. In 2023, he was appointed as Vice Chair of Global Satellite Operators Association (GSOA).

Ali has over 20 years of experience and a proven executive management track record of driving sales growth in the satellite industry, having developed Yahsat's managed services capability in the UAE and other key regional markets and spearheaded the establishment of systems and infrastructure to successfully transform YGS from a small business unit to a fully functional regional government business.

As CEO of Thuraya, Ali oversaw the integration of Thuraya's technical, financial, human resources and strategy functions with the Group following the acquisition of Thuraya in August 2018, and has directed the turnaround of the Thuraya business.

Mr. Ali Al Hashemi's leadership and achievements have garnered widespread recognition. For instance, he was selected by Forbes Middle East among the top 100 CEOs of 2023, and he was also recognised as one of the Sustainability leaders of 2023 by this prominent publication.

Andrew Cole
Chief Financial Officer

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

Muna Almheiri
Chief Human Capital and
Administration Officer

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

Adnan Al Muhairi
Chief Technology Officer

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

Khalid Al Kaf
Chief Operations Officer

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

Sulaiman Al Ali
Chief Commercial Officer

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

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

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

Khalid Al Awadhi
Chief Advance Programmes Management Officer

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

Gary Hodgson
General Counsel

Gary Hodgson was appointed as General Counsel of the Yahsat Group in 2023. In this role, he is responsible for management of the Group's legal department and corporate governance function. He has over 20 years' legal experience, with the majority being spent in various in-house counsel roles in the UAE.

Market Overview
Growing Markets and Opportunities

2023 was a phenomenal year for the space and satellite industry, with substantial investments, uptake of business models, further industry consolidation, new technologies, increased government expenditure and growing demand for connectivity across all segments and geographies.

A Unique Growing Market

- The overall space economy has grown to approximately US$ 447 billion – up from US$ 280 billion in 2010 – and could grow to US$ 1 trillion by 2030 (Source: World Economic Forum).
- Continued increase in global governments' space budgets accelerated by commercial and government partnerships and the geo-political situation. 2023 has marked a record high for the sector.
- **Space data traffic is expected to increase multiple fold (10-15x)** by the end of the decade (Source: Euroconsult).
- **Fixed Satellite Services (FSS), Mobile Satellite Services (MSS) and Military Satellite Communications (Milsatcom) revenues are forecast to grow** at double digit rate over the next ten years.

(Source: Euroconsult Satellite Connectivity and Video Market).

Key Satellite Industry Trends and our Response to them

Space on National Agendas

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

How Yahsat is Responding

- Yahsat is developing ambitious programmes to enhance and reinforce its core government business with several new FSS and MSS products dedicated to the government and defence sectors.
- This includes the launch of a new MSS satellite currently under construction, Thuraya-4, as well as two new and most advanced FSS satellites, Al Yah 4 and Al Yah 5.
- Yahsat is tapping into adjacent satellite services, becoming a SpaceTech solution provider for the UAE Government and other Government entities for all satellite services (e.g., remote sensing services, manufacturing, etc.).
- Yahsat is committed to accelerate the UAE space economy by establishing manufacturing facilities in the UAE and gradually achieve vertical integration across the value chain.

Technological Acceleration and Unparalleled Growth Opportunities

- Technological evolution improving satellite economics, enhancing capabilities, and enabling new services and verticals.
- LEO broadband and narrowband constellations continue to be deployed.
- Unique growth opportunities in key market segments such as IoT and Direct-To-Device (D2D).

How Yahsat is Responding

- Yahsat will launch in 2024 its newest satellite Thuraya-4, which will spur growth across key industry verticals, offering a wide range of unique features including higher speeds, an enlarged coverage area, higher security and flexible performance.
- Two new satellites, Al Yah 4 and Al Yah 5, will offer enhanced and uniquely secured FSS and expand existing footprint with increased capacity.
- Yahsat is organically developing and partnering with key players (e.g., eSAT) to provide a robust and deep IoT suite of products.
- In response to increased use of LEO constellations for both MSS and FSS and also for D2D, we are currently exploring opportunities to partner strategically and/or invest in other constellations to strengthen our offerings and leverage our unique mobility assets, experience and client portfolio. In 2023, we have announced a joint programme with Bayanat and ICEYE that includes a constellation of seven satellites for Earth Observation.
- Accelerating our efforts to transform into a multi-orbit satellite operator through an expanded fleet of GEO and LEO satellites.

Data Explosion

- Increasing global and ubiquitous data connectivity needs.
- Strong demand for mobility services (IoT/M2M, vessels and planes).
- Continuing decline in broadcast as demand shifts from linear to over-the-top (OTT) media services.
- Driving consolidation and collaboration between industry players, both horizontally and vertically.

How Yahsat is Responding

- Yahsat is uniquely positioned to capture market share in the MSS subsegment. Thuraya's expertise and assets, including the forthcoming launch of the Thuraya-4 satellite and valuable narrowband spectrum rights, allow it to offer new products and play an important role in the evolving IoT and D2D verticals. The Thuraya-4 satellite will allow us to develop more than a dozen new applications for use across industry verticals. In 2022, we also invested in an IoT device and platform developer, to capitalise on high growth opportunities for low power, low data rate satellite-enabled sensing and tracking services.
- Yahsat is developing new initiatives that capitalise with the objective to test them on the ground from early 2023 including a new community Wi-Fi programme for the African market.
- Yahsat continued competitively to structure and price our YahClick offerings in response to specific market demands of our service providers (for onward sale to end users) as well as value added resellers.
- We strongly support cross-collaboration with space and tech sectors companies. Yahsat is currently discussing with several players for joint initiatives that should bring competitive advantage and improve company's positioning on the market.

Our Business Model

Our strengths enable...

Finance

- Sizeable contracted future revenue providing visibility and security on top line revenue and dividends.
- Lean cost structure with strong cost discipline across business.
- Stringent capital allocation with robust governance.
- High cash conversion ratio.
- Robust capital structure – strong balance sheet, low net debt and low leverage.

Spectrum

- ~200 active ITU filings to support future missions and strategy.
- Good access to markets across footprint.
- Unique spectrum rights including valuable L-band.

Human Capital

- Experienced, long-serving team with proven track record of delivering growth.
- Internationally diverse and highly-specialised workforce.
- Long track record of developing and attracting local talent.
- UAE-based team with security clearance necessary to support government needs.

Technology and Assets

- Fleet of five satellites spanning five continents.
- Three new GEO satellites with enhanced coverage and the most advanced and secured FSS and MSS capabilities.
- Well diversified satellite services spanning FSS, MSS, Broadcast, Government and remote sensing.
- Modern ground infrastructure.

Business and Relationships

- UAE's flagship satellite operator
- Strong relationship as a trusted partner with the UAE Government.
- Recognised industry leader, nationally and internationally.
- Strong distribution presence and partnerships.
- Deep partnerships with global industry leaders.

sustainable value creation...

Our Vision

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

Our Mission

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

Quality

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

Human Capital

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

Growth

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

Our values underpin everything we do...

for our stakeholders

Our Value Proposition

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

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

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

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

Fixed Satellite Services

Al Yah 1

Al Yah 2

Al Yah 3

Al Yah 4 (under construction)

Al Yah 5 (under construction)

Mobile Satellite Services

Thuraya-2

Thuraya-3

Thuraya-4 (under construction)

Our Business Lines

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

Respect | Reliability | Agility | Customer Focus | Creativity

Our Customers

(Governments, enterprises, communities and individuals)

- Secure, reliable and multi-purpose connectivity solutions.
- Satellite solutions to connect the unconnected across more than 150 countries.
- Strategic and sovereign advanced satellite solutions for the UAE Government.
- Enriched and value-added solutions.

Countries covered

150+

Our Employees

- Exciting technical and business work environment to develop and maximise potential.
- Progression, learning, diversity and inclusion.
- Strong leadership, experience and opportunity for growth.

Number of nationalities

46

Our Shareholders

- Attractive and progressive dividends.
- Solid investment opportunity reinforced with long-term AA+ customer contracts.
- Optionality on growth with value creation opportunities.

Normalised Adjusted EBITDA

US$ 271m

Our Nation

- Supporting the development of UAE Nationals and a powerful UAE space sector.
- Contributing to the Abu Dhabi 2030 Vision.
- Reinforcing the national economy by partnering and creating new opportunities.

Emiratisation[1]

52%

1 Emiratisation excluding third party contractors.

Our Strategy

Strategic Pillars	Strategic Objectives	2023 Highlights
Expand Core Government Business	• Solidify our core business to deliver more missions, more solutions and more value. • Enrich and expand our portfolio of government products, solutions and services. • Diversify our government business to more entities in the UAE, including civil, and penetrate more strategic international markets. • Continue to develop value accretive adjacencies (e.g., remote sensing, ICT services) to solidify our core proposition. • Build on position as the UAE's flagship satellite operator.	• Awarded new AY 4 and AY 5 mandate with the UAE Government worth US$5.1 billion over 17 years. • Accelerated the remote sensing partnership together with Bayanat and ICEYE involving the ordering of seven SAR satellites. • Awarded new contracts to enable UAE Government platforms with SatCom capabilities and provide an integrated system and ground control services. • Provided additional satellite connectivity services to a major oil & gas customer in the UAE to enable critical connectivity and reliable network capabilities. • Solidified position as a satellite centre of excellence through talent attraction and retention as well as development of national expertise.
Expand Commercial Business	• Differentiate through unique products and value-added solutions. • Accelerate commercial business across Managed Solutions, Mobility Solutions and Data Solutions. • Actively expand into new and disruptive commercial opportunities, such as IoT/M2M and direct-to-device satellite connectivity.	**Managed Solutions** • Accelerated commercial business lines and signed new customers for both FSS and MSS solutions. • Explored opportunity to provide maritime Satcom solutions to ADNOC Logistics' regional vessels and conducted successful proof of concept. **Mobility Solutions** • Evolved Go-To-Market model with new distribution agreements, including establishment of new partnerships to address multiple verticals including government, maritime and aero. • Launched new products (e.g., maritime tracking and monitoring) and strengthened foundation for future strategic growth portfolio (maritime, IoT, government, enterprise) with new products under development that will be compatible to next generation Thuraya-4 satellite. • Extended our distribution network in seven countries and signed eight new partners thus growing our ecosystem of integrators and increasing our visibility. **Data Solutions** • Growth in subscriber base across MEA to approximately 22,000 customers. • Launched services in Morocco and activated capacity in several other countries in Africa. • Signed multiple enterprise and wholesale deals, including for cellular backhaul.
Capture Unique Growth Opportunities	• Capitalise on the increasingly critical role played by satellites in the global connectivity and applications ecosystem. • Participate in high growth markets and opportunities (e.g D2D, LEO, IoT). • Drive strategic partnerships to invest and diversify into adjacent service areas to better serve customers.	• Thuraya-4 to be launched in 2024 and enter service in the second half of 2025. • Continued partnership with eSAT Global including a complementary commercial agreement to develop a platform for low-cost low- and very-low data rate (LDR/VLDR) IoT devices with direct-to-satellite connectivity using GEO satellites. • Exploring organic opportunities with terminal manufacturers to enhance our direct-to-device proposition. Agreement with ADASI, a subsidiary of EDGE Group, the UAE's defence industry conglomerate, to line-fit REACH-S UAV platform with advanced satellite communications solutions.

Future focus

- Delivery on time of new fleet (AY 4 and AY 5).
- Successful launch of Thuraya-4 in 2024.
- Strong UAE Government centric business requires commercial acceleration to diversify.
- Continue drive towards fully managed end-to-end services that leverage on specialised internal resources to maximise margins.
- Broaden product solutions across SatCom value chain to offer integrated beyond line-of-sight and Information Communication Technology (ICT) systems.
- Continue retaining and attracting human talent with key focus on national development.

Related risks

1 2 3 4 5 6 8 9 10 13 14 15

Read more on **page 46** →

Managed Solutions

- Complete final steps of the ongoing transition from project delivery to value-add system integrator.
- Continue expansion into adjacent government entities and international government customers.

Mobility Solutions

- Enhance products and services portfolio, and expand solutions and applications offering (such as an enhanced maritime vessel monitoring solution; and a new handheld dual-mode terminal targeted towards enterprise and government market).
- Accelerate strategic M2M/IoT, regional maritime and government business.
- Push into major strategic markets within coverage area and continue seeking partnerships to drive and unlock value.
- Explore potential Direct-to-Device play leveraging company's unique L-band spectrum rights.

Data Solutions

- AY 3 capacity transition to AY 2 and leased model post 2025.
- Accelerate uptake in wholesale, enterprise and government segments and the MEA region.
- Push for selective geographic expansion focusing on customised enterprise solutions and potentially leveraging interim third-party capacity where required.
- Improve capacity fill rate by driving new segments and increasing market share of cellular backhaul solutions for mobile network operators.

Related risks

1 2 3 4 5 7 8 9 10 11 13 14 15

Read more on **page 46** →

- Seek new investment opportunities to build new capabilities across all platforms.
- Develop and launch next generation of products on Thuraya-4 platform in collaboration with technology partners.
- Launch low power low data rate IoT platform in partnership with eSAT Global.
- Embrace complementarity of NewSpace on Yahsat business to capture value and broaden scope.
- Continue current trajectory of organic and inorganic growth combined with strategic UAE partnerships, considering potential horizontal or vertical M&A to build scale and increase value proposition.

Related risks

1 3 5 7 8 9 10 12 13 14 15

Read more on **page 46** →

Key performance indicators

Revenue
US$ 457m

Adjusted EBITDA
US$ 266m

Normalised Adjusted EBITDA
US$ 271m

Net income
US$ 110m

Normalised Net income
US$ 116m

Discretionary Free Cash Flow
US$ 193m

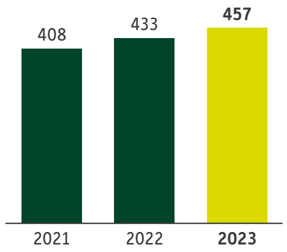
Contracted future revenues
US$ 6.8b

Key Performance Indicators

Revenue

US$ 457m

+6% YOY



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

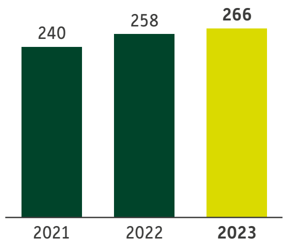
2023 Performance Comment

- 2023 full year revenues of US$ 457 million recorded year-on-year growth of 6% and exceeded guidance of US$ 435-455 million.
- The strong revenue performance was driven by growth across all four operating segments, and Mobility Solutions in particular (the Group's Thuraya business), which saw stellar growth of 23% year-on-year.

Adjusted EBITDA

US$ 266m

+3% YOY



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

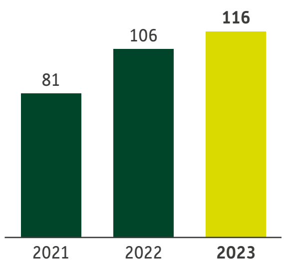
2023 Performance Comment

- Adjusted EBITDA reached US$ 266 million, up 3% year-on-year, delivering a superior margin of 58% (2022: 60%) and coming in higher than guidance of US$ 240-260 million.
- Staff costs and other operating expenses, in aggregate, increased by 6%. While staff costs remained stable, other operating expenses increased reflecting the booking of provisions on certain long-overdue receivables, one-off advisory costs related to the proposed merger between Yahsat and Bayanat and other one-off redundancy costs for the Group.

Normalised Net Income

US$ 116m

+9% YOY



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

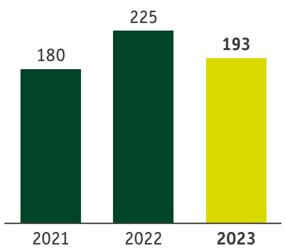
2023 Performance Comment

- Normalised Net Income increased by 9% to US$ 116 million, generating a strong margin of 25% (2022: 25%), driven by higher Adjusted EBITDA and positive net finance costs (large cash balances on higher interest deposits) only partially offset by accelerated depreciation of satellite systems (reduced useful life of Al Yah 3) and fair value losses on financial assets (non-cash convertible loan to a customer).
- Normalised Net Income is net income adjusted for material, one-off items recorded during the current and comparative periods that would otherwise distort the underlying, like-for-like performance of the business.
- FY 2023 Normalised Net Income of US$ 116 million reflects an adjustment for one-off redundancy costs (US$ 3 million) and advisory costs related to the proposed merger between Yahsat and Bayanat (US$ 2 million) whilst FY 2022 Normalised Net Income of US$ 106 million reflects an adjustment for a non-cash impairment (US$ 41 million) in the Group's equity-accounted joint-venture in HPE Brazil, in which the Group owns a non-controlling 20% stake, which reflected a rapid deterioration in the global macro-economic environment as well as an increase in country-related risks specific to Brazil.

Discretionary Free Cash Flow

US$ 193m

-14% YOY



Net cash flow from operations less (a) advances from customers on long-term capacity contracts (e.g. Thuraya-4), (b) development and maintenance capital expenditure, including additions to intangible assets but excluding additions to satellite related capital work-in-progress, (c) investments in associates net of any dividends received and capital returned, (d) net finance costs, and plus (e) proceeds from disposals of assets.

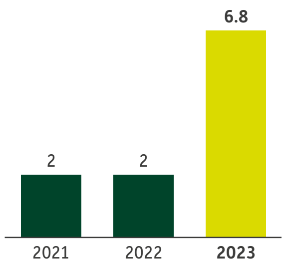
2023 Performance Comment

- DFCF in 2023 reached US$ 193 million, a 14% decrease versus the prior year period.
- This reflected the return, starting 2023, of advance payments previously received during the construction phase of the AY 1 and AY 2 satellites (approx. US$ 75 million per annum split equally in the first and third quarters of each year) and higher non-satellite capital expenditure. This was largely offset by the collection of significant Government receivables and significantly higher net finance income.
- DFCF covers the dividend in respect of the 2023 financial year by more than 1.7x.

Contracted Future Revenues

US$ 6.8b

+4.8b YOY



Total committed contracted future revenues.

2023 Performance Comment

- Contracted future revenues of approximately US$ 6.8 billion as of 31 December 2023, an increase of US$ 4.8 billion versus 2022, representing 14.9 times annual revenue for the year 2023.
- 99% of contracted future revenue with highly rated counterparty (UAE Federal Government, Abu Dhabi Government and related GREs).
- The Group was awarded by the UAE Government a US$ 5.1 billion satellite capacity and managed services mandate (CMSM) for the provision of services using the AY 1 and AY 2 satellites, currently in orbit, as well as two new, advanced satellites, AY 4 and AY 5, to be procured and expected to be launched in 2027 and 2028, respectively. The final contract is expected to generate annualised revenues of US$ 300 million over a 17-year period from 2026 until 2043.

Chief Financial Officer's Review

In 2023, the Group delivered its highest ever revenues and Normalised EBITDA, closing the year with a record backlog of circa US$ 6.8 billion, underpinned by a historic mandate worth over US$ 5 billion awarded during the year by the UAE Government.

Andrew Cole
Chief Financial Officer

In 2023, against a backdrop of continued global economic turbulence caused by geopolitical tensions and inflationary pressures, Yahsat grew revenues, EBITDA and Net Income, delivering a strong overall financial performance. Total revenues of US$ 457 million represent a year-on-year increase of 6%, exceeding our guidance range of US$ 435-455 million.

The Group's largest segment, accounting for 53% of consolidated revenues, remained **Infrastructure**, which saw revenues rising by 1% to US$ 240 million. This mainly comprised the provision of satellite capacity to the UAE Government, under an ongoing 15-year Capacity Services Agreement (CSA) in relation to services provided on our Al Yah 1 and Al Yah 2 satellites. The revenues from this segment are set to increase significantly following the anticipated launch of the Thuraya-4 satellite in 2024. This includes a 15-year agreement with the UAE Government that will contribute additional annual revenues of over US$ 50 million from the second half of 2025. Looking further afield, the Group plans to finalise its procurement contract during the first quarter of 2024 with Airbus Defence and Space SAS (Airbus) for two new satellites, Al Yah 4 and Al Yah 5, planned for launch in 2027 and 2028 respectively. In parallel, Yahsat was awarded a new 17-year Government mandate worth US$ 5.1 billion, to commence upon expiry of the current CSA, and which is expected to generate annual revenues of approximately US$ 300 million from 2027 onwards, the majority of which will be recorded within this segment.

Managed Solutions, the Group's third largest segment and accounting for 20% of consolidated revenues, delivered increased revenues year-on-year of circa US$ 92 million, with notable strong performances across several sectors, especially in Oil & Gas. 2023 was an excellent all-round performance given the record results delivered in 2022, which saw revenues surge by more than 40% year-on-year. Meanwhile the profitability of the business remained high, with EBITDA margins of 64% exceeding the long-run average of 40-50%.

Mobility Solutions, accounting for 22% of Group revenues, delivered a stellar performance in 2023, with full year revenues increasing by 23% to US$ 100 million. Revenue growth was broad based across both Service (especially Voice, Maritime, Aero and Special Projects) and Equipment, as the business expanded into new markets and successfully launched new products.

Data Solutions, the Group's smallest segment and accounting for 5% of consolidated revenues, delivered full year revenues of US$ 25 million, an increase of 6% compared to the previous year (US$ 23 million), with a notable improvement in underlying profitability reflecting a doubling of EBITDA year-on-year, albeit from a small base.

Adjusted EBITDA of US$ 266 million, generating a margin of 58% (2022: 60%), represented a stable performance compared to 2022, coming in at the high end of our historical range of 55-60% and exceeding guidance of US$ 240-260 million. This reflected strong control of the underlying cost base despite inflationary pressures. Excluding one-off items, such as restructuring charges and costs incurred relating to the proposed merger of Yahsat and Bayanat, normalised EBITDA of US$ 271 million further exceeded our guidance and increased by 5% year-on-year, generating a superior margin of 59%.

Net Income of US$ 110 million increased by 68% versus 2022, with the prior year's performance adversely impacted by the one-off, non-cash impairment of US$ 41 million against the Group's equity-accounted joint-venture HNS Participacoes Empreendimentos S.A. (HPE) in Brazil, in which it owns a non-controlling 20% stake. This impairment reflected a rapid deterioration in the global macro-economic environment during 2022, which significantly increased the discount rate used in assessing the recoverable amount of this investment. On a normalised basis, excluding one-off items from both periods, net income increased by 9%, reflecting a higher level of depreciation in 2023, specifically in relation to the Al Yah 3 satellite, as well as a fair value adjustment taken against a non-cash convertible loan to a customer. These impacts were substantially (but not completely) offset by a material reduction in the Group's net finance charges, as the business continued to proactively place a portion of its substantial cash balances on short term deposit, taking advantage of some of the highest interest rates seen in recent years.

During the year, the Group continued to pay an increasing dividend. With dividends expected to reach at least US$ 109 million for the 2023 financial year, in line with our progressive dividend policy (a minimum annual increase of at least 2%), this would imply a yield of over 7% based on the current share price, one of the highest available amongst ADX-listed stocks today.

Cash Flow and Balance Sheet

Consistent with prior periods, the Group's balance sheet remains very strong. At the end of 2023, gross debt (including lease liabilities and excluding unamortised transaction costs) stood at US$ 453 million, whilst cash on balance sheet and short-term deposits were US$ 562 million, resulting in negative net debt of US$ 109 million.

Our net leverage (net debt to Adjusted EBITDA) was negative 0.4 times, significantly below the industry average. Together with Discretionary Free Cash Flow for the year of US$ 193 million (exceeding the upper end of our US$ 140-160 million guidance) and a cash conversion ratio of 91%, the Group remains well positioned to meet its future dividend and capital expenditure commitments, and retains significant headroom within its existing debt covenant arrangements for further borrowing to fund new programmes and to pursue Yahsat's growth strategy.

Capital Expenditure

Consolidated cash capital expenditure, including investments, was US$ 136 million, of which US$ 81 million related to the ongoing Thuraya-4 programme and US$ 43 million to the new Al Yah 4 & 5 programme. During the second quarter of 2023, the Group signed an Authorisation to Proceed with Airbus (Airbus ATP). The Company was subsequently awarded a US$ 5.1 billion mandate by the UAE Government to provide capacity and managed services for 17 years from 2026 onwards using the new satellites (Al Yah 4 and Al Yah 5) as well as continuing to use the two existing satellites (Al Yah 1 & Al Yah 2) beyond the current Capacity Services Agreement, which expires in November 2026. As part of this arrangement, the Group expects to receive an advance from the UAE Government of US$ 1 billion to fund the programme (the total estimated programme cost). Until this payment is received, the Group has secured the availability of a short-term bridge facility at competitive terms of up to US$ 300 million which can be drawn upon, if and when required, over a period of up to 18 months. Maintenance and Development capital expenditure accounted for the remaining CapEx.

Net Finance Costs

Net finance income of US$ 15 million was significantly favourable vs. the prior year (US$ 1 million net finance costs), mainly due to higher finance income, as the Group benefited from higher interest received on its fixed deposits.

Equity-accounted Investments

The Group continued to retain an interest in two equity partnerships, Yahlive and HPE, with SES and Hughes, respectively. Yahlive performed well, with more than US$ 7 million in cash returned to the Group during the year. HPE Brazil performed broadly in line with expectation, although accelerated depreciation on Al Yah 3 continued to impact the bottom line. The launch of Jupiter 3 in 2023 is expected to bring valuable new capacity to the business, which can be used to deliver the substantial backlog in the Enterprise segment, although the consumer broadband business continues to face headwinds in the form of increased competition.

Financial Outlook

Yahsat recorded a strong financial performance in 2023 and we expect this trajectory to continue into 2024. Our 2024 guidance for the Group is for total revenues of US$ 440-460 million, implying potential revenue growth of up to 1%. Guidance for Adjusted EBITDA is US$ 255-275 million, largely in line with 2023 at the mid-point of the guidance range, reflecting the expected recovery of insurance proceeds relating to the ongoing Al Yah 3 insurance claim.

We expect our cash flow to remain healthy, with Discretionary Free Cash Flow of US$ 120-140 million, more than sufficient to cover the expected dividend payments in 2024. Total capital expenditure and investments are expected to be in the range of US$ 470-500 million, mainly relating to the ongoing Thuraya-4 and Al Yah 4 and 5 programmes.

We remain confident in the underlying health and resilience of the business, underpinned by our record future contracted revenues of US$ 6.8 billion as at 31 December 2023, underpinned by the US$ 5.1 billion new long-term FSS capacity and managed services agreement with the UAE Government. Accordingly, we remain strongly committed to our progressive dividend policy of a minimum total dividend of US$ 109 million for the 2023 financial year, growing by at least 2% this year, with US$ 54.7 million already paid in October 2023 as an interim dividend for the first half of 2023.

Strong Financial Performance

In US$ million

	2023	2022	2021
Revenue	**457**	433	408
Adjusted EBITDA	**266**	258	240
Normalised EBITDA	**271**	258	245
Net Income	**110**	66	70
Normalised Net Income	**116**	106	81
Discretionary Free Cash Flow (DFCF)	**193**	225	180

2023 Highlights

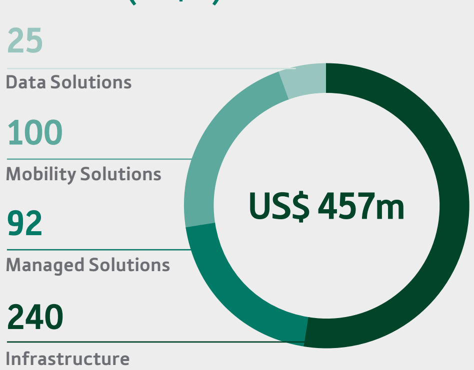
Adjusted EBITDA
US$ 266m

Net income
US$ 110m

Normalised Adjusted EBITDA
US$ 271m

Normalised Net Income
US$ 116m

Revenue (US$m)

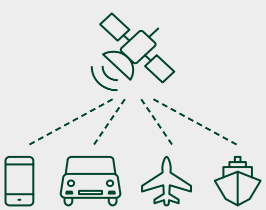


Business Review

Industry overview

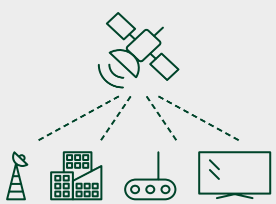
Satellites	Coverage	**Latency** (time delay from signal broadcast to destination)	Typical lifespan	Typical applications	Competitive positioning
LEO (Low Earth Orbit) Satellites	• Global, including polar • Inefficient for regional coverage only	**25-75** milliseconds	**Around 5 years**	• Commercial broadband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

Satellite services



Fixed Satellite Services (FSS)

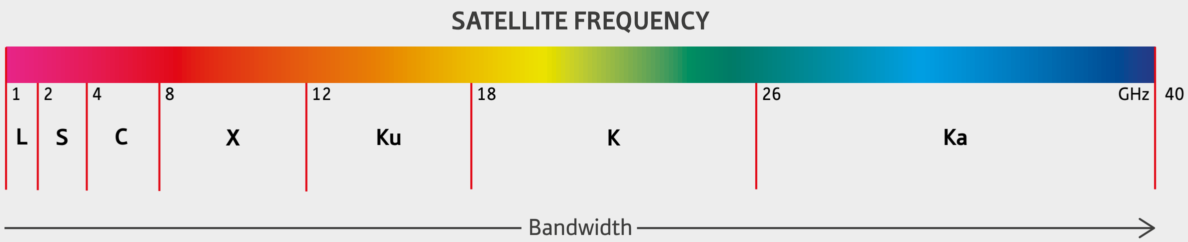
FSS operators rely on higher frequencies (C, Ku, Ka-bands) to connect to directional fixed antennas.



Mobile Satellite Services (MSS)

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

Frequencies



L-band:
(1-2 GHz)

- Highest reliability
- Critical for mobility services

C-band:
(4-8 GHz)

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

Ku band:
(12-18 GHz)

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

Ka-band:
(27-40 GHz)

- Greatest bandwidth
- Used for broadband communications and VSAT services

Our businesses

Our brands

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

Our fleet

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

	Al Yah 1	Al Yah 2	Al Yah 3	Al Yah 4	Al Yah 5	Thuraya-2	Thuraya-3	Thuraya-4
	Launch date 2011	Launch date 2012	Launch date 2018	Launch date 2027	Launch date 2028	Launch date 2003	Launch date 2008	Launch date 2024
Service	Fixed Satellite Services	Fixed Satellite Services	Fixed Satellite Services	Fixed Satellite Services	Fixed Satellite Services	Mobile Satellite Services	Mobile Satellite Services	Mobile Satellite Services
What they do	Secure government broadband and broadcast	Commercial broadband and secure government broadband	Commercial broadband	Secure government broadband	Secure government broadband	Mobile voice and data	Mobile voice and data	Mobile voice and data
Businesses served	Yahsat Government Solutions Yahlive YahLink	Yahsat Government Solutions YahClick	YahClick HNS Participações Empreendimentos (HPE)[1]	Yahsat Government Solutions	Yahsat Government Solutions	Thuraya	Thuraya	Thuraya Yahsat Government Solutions
Frequency used	C-band, Ku band and Ka-band	Ka-band	Ka-band	Ka-band	Ka-band	L-band	L-band	L-band

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

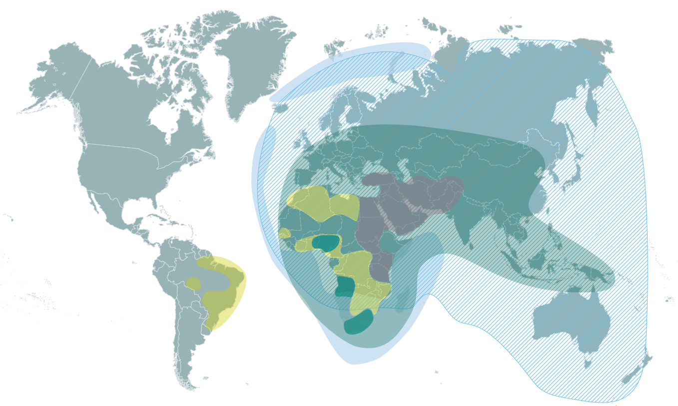
Business Review continued

Infrastructure

Long-term satellite capacity leases and satellite operation services

2023 revenue	% of total Yahsat revenue
US$ 240m	53%

Satellite Coverage



- Al Yah 1 and Al Yah 2 Government Coverage
- Al Yah 2 Ka-Band Coverage
- Al Yah 3 Ka-Band Coverage
- Al Yah 2 and Al Yah 3 Coverage
- Thuraya L-Band Coverage
- Thuraya-4 Extended Coverage

Ka-Band (AY 1, AY 2, AY 4, AY 5)
15-year capacity services agreement with UAE Government (AY 1 and AY 2, ending in 2026). New 17-year capacity and managed services agreement with UAE Government (AY 1, AY 2, AY 4 and AY 5; 2026-2043)

L-Band (Thuraya-4)
15-year contract with the UAE Government for capacity and associated services, expected to commence once Thuraya-4 enters service in H2 2025.

C-Band (AY 1)
Dedicated high-speed and high-throughput IP Trunking solutions, corporate networking and backhauling capacity marketed by Managed Solutions and Data Solutions.

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

Yahsat provides critical Ka-band capacity leasing on its AY 1 and AY 2 satellites to the UAE Government under a long-term contract. Additionally, it provides C-band capacity leasing on its AY 1 satellite to government and enterprise customers, which is marketed by Managed Solutions and Data Solutions respectively.

The Group will also provide L-band connectivity to the UAE Government on its new Thuraya-4 satellite (expected to be launched in 2024 and commence operations in H2 2025) under a third long-term contract.

The Group was recently awarded a new mandate to continue providing capacity using the existing AY 1 and AY 2 satellites as well as two new satellites with significantly more advanced capabilities, AY 4 and AY 5 (expected to be launched in 2027 and 2028).

2023 Performance

During 2023, Yahsat Infrastructure segment continued to provide a strong financial revenue base for the Company, contributing 53% of total revenue and 68% of Adjusted EBITDA for the year. The segment benefits from a key Capacity Services Agreement (“CSA”) with the UAE Government (see opposite), which underpins the stable and predictable revenue and adjusted EBITDA contributions to the Group.

Revenue for the year increased to US$ 240 million underpinned by the long-term CSA with the UAE Government, which contains a set indexation clause that increases revenue by approximately 1% per year. 2023 Adjusted EBITDA increased reflecting higher revenues and controlled operating expenses, which declined slightly.

The segment has contracted future revenue of approximately US$ 6.6 billion as of the end of 2023 (see table right), including a 15-year contract with the Government for the provision of connectivity on Thuraya-4 and a new 17-year capacity and managed services mandate (CMSM) with the Government using AY 1 and AY 2, upon expiry of the CSA in November 2026, as well as AY 4 and AY 5, upon the two satellites’ entry into service (launch expected in 2027 and 2028, respectively). The Thuraya-4 Government contract is worth US$ 799 million and will support revenue growth from 2025 onwards. The CMSM is worth US$ 5.1 billion and will support revenue growth from 2026 onwards.

Outlook

Serving the UAE Government’s satellite communication needs is core to Yahsat’s business and central to its growth strategy,

Thuraya-4 Brings Additional Capabilities to UAE Government

Enabling critical advanced applications for Government use

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

Higher throughput
Wide range of data rates above 1 Mbps

Efficient and smart resource management to support surge in hotspot areas

Unmatched reliability
Designed with security and resilience in mind

More value
Affordable, reliable with flexible plans

Wider satellite footprint
Europe, Africa, Central Asia and the Middle East

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

Versatile platform for future applications
New product development opportunities – IoT Maritime & Government

building on an increasing demand for sovereignty and self-reliance over satellite assets. In that respect, the Thuraya-4 satellite, with construction nearly completed, and the expansion of the Group's fleet with two new Fixed Satellite Services (FSS) satellites (AY 4 and AY 5 expected to be launched in 2027 and 2028, respectively), present unique growth opportunities for the Group and further secure Yahsat's long-term financial outlook.

The Group signed an Authorisation-To-Proceed (ATP) in Q2 2023 with Airbus Defence and Space SAS (Airbus), a leading satellite manufacturer and long-time partner of Yahsat, to commence initial activities in relation to the Al Yah 4 and Al Yah 5 satellite programme. The ATP seeks to preserve the programme schedule, including expected launch in 2027 and 2028 of the two satellites, pending execution of the full contract with the Government.

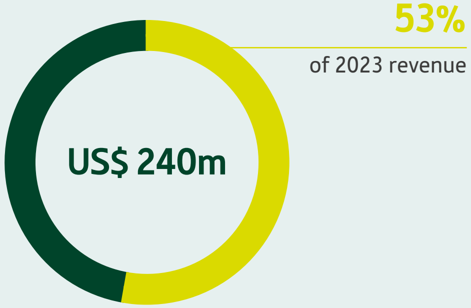
In September 2023, the Group was awarded a mandate by the Government worth US$ 5.1 billion for the provision of satellite capacity and managed services. The CMSM is expected to generate annualised revenues of US$ 300 million over the 17-year period from 2026 until 2043 and includes an advance payment from the Government of US$ 1 billion to be received in 2024. The Group expects to sign final contracts with the Government and Airbus in the first half of 2024.

UAE Government

Provision of raw, secure Ka-band capacity on AY 1, AY 2, AY 4 and AY 5 (the latter two satellites expected to be launched in 2027 and 2028, respectively) as well as L-band mobility solutions on Thuraya-4 (expected to enter service in H2 2025).

2023 Revenue

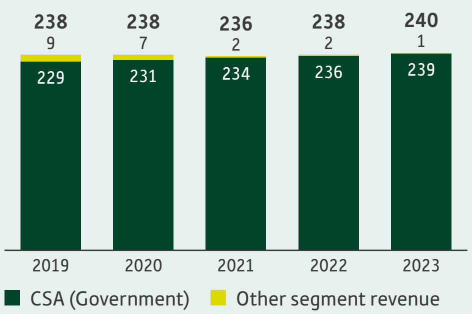
Leases critical satellite capacity to the UAE Government.



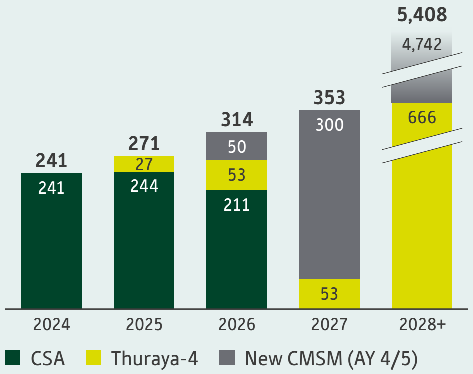
Key Revenue Drivers:

- High-margin business, underpinned by long-term, highly visible, secure contracts.
- Key ongoing contract: 15-year Capacity Service Agreement (CSA) with the UAE Government (remaining contracted future revenues of US$ 696 million[1]).
- Contracts structured as fixed charge paid every year, with a portion of the capacity charge under the CSA contract growing at 3% p.a.[2]
- Key future contracts: US$ 799 million contract[3] will start in H2 2025, when Thuraya-4 enters service and commences commercial operations.

Revenue Evolution (US$m)



Contracted Future Revenues[1] (US$m)



Key Contracts

Agreement	Counterparty rating[4]	Agreement original tenor (years)	Remaining life as at 31 December 2023 (years)	Contracted future revenues 31 December 2023 (US$m)	Estimated satellite end of service life
Capacity Services Agreement (CSA)		15	2.9	696	2029 (Al Yah 1) 2030 (Al Yah 2)
Thuraya-4 Capacity Services Agreement (Thuraya-4 CSA)	AA (S&P) Aa2 (Moody's) AA- (Fitch)		Satellite not yet in service	799[3]	2040 (Thuraya-4)
AY 4 and AY 5 Capacity and Managed Services Mandate (CMSM)		17	Satellites not yet in service	5,092	2042 (Al Yah 4) 2043 (Al Yah 5)
Total				**6,587**	

1 As of 31 December 2023.
2 30% of the total capacity charge at inception of the contract (in 2011) was indexed to a contracted inflation of 3% p.a. reflective of increase in value of services.
3 Under the contract, the Group is entitled to receive US$ 300 million in advance payments, to be offset over the contract period against invoices for capacity services. The Group received US$ 150 million advance in each of Q3 2022 and Q2 2023. Under IFRS 15, as a significant part of the contract price is received years ahead of service provision, the contract is deemed to contain a significant financing component and requires the contract value to be adjusted to include the imputed finance cost relating to the advance payments. Accordingly, the future revenue is adjusted to include US$ 46 million (imputed finance cost relating to the first US$ 150 million) and US$ 44 million (imputed finance cost relating to the second US$ 150 million), bringing the total transaction price to $799 million as of the end of 12M 2023 and future annual revenue of US$ 53 million. The imputed finance cost will be recorded as a charge from the date of receipt of advance payment until the advance is fully offset.
4 Reflects the sovereign ratings of the Federal Government of the United Arab Emirates.

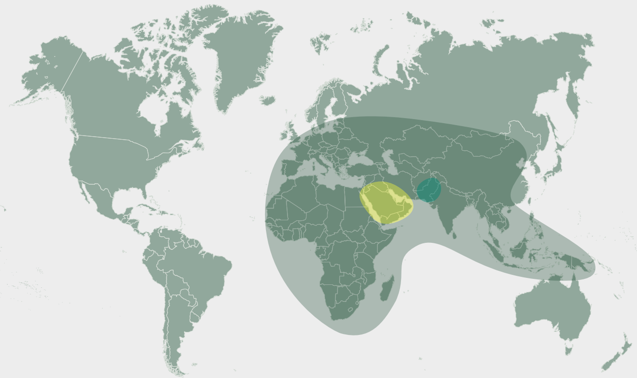
Managed Solutions

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

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

2023 Revenue	% of Total Yahsat Revenue
US$ 92m	20%

Satellite Coverage



Al Yah 1 and Al Yah 2 Government Coverage
Al Yah 2 Ka-Band Coverage

Managed Solutions, our second operating segment supporting the Yahsat Government Solutions (YGS) brand, continues to diversify its customer base beyond our main Government client. This includes other UAE government related entities, including in the Oil & Gas subsegment, but also governments of other nations, either using the Group's own capacity or that leased from third parties.

2023 Performance

Following exceptionally strong performance in the prior year, Managed Solutions, delivered stable revenue growth in 2023, 2% higher than 2022 at US$ 92 million. The segment is the Group's third largest, contributing 20% of consolidated revenues. Performance was particularly commendable as the prior year benefited from a new Managed Services Mandate (MSM), which included a US$ 10 million turnkey revenue component booked in the first year and which did not repeat in 2023.

Revenues from the Oil & Gas subsegment rose more than 40% thanks to new contracts that include the provision of welfare broadband to one of our major customers in the UAE as well as the expansion of their secure enterprise network to cover 40 new sites.

EBITDA increased 11% to US$ 59 million and resulted in an improved margin of 64% (2022: 58%), exceeding the long-run average of 40-50%.

Securing the Longer-term Future

Alongside a second successful year of delivering the five-year MSM for fully managed services and technology management to our anchor customer, the Group was awarded a new mandate (CMSM) by the Government worth US$ 5.1 billion. The CMSM covers the provision of satellite capacity and managed services on two existing satellites, AY 1 and AY 2, as well as two new, advanced satellites to be procured, AY 4 and AY 5 (see previous Infrastructure section of the report). The CMSM replaces two existing agreements: 1) the Capacity Services Agreement (CSA) for the provision of raw capacity on AY 1 and AY 2 satellites, booked under the Infrastructure segment and due to expire in November 2026, and 2) the MSM for the provision of operations, maintenance and technology management of satellite terminals and systems required to use the capacity under the CSA, which is booked under Managed Solutions and is due to expire at the end of December 2026.

Pending the finalisation of the full terms of this combined contract with the Government, a significant portion of the US$ 5.1 billion in new contracted future revenue will be allocated to Managed Solutions and represents a big win for the segment, securing long-term future business.

Strengthening the UAE's Leadership in Satellite Capabilities

Over the course of 2023, YGS signed several memoranda of understanding (MoUs) that are expected to develop into important strategic projects for the Group while also building the UAE's space capabilities, particularly in Earth observation.

Partnership with Bayanat

In February 2023, the Group signed an MoU with Bayanat, a listed subsidiary of G42, focused on geospatial mapping and analytics, to establish and operate a constellation of synthetic aperture radar (SAR) and optical imagery Earth Observation (EO) satellites. In May 2023, Bayanat and Yahsat commenced work on establishing a formal partnership that would include, in its initial phase, the procurement of an EO constellation of at least five SAR satellites from ICEYE, a leading EO satellite manufacturer. The size of the planned constellation was subsequently increased to seven SAR satellites in November 2023. SAR is an active sensing system that can capture images of the Earth's surface day and night, regardless of weather conditions or solar illumination. Launch of the first ICEYE satellite within this constellation is expected in H1 2024.

The partnership will combine Yahsat's upstream and midstream capabilities, including expertise in satellite and ground segment operations, with Bayanat's downstream capabilities including image processing and AI-driven data analytics. The partnership also aims to collaborate with other strategic players in the UAE space ecosystem, such as the UAE Space Agency, which recently established a US$ 800 million national investment and development fund for the UAE space sector with plans to develop and launch an EO satellite constellation (see below partnership with EDGE).

The partnership complements an MoU between the Group and the Mohammed Bin Rashid Space Centre (MBRSC) signed in February 2023, which aims to collaborate on commercialising remote sensing data and earth observation images captured by the MBRSC's fleet of EO satellites.

The partnership with Bayanat has since been overtaken by the proposal of a full merger of Yahsat and Bayanat, recommended by the Boards of the two companies in December 2023.

Partnership with EDGE

The UAE Space Agency and EDGE, one of the world's leading advanced technology and defence groups, signed an MoU in November 2023 to implement the Sirb programme, a constellation of three synthetic aperture radar (SAR) satellites, which aims to launch the first satellite, Sirb-1, by 2026. Yahsat is part of a consortium formed by EDGE of major players in the UAE's private space sector which also includes Bayanat and the National Space Science and Technology Centre (NSSTC). EDGE will assume the role of prime contractor with an added focus on synthetic aperture radar (SAR) payload development. Yahsat and Bayanat will implement the management of satellites, operations, data and space applications, while NSSTC will contribute by providing assembly, integration, and testing (AIT) operations.

Airborne Strategy gets off the Ground

In 2022, the Group signalled its intention to provide managed services for airborne and land applications in our defence and government verticals. Substantial progress was achieved in the Group's airborne strategy in 2023, particularly by securing several important contracts that will serve to firmly establish our presence in this segment.

The Group deepened its relationship with EDGE after ADASI, a subsidiary of EDGE and a leading provider of Unmanned Aerial Vehicles (UAVs), selected it to equip its REACH-S line of UAVs with reliable, secure satellite connectivity. This award represents an important win for the Group and will serve to improve the capabilities of UAE-manufactured UAVs.

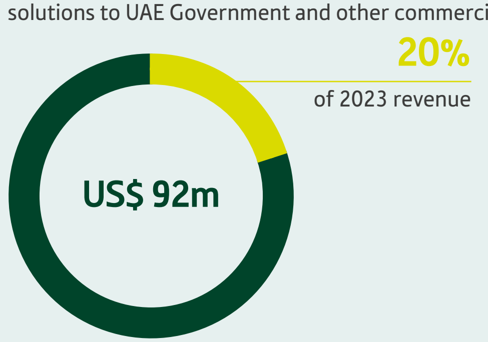
Earlier in 2023, Global Aerospace Logistics – Advanced Military Maintenance, Repair, and Overhaul Center (GAL-AMMROC), a leading provider of integrated aviation services, partnered with Yahsat on expanding services for the airborne market in the UAE and MENA by creating a one-stop-shop for relevant platform requirements and services. It gives Yahsat access to vertical growth opportunities, and will expand its service offering by adding follow-on support services to ICT system acquisitions, design, modification and installation.

Outlook

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

2023 Revenue

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



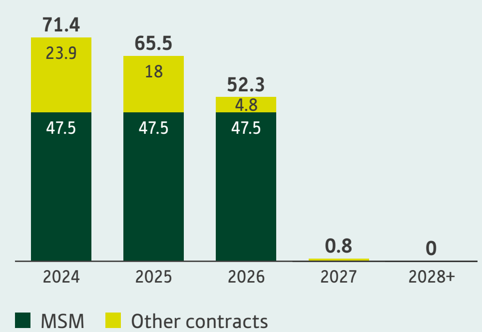
Key Revenue Drivers:

- Generally short to medium-term contracts. Allocation of portion of new long-term mandate (CMSM) pending final terms of contract.
- Service projects revenue (recurring contracts) recognised on a linear basis, whilst other projects' revenue (turnkey contracts) recognised on the basis of completed milestones.
- Pricing primarily on a cost-plus margin basis with back-to-back arrangement with suppliers.
- Most service-based projects (O&M, consultancy) leverage specialised internal resources, resulting in higher gross margins.

Revenue Evolution (US$m)

85%+ of revenues over the historical period related to UAE GREs

Contracted Future Revenues[1] (US$m)



1. As of 31 December 2023.

Mobility Solutions

Mobile satellite operator for L-band voice and data solutions

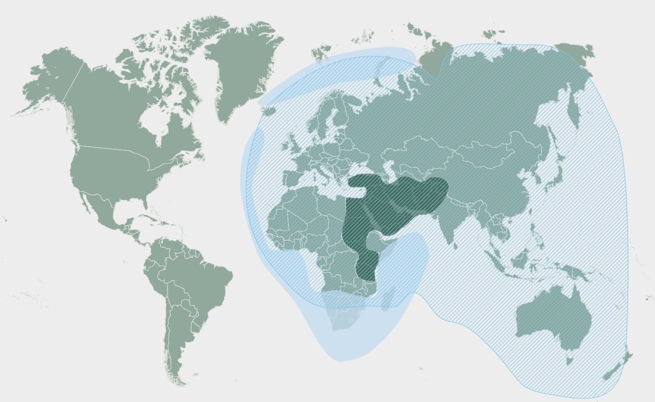
2023 Revenue

US$ 100m

% of Total Yahsat Revenue

22%

Satellite Coverage



Thuraya L-Band Coverage
Thuraya-4 Extended Coverage

Mobility Solutions delivers Mobile Satellite Services (MSS) via the Group's approximately 90%-owned subsidiary, Thuraya. The segment uses L-band capacity on two satellites, Thuraya-2 and Thuraya-3, and services several sectors, including government, consumer, enterprise, and NGOs, be it on land, at sea or whilst airborne.

With 370+ roaming agreements globally to complement satellite coverage of more than 150 countries, Thuraya's reliable direct-to-device (D2D) voice and data solutions can provide two-thirds of the world's population with mobile connectivity. In addition to being well positioned to play a role in the high-growth direct-to-user mobile satellite solutions sector, Thuraya is rolling out new solutions to enable the Internet of Things (IoT) in previously unconnected areas.

2023 Performance

In 2023, the Mobility Solutions business line delivered an excellent performance with a 23% increase in revenue to US$ 100 million, contributing 22% of Group revenues. This was driven by strong growth in the service revenue (voice, maritime, aero, leasing and special projects subsegments), which increased 14% versus the prior year, and stronger growth in equipment sales, which increased 38%. This reflected strong sales and business development activities, whilst equipment sales reflected our partners' trust in Thuraya's brand, capabilities, and performance.

In US$ millions	2023	2022	2021
Revenue	**100**	**81**	80
Service	**58**	**51**	50
Equipment	**42**	**30**	31
Adjusted EBITDA	**25**	**27**	27
Contribution to the Group Revenue	**22%**	**19%**	20%
Contribution to the Group Adjusted EBITDA	**9%**	**11%**	11%

We continue to be a leader in the voice market and our investment in new product development supports our strategy of growing commercial revenue (particularly ahead of Thuraya-4's launch in 2024 and entry into service in the second half of 2025) as well as growing our maritime, D2D, and IoT subsegments.

Product Launches

In response to projections of strong growth in the Asia-Pacific SatCom market (8.5% CAGR for 2022-2032 period), we launched in late 2023 the next generation of our popular XT-PRO DUAL satellite and cellular phone. Originally introduced in 2016, the XT-PRO DUAL was the world's first dual-mode, dual-SIM satellite-cellular phone.

The latest version of XT-PRO DUAL was released with a significant enhancement to support terrestrial 4G LTE networks for flexible connectivity. Our dual-mode, dual-SIM satellite-cellular phone is particularly valuable for users, like first responders, who need to move in and out of terrestrial coverage but remain connected, regardless of their location.

Another launch highlight in 2023 was our introduction of a range of new products for land, aeronautical, and maritime users, with Cobham SATCOM as our distributor. The partnership will come into effect following launch of the Thuraya-4 satellite in the second half of 2024 and entry into service in 2025.

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

This collaboration with Cobham will provide advanced solutions to our customers, expand our footprint in the maritime, data and aeronautical subsegments, delivering strong revenue growth.

In a separate venture with Cobham, Thuraya launched its new tactical radio extender-over-satellite solution (T-TAC) to our government and enterprise segments in 2023. T-TAC is a beyond-line-of-sight communications solution that allows users on land, at sea, and in the air to extend their radio frequency communications beyond line of sight seamlessly, thanks to an advanced generic converter that enables users to operate their tactical radio and push-to-talk devices via satellite. The new product enhances the ability of users to communicate in remote or isolated locations where line-of-sight systems are hampered by distance or obstacles. Our industry-leading tactical radio solution is an important component of our portfolio expansion and reinforces our commitment to developing cutting-edge technologies that solve the unique challenges faced by our customers.

A Focus on Solutions

During 2023, we focused on demonstrating our solutions to customers, highlighting the multiple benefits that can be achieved in different use cases by combining satellite connectivity with innovative and cost-effective products we can provide across our portfolio.

One such example is a new partnership with Norway-based AnsuR Technologies AS, to enable clients to use its advanced video compression technology, Asmira, when relaying video footage remotely using satellite connectivity. Asmira video compression is a versatile, network-agnostic software solution designed for video streaming from remote sites and platforms. The agreement expands Thuraya's portfolio of advanced solutions, introducing Asmira to its worldwide distribution network with a bundled license that includes an airtime subscription package for end users who require video compression solutions. The partnership is part of Yahsat's strategy to meet increasing market demand for Video and Intelligence, Surveillance, and Reconnaissance (ISR) solutions for improved situational awareness as well as safety and security.

In another example, the year saw Thuraya's involvement in developing Thuraya SatTrack for Marine – a web-based tracking and monitoring service, developed for fishing vessels fitted with the Thuraya MarineStar voice, tracking and monitoring solution. It is a low-cost turnkey subscription-based application available to users as part of Thuraya's SeaLite portfolio of narrowband services. SatTrack for Marine facilitates sustainable fishing practices, better crew safety and welfare as well as fleet visibility and management in real time.

Other solutions developed include a special tag and smart door lock IoT Solution that tracks and monitors shipping containers in real-time over land and sea; and a livestock tracking collar that allows farmers to accurately locate their herds.

Award-winning Innovation

Thuraya was honoured to win the Land Mobile Innovation award at the 2023 Mobile Satellite Users Association (MSUA) Satellite Mobile Innovation Awards, for our Push-To-Talk (PTT) solution.

Thuraya PTT, which was launched in 2022, was recognised at the awards as a leading solution for managing multi-channel, person-to-person communications in challenging scenarios experienced by the military, emergency services, utilities, NGOs, and more. It enables seamless and cost-effective communications with extended beyond line-of-sight reach, as well as improved privacy, productivity, and interoperability. Since its launch, Thuraya PTT has been widely adopted by first responders and users in the Middle East's maritime, oil and gas, mining, military, and transport sectors.

The 2023 MUSA award follows in the footsteps of the recognition we received at the 2022 MUSA awards for our Thuraya MarineStar terminal and the SatTrack service, which won Satellite Mobile Innovation Award for ESG Innovation Impact. MarineStar further demonstrated its exceptional capabilities in 2023 when it was used in two separate rescue missions to save Chinese and Indonesian fishermen who had gone missing at sea.

Building the IoT Ecosystem

In 2023 our investment in developing next-generation IoT connectivity took a major step forward with the completion of our demonstration, in partnership with eSAT Global, of our low-latency, direct-to-satellite IoT texting system. We illustrated the efficiency of the system by transmitting low-power IoT messages over our Thuraya-2 (T2) satellite, offering a viable alternative to more costly technologies.

This milestone is the first of several planned following our investment in 2022 in eSAT Global, and with its cost-efficiencies, provides a strong incentive to satellite operators in the IoT and texting markets to use our existing GEO-MSS satellites to unlock new revenue opportunities.

Our long-term strategy to grow demand for our IoT solutions reflects the forecasted 22% CAGR of the overall IoT market between 2023 and 2027 to reach a projected US$ 525 billion. The satellite related IoT industry is likely to generate US$ 6 billion in revenue over the same period.

Against this backdrop, we extended our relationship with Astrocast, which operates a leading global nanosatellite IoT network, by making a strategic non-cash investment that will include extending our existing technical cooperation arrangement.

Outlook

The coming year will see the launch of the Thuraya-4 satellite. The Group has been developing new Thuraya-4 products for our key UAE Government client and for commercial customers that are also compatible to use with our existing satellites. We expect to launch this product portfolio in 2024 and 2025, which will support enhanced capabilities and new applications for our customers. This includes a focus on our partnership with Cobham to distribute our next-generation products to land, aeronautical and maritime users as part of our wider Thuraya-4-enabled portfolio. In addition, we will be exploring further commercialisation opportunities for T-TAC, our new tactical radio extender over satellite solution.

We also look to launch several initiatives around the Group's direct-to-device strategy. The strategy comprises two phases, the first of which focuses on offering voice and messaging capabilities over satellite (using the Group's Thuraya MSS satellites T2, T3 and Thuraya-4) through the release of a new universal Android smartphone. Texting and IoT capabilities on generic smartphones are planned for release in 2025. The second phase aims to enable, in the medium-to-longer term, full direct-to-device connectivity through a scalable and sustainable satellite network.

Lastly, the exceptional growth expected in satellite-enabled communications and the IoT industry over the coming decade places Thuraya in a strong position to continue innovating products and solutions to meet growing demand from customers. Accordingly, the Group remains focused on maintaining the growth momentum achieved in 2023, with a strong focus on the Asia-Pacific region where it has identified substantial opportunities to grow its presence.

Data Solutions

High-speed satellite broadband for consumers, enterprises, MNOs[1] and governments

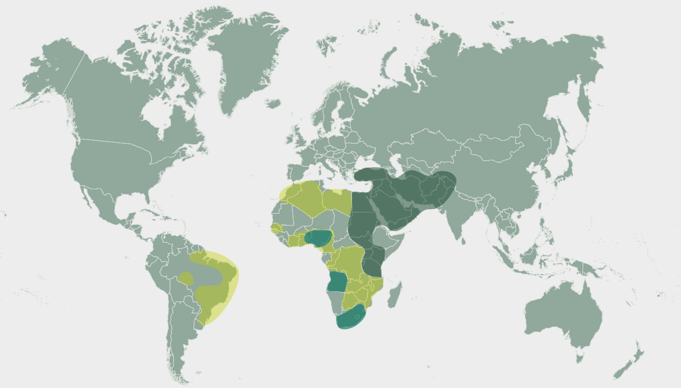
2023 Revenue

US$ 25m

% of Total Yahsat Revenue

5%[2]

Satellite Coverage



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

Yahsat's Data Solutions segment provides high-speed satellite broadband for consumers, enterprises, multi-nationals, and governments under its YahClick brand.

It is a leading satellite internet broadband provider across Africa, Middle East, Southwest Asia, and Brazil (through a JV with Hughes Network Systems not consolidated with the segment's results), with services delivered by its Ka-band high-throughput satellites (HTS). YahClick reaches more than 1 billion people in high-growth, emerging markets in 45 countries, offering affordable broadband solutions utilising a comprehensive network of more than 75 in-market service providers.

2023 Performance

The Data Solutions segment generated full-year revenues of US$ 25 million, an increase of 6% versus the prior year, contributing 5% of total Group revenue. This was driven by growth in Enterprise revenue and more equipment sales, whilst subscriber numbers were stable, with 1% growth to reach 22,365 subscribers.

Underlying profitability improved, with EBITDA doubling year-on-year, albeit from a low base. Our almost cash-neutral position at the end of the financial year underscored our commitment to financial stability in what is a highly competitive and challenging operating environment.

Driving the Shift to Innovative Solutions

The Data Solutions segment has played a pivotal role in Yahsat's strategic shift from providing traditional broadband applications to offering innovative solution-oriented approaches. This was particularly well demonstrated in 2023 in a project for South Africa's Department of Health to connect health clinics across the country. The challenge inherent in the contract was to find a solution that would provide seamless connectivity given the country's power shortages, which result in frequent supply interruptions to all users. YahClick ensured continuous connectivity by sourcing electricity from solar power, delivering an innovative, cost-effective, and sustainable solution.

By integrating connectivity with solar, YahClick demonstrated its adaptability and commitment to addressing real-world problems, reiterated its tangible impact on vital sectors, and confirmed its dedication to driving positive change through technology.

1. Mobile Network Operators.
2. Revenue contribution of 5% is based on the BCS JV only.

Expanding our Footprint in Africa

During the year, YahClick launched services in Sudan and South Sudan and expanded its coverage in Nigeria, in line with our strategy to provide high-speed data solutions in underserved regions.

In early 2023, YahClick signed an agreement worth US$ 15 million over six years with Canar Telecommunication of Sudan, to further expand the Group's satellite broadband presence in Africa. This makes Canar one of YahClick's largest service providers in the region.

Under the agreement, Canar acquired significant satellite capacity from YahClick to deliver consistent, reliable broadband internet connectivity to consumers and businesses in Sudan. The expanded connectivity delivered by YahClick ensures that Canar can consolidate its position as a market leader in broadband service quality, superior network performance, and availability. It will also support Sudan's digital transformation goals and expand the country's broadband connectivity.

The expansion into Sudan was consistent with our overarching strategy to deliver enterprise-type solutions. This collaboration not only extended our geographical footprint but also strengthened our position in the enterprise solutions market.

Later in the year, YahClick established a new service partnership to launch mobility and data services in South Sudan with South Sudanese start-up Gate for Technologies (G4T). Through this partnership, Thuraya and YahClick will provide several high-growth sectors in South Sudan with satellite-enabled connectivity solutions that will contribute to national efforts to rebuild the African country.

The agreement will facilitate the connection of remote communities as part of South Sudan's development of the nation's telecommunications infrastructure and enablement of e-government services. Yahsat is also working with humanitarian agencies in the country, providing them much-needed connectivity as part of our deep commitment to the African continent, and our support for South Sudan's reconstruction of critical sectors of the economy.

In a separate move that extended our footprint in sub-Saharan Africa, YahClick established a partnership with Nigerian Communications Satellite (NIGCOMSAT) to expand broadband penetration in the region and boost access to critical electronic services.

YahClick's experience in providing advanced and affordable technologies that can be easily accessed in remote areas will support Nigeria's successful delivery of its digitisation strategy, by delivering speed increases that will facilitate the provision of essential education, health, and other public and corporate services.

Outlook

In the coming year, the Data Solutions division will strategically position itself for long-term growth by delivering several targeted initiatives:

- An Al Yah 3 satellite replacement plan is set to be concluded as the satellite nears its end of life, expected in May 2025. This will ensure continued efficiency and reliability of our satellite operations.
- Al Yah 2 technology upgrade plan, which will be achieved by reallocating ground segment assets from Al Yah 3 following its retirement, will be a significant step towards advancing its technological capabilities.
- Customer-centric initiatives are being prioritised to reduce churn and maintain our existing subscriber base, emphasising our commitment to providing excellent service.
- Strategic partnerships with local operators and governments are in the pipeline to strengthen our market presence, foster collaboration, and secure market access in unserved MENA countries, in line with our strategy to expand connectivity and accessibility in the region.
- In addition, we plan to introduce innovative products and solutions to diversify our services into new verticals within our coverage area, in response to our customers' emerging needs.
- Cost optimisation initiatives will remain a focal point, with the objective being to reduce overall expenditure. Our goal to preserve cash will require minimising subscriber acquisition costs and concentrating on projects that generate positive yields.

We will continue progress on initiatives launched towards the end of 2023 to identify inorganic growth opportunities, and to position the Data Solutions business line for sustainable expansion and further success in the evolving market landscape.

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

Broadband Connectivity Solutions (BCS) JV

Yahsat (80%) | Hughes (20%)

Broadband and data to consumers, enterprises and Gov. across MEA and West Asia.
Ka-band capacity on AY 2 and AY 3 is dedicated to, and owned by, BCS.

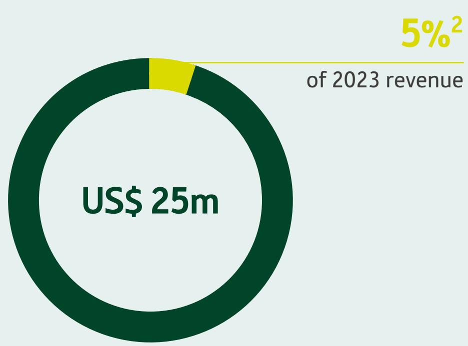
HNS Participações Empreendimentos (HPE[3]) JV

Yahsat (20%) | Hughes (80%)

Broadband and data to consumers, enterprises and Gov. within Brazil.
Ka-band capacity and other satellite technologies over Brazil on AY 3's payload are dedicated to, owned and leased by, HPE.

2023 Revenue

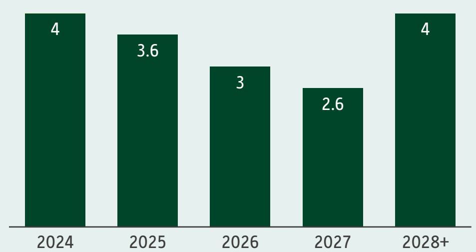
Through YahClick, the Group provides broadband plans to internet service providers (who in turn offer these services to their customers) and also sells direct capacity to Enterprise clients.



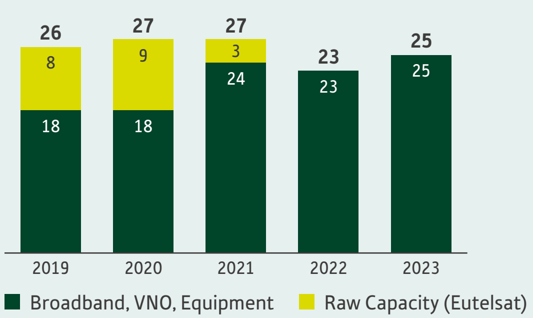
Key Revenue Drivers:

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

Contracted Future Revenues (US$m)



Revenue Evolution (US$m)



2. Revenue contribution of 5% is based on the BCS JV only.
3. Yahsat does not consolidate HPE's financials as it is accounted for as an associate.

Case Studies

Push-To-Talk

Thuraya's Push-To-Talk: Fast-tracking firefighters' response to save lives

Every year wildfires threaten thousands of lives and assets worth billions of dollars globally, while causing untold damage to the environment. In the summer of 2023, wildfires ravaged across more than 10 countries in Europe, North Africa, Asia and North America, displacing thousands of civilians. The number of extreme wildfires globally is predicted to rise by 14% by the end of the decade, 30% by 2050 and up to 50% by the end of the century, according to the UNDP[1].

Delivering Reliable, Seamless Radiocommunications on Land

Thuraya Push-To-Talk (PTT) provides fire brigades with robust and highly reliable communication tools to coordinate with their peers, seek assistance and swiftly liaise with command centres.

Building on its successful rollout, PTT will be deployed for other emergency response and time-critical use cases moving forward, thereby enhancing communication capabilities while also providing advanced features such as encryption and enhanced digital voice quality to ensure secure and clear communications even in remote locations.

An Innovative, Life-saving Solution

Powered by L-band Broadband, PTT is an innovative, secure and resilient solution that was put into action by linking broadband terminals with firefighters' radio systems via ear and microphone integration on radio. It is a game-changer for fire fighting teams and other rescue services, particularly in overcoming the limitations of traditional radio coverage during emergencies, enabling uninterrupted and proactive communications to fast-track response efforts.

Based on this immediate impact, it received a prestigious industry award and has reinforced Thuraya's status as an innovative mobility solutions' provider, playing a vital role in enhancing the communication capabilities of land-based teams, which is crucial for saving human lives and protecting the environment.

Push-To-Talk won the

'Land Mobile Innovation' Award

at the 2023 Mobile Satellite Users Association (MSUA) Satellite Mobile Innovation Awards

1 Data from the UN Environment Programme (UNEP) and GRID-Arendal.

Case Studies

High-stakes Marine Rescue

Thuraya's MarineStar Terminal: Rapid response in high-stakes marine rescue

In May 2023, the Yahsat Customer Care team received an urgent request from the Embassy of China in the UAE. A Chinese fishing vessel, equipped with a Thuraya MarineStar terminal, had gone missing. Time was of the essence to locate and rescue the fishermen, as they were adrift in international waters.

Taking Action to Avert Disaster

Leveraging the advanced capabilities of the Thuraya MarineStar terminal, Yahsat was able to swiftly locate the missing vessel. This vital information was promptly communicated to the relevant Chinese authorities, enabling an effective rescue operation. The successful mission highlighted several key aspects.

1. Rapid Response and Coordination

Yahsat's quick action and coordination with Chinese governmental agencies and international entities were crucial in the timely rescue of the fishermen.

2. Technological Edge

The incident underscored the critical role of satellite-enabled connectivity in life-threatening scenarios, particularly in remote maritime regions.

3. International Cooperation

The operation emphasised the value of cross-border collaboration in saving lives, showcasing Yahsat's strong international partnerships.

4. Humanitarian Impact

Senior officials from the Embassy of China in the UAE lauded Yahsat for its significant contribution to maritime safety and expressed interest in enhancing safety services for small boats.

A Model for Enhanced Rescue and Response

This rescue is not an isolated incident but part of a larger narrative of Yahsat's commitment to humanitarian causes. In 2022, Yahsat's interventions saved approximately 130 lives, demonstrating the importance of satellite communication in maritime safety. This aligns with the UAE's 2023 Year of Sustainability goals, emphasising human welfare and sustainable economic growth.

Yahsat's involvement in the rescue of the Chinese fishermen serves as a powerful testament to the company's innovative solutions in satellite communications. It reflects Yahsat's ability to empower businesses and its vital role in life-saving operations, further positioning the Company as a key player in global maritime safety and sustainability.

Our People

At Yahsat, we work hard each day to create a supportive and engaging culture that nurtures the success of every single one of our valued employees, providing our people with purpose to power positive performance. By focusing on attracting, empowering, developing and recognising world-class talent, we put Yahsat in a position to deliver our strategy, drive sustainable progress across the organisation and achieve our vision for the future.

"In Yahsat there is an unwavering commitment to a shared Vision, Mission and Values that creates a workplace where every individual thrives. Yahsat believes in empowering women, fostering an inclusive environment where diverse perspectives fuel innovation, making us not just a company, but a community that values the strength of unity and equality. I'm honoured to be part of it."

Dounia Bahassa
Manager Business Planning & Channel Management

Attracting

Ensuring Gender Equality

Building upon our commitment to gender equality, we recently welcomed 13 female employees into key positions, reinforcing our dedication to diversity. We continue to prioritise women empowerment through initiatives designed to groom future women leaders and create flexible working models that foster an inclusive and supportive environment for all team members. These efforts reflect our ongoing commitment to cultivating an organisational culture that champions diversity and empowers individuals to reach their full potential.

Increasing Emiratisation

During 2023, we achieved a 52% Emiratisation rate across Yahsat and continued to attract and engage our Emirati employees in a number of ways. We leveraged our international footprint by deputising six Emiratis to our overseas projects, allowing them to gain deeper industry expertise and global exposure.

This year, our commitment to professional development is evident through the ongoing success of our Train for Work programme. This initiative actively engages Emirati graduates, offering them on-the-job training that equips them with the essential knowledge and skills for success. As participants in Train for Work, individuals seamlessly integrate into the Yahsat workforce, assuming the roles of regular employees with defined work objectives. This programme is designed to groom participants for full-time employment within a span of one year. Building on the achievements of the inaugural cohorts in 2018 and 2020, we are thrilled to announce the launch of a new batch in 2023 that consists for 4 individuals, further solidifying our dedication to fostering talent and contributing to the professional growth of aspiring individuals.

Supporting People of Determination (POD)

In our commitment to sustaining our POD employees, we prioritise creating an inclusive and supportive work environment. Beyond recruitment efforts, we actively invest in initiatives to enhance the professional growth and well-being of our POD team. Through targeted training programmes, we strive to equip them with the skills, confidence, and capabilities necessary for personal and career development. Our focus is not only on the present but also on fostering an environment where they can envision themselves taking on larger roles and greater responsibilities in the future. We continually assess and implement improvements to ensure their experience aligns with our dedication to social development, creating a workplace that nurtures growth and empowers each member of our POD workforce.

"The opportunity to join Yahsat during the start-up phase, a little over a year post incorporation, was a unique opportunity to establish the satellite operations capability and build from the ground up. We were fortunate to be able to hand-pick a team of industry experts, to support our new team of national staff; we have now achieved an Emiratisation level of 75% within the division. Working for Yahsat continues to be both challenging and engaging, with the ambitious expansion plans for the Group, coupled with the honour of working for some of the best leadership of my career over my tenure and the privilege of working daily with a world-class team."

Ross Barker
EVP – Satellite Operations

Empowering

Empowering our Youth

Under the organisation of the Advanced Technology Research Council, several Yahsat employees have been nominated to participate in the ARTC STEM Youth Mentorship Programme. The programme aimed at matching industry professionals with students from high schools and universities to promote and encourage careers in STEM and R&D related fields. Mentorship requires the right expertise and attitude, three Yahsat engineers demonstrated the required capabilities and have joined the programme, which allows them to strengthen their own knowledge, expand their network, and support in building STEM Proteges in the community.

Aligned with the strategic empowerment of young Emirati leaders and the strategic utilisation of their exceptional talents and experiences in the nation's service, a group of 71 accomplished men and women were meticulously chosen as ambassadors for the pre-COP 28, supporting a pivotal conference hosted in the UAE dedicated to combatting climate change. This distinguished cohort featured prominent figures such as Aida Al Yaaqoubi, Yahsat Youth Council president and senior engineer. The rigorous selection process was grounded in their outstanding community achievements, diverse skill sets, and proven track record of representing the country in both domestic and international governmental forums. Their unparalleled qualifications uniquely positioned them to make substantial contributions to the resounding success of the conference.

Yahsat's management are the strongest advocates for youth empowerment in all areas, and it is evident with the re-establishment of the Yahsat Youth Council earlier this year. The Yahsat Youth Council's members are Aida Al Yaaqoubi (president), Abdulrahman Al Zarooni (vice president), Marwa Al Hosani, Maryam Al Hashmi, Abdulla Al Breiki, Iman Abdulla, Ibrahim Al Hosani, Rashed Al Marzooqi, Mohammed Al Katheeri, Faisal Al Tenaiji and Abdullah Sharif. This unique team of inspirational individuals with exceptional talents that curated and hosted the first Yahsat Youth Retreat to create a space for Yahsat Youth to interact with fellow colleagues in team-building activities that come from different departments within the Company, and to formally meet the council members. The Yahsat Youth Council aims to support the company's endeavours to develop young talents through numerous educational workshops (technical, interpersonal, creative, etc.), collaborations with other entities' youth councils, and volunteering opportunities to promote valuable traits and skillsets. Additionally, the council is continuing to work closely with management to improve Yahsat Youth's work environment and career development to align with the common goal of equal opportunities for everyone.

In the pursuit of supporting youth development, our Company has made significant strides in providing internship opportunities. In the past year, we hosted a total of 24 interns, comprising 13 university students and 11 high school students. Of these, 14 were female interns and 10 were male interns. The interns were placed in various departments, such as IT Operations, Finance, Technical and Human Capital departments. This diverse range of internship placements reflects our commitment to nurturing talent across different fields, contributing to the holistic development of the youth, and fostering their skills in a professional setting.

Giving our People a Voice

In 2023, our People Survey which measures engagement had a 98% participation rate. Exceeding 2022 levels to become our highest-ever response rate, this achievement demonstrates our people's strong trust in the survey and commitment to change. The overall engagement score of 82 has been sustained, in line with top-of-class benchmarks and above regional benchmarks.

Yahsat also scored 40 in our Employee Net Promoter Score (eNPS), in line with the regional benchmarks. Managers have started dialogue with respective teams and action planning to enhance team engagement. Effective support mechanisms are in place such as manager training, focus groups, and executive coaching to support the work on employee engagement.

As part of working with the survey feedback received, many new initiatives and services were introduced/enhanced. Policies were changed to make them more parent friendly such as increasing paternity leave days to 10 days and providing two working schedules with flexible timings to choose from.

Our People continued

Developing

Promoting our Talent

We continue to develop our talent management framework aimed at aligning our workforce with our strategic objectives and direction. The cornerstone of this framework is the effective incorporation of succession management and talent development programmes. Succession management has been a key focus area in our efforts to ensure business continuity and excellence. Through identification of critical positions in the organisation and cultivating a pipeline of leaders groomed to step into critical roles in the future as needed. This goes hand in hand with talent development initiatives that have flourished providing employees with opportunities for growth, learning and skill development. Looking ahead, we will continue to refine and enhance our framework, ensuring it evolves in step with the changing needs of our organisation and industry.

In our commitment to offering enriching opportunities for professional growth, we nominated nine senior engineers to participate in diverse On Job Training programmes in collaboration with our esteemed satellite partners, Airbus Defence and Space and Cobham Satcom conducted in France, Denmark, and the United Kingdom. This initiative is part of the Thuraya-4 project and underscores our dedication to fostering continuous learning and international collaboration, providing our talented engineers with hands-on experience and exposure to cutting-edge practices within the industry.

Developing our Capabilities

Throughout 2023, our steadfast commitment remained focused on enhancing the knowledge and skills of our entire workforce. We facilitated a diverse array of training and development opportunities, both in physical and virtual formats. Our eLearning platforms provide self-driven learning opportunities anytime, anywhere to enable a culture of continuous learning. It includes soft skills and niche technical training on demand. Leveraging two eLearning platforms, over 300 employees dedicated a total of 2,695 hours to training.

- LinkedIn Learning engaged 306 members, with 99% of licenses activated, resulting in the completion of 2,197 courses and 43,529 video learning sessions.
- Pluralsight involved 33 members, completing 106 courses and 127 video learning sessions.

LinkedIn Learning serves as the primary platform accessible to all employees, fostering virtual learning and self-directed development. Yahsat's activation and utilisation rates surpass regional benchmarks, reinforcing our commitment to staying abreast of the latest trends in learning and development. This underscores our dedication to continuous improvement and embracing innovative approaches to employee skill enhancement.

Furthermore, we conducted over 360 hours of impactful training courses for more than 140 employees, conducted by both internal and external experts. These courses covered pivotal strategic topics such as AI, Risk Management, Leadership, and Internet of Things (IoT). To promote the use of e-learning platforms, we curated monthly learning collections featuring themed courses on topics such as ESG, AI, Goal Setting, and women empowerment.

Our introduction of a cross-team training programme, involving 16 participants from two teams in over 20 sessions, underscores our commitment to fostering knowledge sharing and collaboration. Beyond individual skill development, this initiative promoted improved communication, enhanced problem-solving, and heightened synergy between teams, crucial for adaptability and collective success in today's dynamic business landscape.

Building for the Future

In a strategic move aimed at fostering advancements within the Space Sector in the UAE, our Company has seconded four skilled Emirati Youth employees to the UAE Space Agency to play a pivotal role in Project MAX. This project, funded by the National Project Exploring the Asteroid Belt, is designed to elevate the capabilities of the UAE's space sector through collaborative efforts. The Project will be run by a project team comprising individuals from different entities within the UAE, with the purpose of developing the capabilities of the UAE's space sector utilising an exploration mission.

In a significant stride towards cultivating innovation within our organisation, we introduced our Incubator Programme in 2023, a dynamic initiative inviting employees to submit innovative ideas for cost-cutting or revenue generation. From the first month of its initiation, the response was overwhelming, with numerous submissions showcasing the ingenuity of our workforce. A judging committee led by the CEO has met to assess pitches and provide recommendations on the way forward. The programme aims to sponsor several ideas and empower employees with the resource to turn concepts into impactful projects. The incubator programme will not only result in substantial cost savings but also pave the way for new revenue streams, solidifying Yahsat's position as a forward-thinking industry leader.

The annual Fekrati programme, centred on ESG (Environmental, Social and Governance) principles, acknowledges the most innovative ideas capable of fostering a positive impact on both Yahsat and society at large. In the current year, four outstanding winners were chosen from a pool of over 30 submissions.

"Yahsat's investment in its employees' growth is truly commendable. From ongoing training opportunities to mentorship programmes, I've had the privilege of continuously enhancing my skills and knowledge. The company's commitment to nurturing talent is a testament to its vision of a brighter future."

Saleh Abdulrahman Saleh
Officer II – Information Security

Recognising

Long-Term Incentive Plan (LTIP)

To secure the allure, acknowledgment, and enduring retention of top-tier talent in an intensely competitive market and industry, we resolutely present our Long-Term Incentive Plan (LTIP) to the leadership team. This programme is designed to remunerate our executives with a spectrum of incentives and bonuses strategically distributed over extended periods. The LTIP functions as a pivotal compensation mechanism, cultivating sustained dedication and alignment with Yahsat's strategic imperatives.

Employer of the Year

The Future Workplace Awards stand as the regional standard for recognising remarkable accomplishments of individuals, teams, departments, and organisations that have made innovative contributions to the growth and advancement of the HR industry in the Middle East. In 2023, Yahsat proudly received the 'Employer of the Year' award, a testament to the Group's leadership in implementing superior people development strategies. These strategies have led to the cultivation of a productive, engaged, and motivated workforce, solidifying Yahsat as the employer of choice in the region.

Organisation of the Year for Women Empowerment

For the 11th consecutive year, the GOV HR Summit 2023 has been recognised as the region's premier human resource event. In alignment with the vision of the region's astute leaders, the GCC GOV HR Awards 2023 aim to spotlight, honour, and celebrate the groundbreaking achievements of organisations that have exhibited outstanding leadership in driving organisational and team effectiveness through Human Capital Management. Yahsat received the 'Organisation of the Year for Women Empowerment 2023' award, acknowledging our exceptional dedication to creating a diverse working environment and promoting gender equality at all levels. This award also recognises Yahsat's empowering initiatives and innovative actions taken to advance gender equality.

"Throughout my years at Yahsat, I have been consistently supported by my direct line manager and Yahsat's management to achieve the accomplishments I have to date. Yahsat inspires me to dream big with my professional journey, whether it's within my day job, or with external entities by participating in national and international events and conferences. I'm truly grateful for the unwavering trust Yahsat has for their exceptional staff."

Aida Saeed Al Yaaqoubi
Senior Engineer – Spacecraft Analysis

Risk Management

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

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

Responsibility

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

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

Risk Management & Internal Control Framework

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

The internal risk and control framework is embedded into the Group at three levels:

First line

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

Second line

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

Third line

Yahsat's internal audit function provides independent objective assurance and advice over Yahsat's operations.

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

RMIC Vision, Mission and Key Beliefs

Vision

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

Mission

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

Internal Control Principles

Control Environment

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

Risk Assessment

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

Control Activities

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

Information & Communication

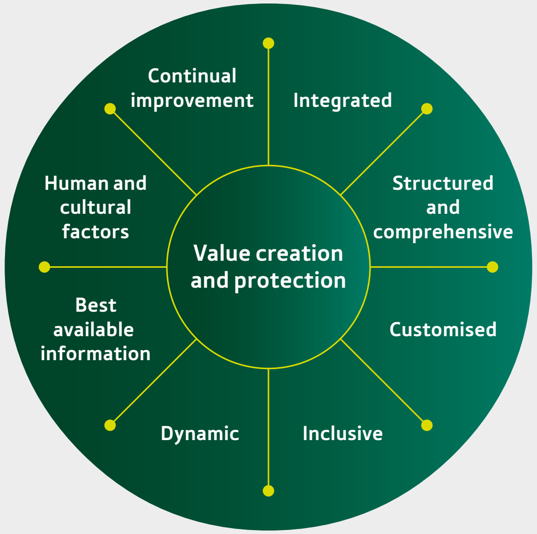
13. Uses relevant information
14. Communicates internally
15. Communicates externally

Monitoring

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

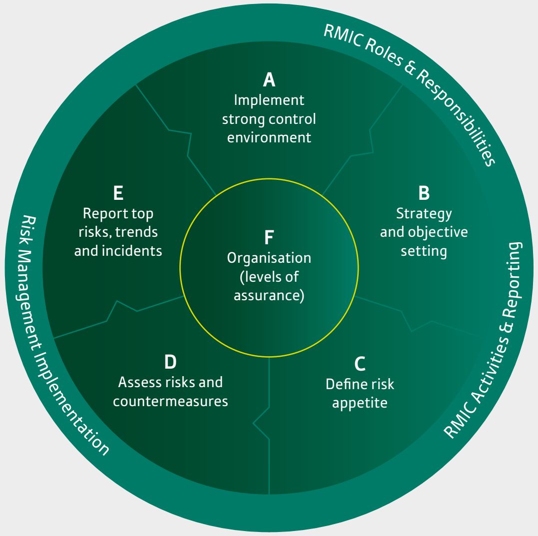
Source: COSO Internal Control – Integrated Framework: 2013.

Risk Management Principles



Source: ISO 31000:2018

Risk Management Mechanism



Risk Management continued

Accomplishments and Enhancements

Yahsat continuously strives to strengthen and enhance its risk management, internal control and compliance practices. In 2023, the following activities were performed and enhancements made:

- ISO 31000 maturity self-assessment to rigorously align with industry standards.
- A short- and long-term risk management enhancement roadmap and implementation plan.
- Initiated integration of ESG into ERM.
- Created a holistic Yahsat Risk Management Framework with major update to the ERM Policy Manual.
- Regular, periodic reporting to the ARCC on the key uncertainties and threats to Yahsat's strategic priorities.
- Annual fraud risk assessment to identify main fraud risks and assess the effectiveness of fraud controls.
- Quality Assurance over the effectiveness of Internal Control Over Financial Reporting (ICOFR) framework.
- Training and awareness of Yahsat Group employees on risk and compliance, covering a variety of topics including, but not limited to, fraud, information security, code of ethics, trading Yahsat shares and disclosure requirements.
- Continuous and ongoing monitoring of the external compliance requirements and instances of non-compliance proactively reported.

Principal Risks and Risk Appetite

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

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

Yahsat's overall risk profile has not significantly changed compared to 2022. Nevertheless, there have been minor changes in risk ratings, mainly due to increases in an impact and/or probability affected by the macro-economic situation.

The following list of principal risks is not an exhaustive description of all possible risks. There may be risks not known or risks not fully assessed yet. Existing risks that are not significant could evolve into material exposure in the future. Yahsat's internal risk and control systems have been designed to identify, mitigate, and respond to risks in a timely manner. However, full assurance over all risks cannot be guaranteed.

Strategic Pillars

Expand Core Govt. Business

Expand Commercial Business

Capture Unique Growth Opportunities

Principal Risks

1. Service disruptions
2. Satellite development project risk
3. Inability to attract and retain qualified people
4. Deteriorating economic and market conditions
5. Supplier and supply chain dependency
6. Legal and regulatory challenges
7. Increasing business competition
8. Changes in tax regulations
9. Orbital slot and spectrum risks
10. Interest rate risk
11. Sustainability challenges
12. Currency risk
13. Customer dependency
14. Liquidity risk
15. Credit risk

Principal Risk	Description	Mitigation
1 Service disruptions **Responsible Manager** Chief Technology Officer Chief Operations Officer **Category** Strategic Challenges	Yahsat's ability to deliver services to its customers depends heavily on its critical network assets, including satellites and ground and IT systems. Yahsat could face service disruption due to technical malfunctions or physical damage caused by either natural uncontrollable events or by manmade events like terrorism, cyber-attacks and other breaches.	• The Group has effective business continuity and crisis management protocols established, which are regularly reviewed and tested. • The Group actively monitors the aging satellites and continuously explores commercial and business cases to assess the launch of new ones to substitute the existing fleet as required. • Continued implementation of regularly updated information security activities and protocols. • Various back-up and redundancy measures are in place for the satellite, ground and IT infrastructure, with certain systems being air-gapped to dramatically reduce the likelihood of external interference. • Robust satellite operations and oversight processes have been implemented. The health of the satellite fleet is continuously monitored and assessed. • Proactive monitoring of IT and network by Enterprise Security team to identify and mitigate security threats. • The Group's cyber security capability is continuously being strengthened to improve security visibility and risk intelligence. • Regular communications to educate and increase awareness of personnel regarding security and privacy. • In-orbit insurance policies are in place to provide for satellite failure or loss (subject to customary exclusions).
2 Satellite development project risk **Responsible Manager** Chief Technology Officer **Category** Strategic Challenges	Yahsat is managing high-value, long-term satellite development projects. These projects contribute significantly to sustain and grow our business. In addition to the regular project risks like delays, cost overruns and quality issues, these projects are also subject to construction and launch risks. If any of these issues or risks occur, it could have a material and adverse effect on the Group's operations and financial results.	• Robust and stringent management has been established for the Thuraya-4 programme, with frequent direct interaction with the constructor and regular in-country reviews of project progress. • Additional time buffer is built into satellite development programmes to provide a limited amount of protection against delay and schedule risk. • For key suppliers, service level agreements are defined, which are closely monitored by review of deliverables (preliminary design reviews, critical design reviews, etc.). • Comprehensive launch and in-orbit insurance policies are in place to provide for satellite failure or loss.
3 Inability to attract and retain qualified people **Responsible Manager** Chief Human Capital and Administration Officer **Category** Strategic Challenges	Failure to effectively attract, develop and retain talent with the skills and experience to deliver on current and future requirements, could impact our ability to achieve growth ambitions and operate effectively.	• Reward and recognition programmes have been implemented, including a LTIP for key management positions, with such total reward approach being periodically benchmarked and reviewed. • Critical resources retention programme is being implemented. • Succession plan has been updated and a talent development programme has been started. • Working with best recruitment agencies to fill vacancies. • Focus on visibility of organisation, being an employer of choice and employees being Yahsat ambassadors.

Risk Management continued

Principal Risk	Description	Mitigation
4 Deteriorating economic and market conditions **Responsible Manager** Chief Financial Officer **Category** Strategic Challenges	A deterioration in global and regional (MENA) economic conditions may have an adverse effect on the Group's revenue. The impact of these conditions on the overall revenue will depend on the severity of the economic issue, the countries or regions affected and potential government responses.	• Economic and market conditions in the Group's key markets are considered during the annual budget and business planning processes. The most significant risks are subject to a sensitivity analysis and related mitigating measures are identified and, if required, implemented.
5 Supplier and supply chain dependency **Responsible Manager** Chief Financial Officer (Procurement) Heads of department (Supplier management) **Category** Strategic Challenges	The Group relies on a limited number of third parties for key equipment, technology and services, as well on the supply chain to receive and deliver goods. Our operational results may be materially adversely affected if any of these third party providers fails to perform as contracted. Also, any breach by these suppliers of relevant legislation such as data protection, security, export controls, sanction compliance, privacy, human rights and/or environmental laws, could negatively impact Yahsat's reputation.	• Central procurement processes have been established including due diligence screening of potential suppliers. • Each supplier is required to confirm compliance with our Business Partner Code of Conduct, with supporting evidence as appropriate. • Agreements with suppliers include requirements for compliance with Yahsat's corporate policies (e.g., data privacy, trade controls, human rights and environmental laws) and, if applicable, termination, exit and right to audit clauses. • For key suppliers, service level agreements are defined, which are closely monitored by the responsible business owners. • See also Risk 2 (Satellite development project risk). • Procurement department and subject matter experts continuously evaluate alternate options to minimise supply chain lag, as and when required.

Principal Risk	Description	Mitigation
6 Legal and regulatory challenges **Responsible Manager** General Counsel Chief Financial Officer **Category** Compliance Challenges	The Group can be exposed to non-compliance with laws and regulations across different jurisdictions, or a breach of internal policies, including but not limited to, those related to financial reporting compliance, bribery and corruption, fraud, insider trading, data privacy, trade sanctions and competition law. As our business spreads geographically, covering some markets with a higher exposure from a compliance point of view, the Group may face legal and regulatory risks or challenges due to changing local, regional or global policies. Non-compliance could result in fines, restrictions on business, third party claims, and reputational and brand damage.	• The Group's Code of Ethics sets out the principles, standards and behaviours necessary to achieve our objectives and uphold our values. It makes clear that we not only follow the law, but strive to operate with the highest levels of ethics and integrity. • The Code of Ethics is supplemented and supported by a number of policies, including policies relating to anti-bribery and corruption, working with governments, insider trading, securities trading, fair competition, export control and sanctions compliance and confidentiality and data privacy. • A comprehensive Ethics and Compliance programme is in place addressing compliance monitoring, reporting, risk assessments, training and investigations. • Financial reporting function is in place, responsible for compliance with financial reporting requirements. • ICOFR framework being implemented and monitored. • Key Ethics & Compliance controls are tested for design and effectiveness annually as part of the Group's ICOFR framework. • Security screening of all new employees and contractors. • Each supplier is required to confirm compliance with our Business Partner Code of Conduct, with supporting evidence as appropriate. • The Group maintains relationships with key legal and other advisors in relevant jurisdictions to seek to remain abreast of legal and regulatory developments.
7 Increasing business competition **Responsible Manager** Heads of business lines **Category** Strategic Challenges	The satellite communications market is highly competitive. Increased competition may arise from current competitors and/or new market entrants. Also, new technologies introduced by competitors may reduce demand for Yahsat's services or may render Yahsat's technologies obsolete. These challenges could hinder or prevent the Group from implementing its business strategy and expanding its operations as planned.	• The business case for new satellite programmes is typically underpinned by long-term capacity agreements to justify the cost and ensure long-term utilisation. For example: – UAE Government has awarded a mandate of US$ 5.1 billion to provide satellite services, related managed operations and products. Under the new mandate Yahsat will provide the Government with secure and reliable satellite capacity and related managed services using the Al Yah 1 and Al Yah 2 satellites, currently in orbit, and supplement this with two new satellites, Al Yah 4 (AY 4) and Al Yah 5 (AY 5), which are expected to be launched in 2027 and 2028, respectively. – A long-term services agreement with UAE Government for managed capacity services over a 15-year period supported the build costs and projected utilisation rate of Thuraya-4. This contract added more than US$ 700 million to contracted future revenues and provides security of future cash flows. • Yahsat has a dedicated strategy department that continues to assess Company's strategy and make updates as necessary. • An investment has been made in eSAT Global, which provides a platform to grow our offering by leveraging our L-band spectrum rights and eSAT's low-power low-data rate IoT products under development. • We have launched attractive and differentiated new mobility products for maritime and increased focus on new IoT and data products to align to customer focus and demand. • Ongoing expansion of Data Solutions consumer subscriber base and investing in the Enterprise segment.

Risk Management continued

Principal Risk	Description	Mitigation
8 Changes in tax regulations **Responsible Manager** Chief Financial Officer **Category** Financial Threats	Introduction of corporate income tax in the UAE and any subsequent amendment, could adversely affect the Company's financial results.	• On 9 December 2022, the UAE Ministry of Finance released Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses ("UAE Corporate Tax Law" or "Law"). The Law became effective on 25 October 2022, and applies to taxable persons for financial years commencing on or after 1 June 2023. Accordingly, the Group's first tax year will commence on 1 January 2024. The UAE Cabinet of Ministers Decision No. 116/2022, which came into effect in January 2023, confirmed that AED 375,000 is the threshold of income over which the 9% tax rate would apply. The Law is enacted, and accordingly, the standard corporate tax rate of 9% will apply to the Group. • The Group's corporate income tax exposure with respect to its foreign operations is not material. The Group has historically been tax-compliant and regularly reviews changes in local tax legislation to ensure continued compliance.
9 Orbital slot and spectrum risks **Responsible Manager** EVP – Regulatory & Spectrum Affairs **Category** Compliance Challenges	Yahsat is subject to orbital slot and spectrum access requirements of the ITU and regulatory and licensing requirements in each of the countries in which the Group provides services. Yahsat could lose access to certain frequency bands or fail to maintain or obtain required orbital slots due to non-adherence with ITU operating procedures, space debris requirements, international satellite regulations, conflicting/overlapping frequency bands or slots becoming unavailable for acquisition. This may result in inability to perform government and commercial business plans, loss of business partners and have a significant adverse revenue impact.	• Yahsat proactively participates in advocacy with the ITU and continuously looks for opportune orbital position filings to make. The Group currently has more than 200 active ITU filings. • The spectrum team has developed a three-year roadmap for filing maintenance, to identify filings in which Yahsat is looking to maintain priority for future use. • Orbital slots for future satellites have been secured. • Yahsat complies with stringent space debris requirements as per ITU and IADC (Inter-Agency Space Debris Coordination Committee).
10 Interest rate risk **Responsible Manager** Chief Financial Officer **Category** Financial Threats	Changes in market interest rates may have an adverse effect on the Group's borrowings, bank deposits and net finance.	• The Group's interest-rate risk arises mainly in connection with its borrowings which typically bear variable interest rates (e.g., at Secured Overnight Financing Rate (SOFR) plus a margin). To mitigate the uncertainties associated with variable interest rates, the Group has entered into interest swap agreements to fix the interest rates. • For example, the Group entered into a cash flow hedge, by acquiring interest rate swaps (IRS), to hedge the variability in interest rates with respect to Term Loan and ECA facility entered into in June 2021. Under the IRS agreements, the Group received a variable rate of interest equal to SOFR and pays fixed rate on notional amounts that mirror the drawdown and repayment schedule of the loan. • The Group invests surplus cash in short-term bank deposits on a fixed interest rate basis.

Principal Risk	Description	Mitigation
11 Sustainability challenges **Responsible Manager** Chief Executive Officer **Category** Strategic Challenges	Yahsat may fail to meet stakeholder expectations relating to environmental, social and governance (ESG) or fail to comply with the growing portfolio of ESG legislation and government regulations. This could lead to customer loss, lower profits in the future and brand and reputational damage.	• Invited Deloitte for an external assurance on selected ESG KPIs for 2022 ESG report. • A dedicated ESG function has been established in 2023. • A Yahsat sustainability framework, including strategy and performance indicators, has been implemented in 2022 and is being pursued as both a discrete area of focus and a principal consideration when forming other aspects of the Group's strategy. • ESG factors have been incorporated into the overall corporate score card, which has then been cascaded to the departmental KPIs. Group-wide strategy contains tangible action items assigned to each department. Executive compensation is directly impacted by the corporate KPI, including the ESG KPIs.
12 Currency risk **Responsible Manager** Chief Financial Officer **Category** Financial Threats	Fluctuations in exchange rates of assets and liabilities held in foreign currency or changes to the US$/AED peg can adversely affect Yahsat's results.	• The Group's revenues as well as spend are predominantly priced in US$ (which is also the Group's functional currency) and in AED which is pegged to US$. • The Group is exposed to currency risk in respect of its investment in its Brazilian associate, and regularly monitors the movement in exchange rates to assess the sensitivity and impact on its long-term business plan and valuation.
13 Customer dependency **Responsible Manager** General Manager – Yahsat Government Solutions **Category** Strategic Challenges	The Group is reliant on a single large customer for more than half of its revenue and the loss of, or any significant reduction in expenditure by, this customer could materially adversely affect the Group's business.	• Strong relationships with the UAE Government, underpinned by a new US$ 5.1 billion Capacity and Managed Services Mandate (CMSM) awarded in 2023 (see further description under Risk 2). • The CMSM will ultimately replace the existing Capacity Services Agreement (CSA) and Managed Solutions Mandate (MSM) by the end of 2026, and run for a new 17-year period until 2043. • Close relationship management activities are undertaken to ensure that the UAE Government's communications needs are understood, anticipated and addressed with industry-leading, cost-effective solutions. • Diversification initiatives in place with focus on other regional government, large enterprises and establishing partnerships in the value chain.

Risk Management continued

Principal Risk	Description	Mitigation
14 Liquidity risk **Responsible Manager** Chief Financial Officer **Category** Financial Threats	Risk that the Group will not be able to meet its financial obligations as they fall due.	• The Group's approach to managing liquidity is to ensure that it will have sufficient liquidity to meet its debt and other financial obligations when due and comply with relevant financial covenants. • The Group ensures that it has sufficient cash and liquid assets on demand to meet its expected operational expenses and capital expenditures; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. • The Group has a robust planning and reporting process to manage its short- and longer-term cash position and requirements. Active working capital management, business planning, rolling short- and longer-term cash flow forecasts are regularly prepared and reviewed by the Group's CFO. • The Group has historically maintained a strong cash balance, which as of December 2023 stands at more than US$ 560 million (including short-term deposits) with negative net leverage. • The Group also maintains long-standing relationships with lenders and banks which can be leveraged for short-term and/or long-term funding needs. • Certain liabilities are covered by insurance policies.
15 Credit risk **Responsible Manager** Chief Financial Officer **Category** Financial Threats	The Group may face financial losses if a customer or counterparty to a financial instrument fails to meet its contractual obligations. This risk arises principally in relation to the Group's receivables and cash held at bank.	• The Group considers the credit risk as low, with respect to trade receivables and contract assets, given the financial stability and high credit rating of its customers, with nearly half of the receivables due from related parties and government-related entities. • With respect to cash and short-term deposits, the Group minimises its exposure to credit risks by entering into agreements with reputable financial institutions and banks. • Under certain circumstances the Group obtains performance bonds and payments guarantees from counterparties to support the due performance of their obligations.


MASSE

Stakeholder Engagement

Delivering sustainable value to our stakeholders

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

Our Employees

How we engage

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

How often we engage

- As and when required

Key issues/items discussed

- Key achievements
- Business development
- Quarterly updates
- Individual performance

Any actions from these discussions that Yahsat is implementing/will implement

- Follow-up with changes if necessary, on any areas discussed with employees

How we create value for the stakeholder group

- Enabling more CEO and Senior Management engagement through live and remote internal comms
- Focusing on putting employees at the heart of the organisation

	Our Suppliers & Partners	Our Customers	Our Community	Our Shareholders
How we engage	• Through account managers at YahClick and Thuraya, Senior Management interactions when required, industry shows and events	• Primarily through account managers at YahClick, Thuraya and YGS • At events throughout the year	• Through events and initiatives during the year, partnerships with entities including the Ministry of Education or Healthcare or other government entities	• Through Investor Relations team, Senior Management and Board of Directors on calls, issuing press releases and earnings presentations, and other communication and at scheduled meetings, including the AGM
How often we engage	• As and when required	• As and when required	• As and when required	• As and when required
Key issues/items discussed	• Performance • Opportunities • Business status • Relationship building	• Performance • Market opportunities • New products and services • Relationship building • New offers, retention offers, bill status for customers of Yahsat products	• Fulfilling a need or support for a given initiative • Partnership opportunities	• Financial and operational performance • Growth opportunities • Business strategy and progress • Future outlook • Upcoming events and activities • Ad hoc events or activities
Any actions from these discussions that Yahsat is implementing/will implement	• Operational and strategic action taken depending on the discussion	• Operational and strategic action taken depending on the discussion	• Provision of support or services when required	• Operational and strategic action taken depending on the discussion
How we create value for the stakeholder group	• Providing an understanding of our business priorities and how they are best suited to deliver against our business needs	• Providing products and services to meet evolving customer needs • Ensuring customers are getting the best value	• Assisting communities in times of need, where and when collaboration and support is most needed • Bridging the digital divide by providing internet connectivity to underserved or unserved areas	• Keeping shareholders well informed of our business performance and future plans and outlook • Fostering transparency and openness in all communications

Sustainability

Yahsat is committed to evolving into a purpose-driven organisation and a globally recognised leader in promoting sustainable development. The Company has made significant strides in embedding sustainability within its corporate ethos and decision-making framework, contributing actively to the nationwide sustainability initiatives in 2023, the UAE's Year of Sustainability.

In line with the UAE 2023 Year of Sustainability, Yahsat demonstrated its unwavering commitment to sustainability and implemented several projects to reflect its accountability to positively impact people and the planet. Yahsat formed an Environmental, Social and Governance (ESG) function to provide thought leadership in ESG and sustainability matters and to support the implementation of various ESG programmes within Yahsat.

A comprehensive ESG Policy has been developed and approved by the Board, based on the Yahsat Sustainability Framework (ADX G8.1) and built upon five pillars. Key objectives and high priority action items for each pillar, as identified in the Sustainability Framework Roadmap, were implemented in coordination with the relevant departments. These objectives and action items are implemented to advance how Yahsat addresses the most pertinent sustainability issues in its industry and contributes to notable sustainability goals, including Abu Dhabi's Economic Vision 2030, the UAE National Space Strategy 2030, the United Nations Global Compact (UNGC) Principles and the United Nations Sustainable Development Goals (UN SDGs) (ADX G8.2). Yahsat joined the UNGC in 2023 and is integrating the ten core UNGC principles on human rights, labour, environmental stewardship, and anti-corruption measures into its business operations. Additionally, Yahsat joined two UN Climate Action Taskforces, committing to the adoption and dissemination of industry-leading practices to address climate change effectively.

In 2023, the Yahsat Corporate Social Responsibility (CSR) Strategy Framework was developed and approved by the Board to further accelerate corporate social responsibility and embed it into our corporate culture and business activities, to benefit the communities and environment in which we operate. The main purpose of our CSR Strategy Framework is to act as a guiding tool to Yahsat for the integration of socially responsible practices into its business model, to create long term value for its stakeholders and the environment, as well as to be a good corporate citizen. In 2023, the Company conducted various training sessions for all employees and the Board of Directors to foster awareness and understanding of sustainability in space, ESG principles, the new Yahsat ESG Policy and the CSR Strategy Framework.

In alignment with regulatory standards, Yahsat ensures compliance with the UAE Securities and Commodities Authority (SCA) regulatory requirements and adheres to the ESG Disclosure Guidance issued by ADX. This commitment underscores the company's dedication to transparency and accountability in its sustainability initiatives. At the management level, the ESG function provides key updates to the Board on a quarterly basis.

The UAE hosted the 2023 United Nations Framework Convention on Climate Change (UNFCCC) Conference or Conference of the Parties (COP) 28 and Yahsat played an integral role driving the 'Space Sustainability Agenda' with a focus on climate tech and showcasing

The reference "ADX XX.XX," such as ADX G8.1, denotes the Environmental, Social & Governance (ESG) Disclosure Guidance as stipulated by the Abu Dhabi Securities Exchange (ADX) for listed companies. These guidelines can be accessed on the official ADX website under the ESG Disclosure Guidelines section for Listed Companies.

satellite communications solutions in the service of sustainability. Yahsat hosted two sessions in the 'Technology and Innovation' hub at COP28 on the 'Nature, Land Use, and Oceans' thematic day. One of the two sessions hosted was a knowledge-sharing session on "Empowering at-risk and Indigenous Communities through Capability Building and Technology for Climate Adaptation and Mitigation". The second session was a panel discussion on the "Role of Technology to Support Ocean Biodiversity and Safety of Fishermen Community". In total, Yahsat's senior management proactively shared industry expertise in eight COP28 sessions, demonstrating technologically advanced space solutions to accelerate climate action implementation at the country, regional, and global level. During COP28, Yahsat provided senior representative secondment to create a platform for the space industry sector, for the first time. Yahsat also signed a strategic collaboration with Greenhouse Gas Satellite (GHGSAT) and Abu Dhabi National Oil Company (ADNOC), aimed at reducing methane emissions from the global energy sector which was recognised at COP28 as a flagship 'lighthouse project'.

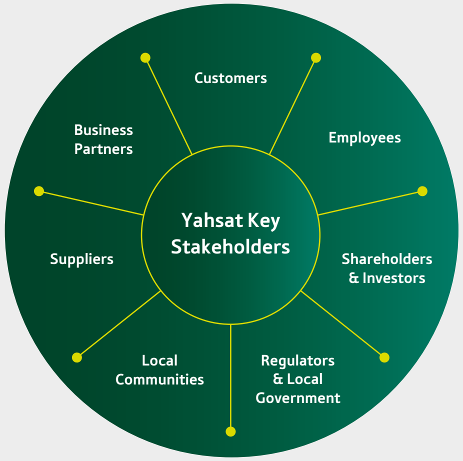
Yahsat is set to adopt global best practices in the near future to develop its climate strategy, covering short-, medium-, and long-term objectives. The company's sustainability initiatives have gained recognition at various esteemed forums such as:

- Yahsat was listed in Forbes Middle East's Top 100 Sustainability Leaders, highlighting Group CEO Mr. Ali Al Hashemi's advocacy for sustainability in the SpaceTech sector.
- Yahsat won the Fast Company Middle East's Most Innovative Company Awards 2023 in the Social Good category, acknowledging its dedication to providing satellite-enabled solutions for sustainability and climate change challenges.
- Yahsat won the Mobile Satellite Users Association's (MSUA) 2023 Mobility Satellite Innovation Award in the Land Innovation category for the Thuraya Push-To-Talk solution from its Mobility arm, Thuraya.
- Yahsat's Human Capital Department received the prestigious Women Empowerment Award at the GCC GOV HR Awards 2023. This is a testament to the company's efforts to advance women's empowerment in the workforce by increasing female representation in both technological and leadership capacities.
- Yahsat was also recognised with the most coveted 2023 Future Workplace Award for the 'Best Employer of the Year'.
- In 2023, Yahsat's sustainability performance was reviewed by various ESG ratings including Sustainalytics, S&P Global and the MSCI ESG Risk Rating which awarded Yahsat the 'AA' Leader rating.

Stakeholder Engagement and Materiality Assessment

Our stakeholders are at the core of our strategy, and we align our operations and business decisions in line with the stakeholder expectations. Our stakeholder engagement process is structured and holistic which provides us a view of the stakeholder groups that can reasonably impact or be impacted by Yahsat's activities and operations. We have identified seven groups of stakeholders as presented, and we engage with them from time to time depending on the nature of our work and relationship with a given stakeholder group.

Yahsat understands the importance of materiality and acknowledges it as the cornerstone of the sustainability strategy and reporting. We follow the principles of sustainability reporting standards to showcase greater transparency and accountability towards our stakeholders by engaging with them from time to time to identify the key material topics and their potential impacts on the stakeholders.



Sustainability continued

Sustainable Areas

Most important

1. Data Privacy & Security
2. Corporate Governance
3. Business Ethics
4. Business Continuity & Risk Management
5. Product, Innovation & Lifecycle Management
6. Customer Relationship Management
7. Health & Safety

Very important

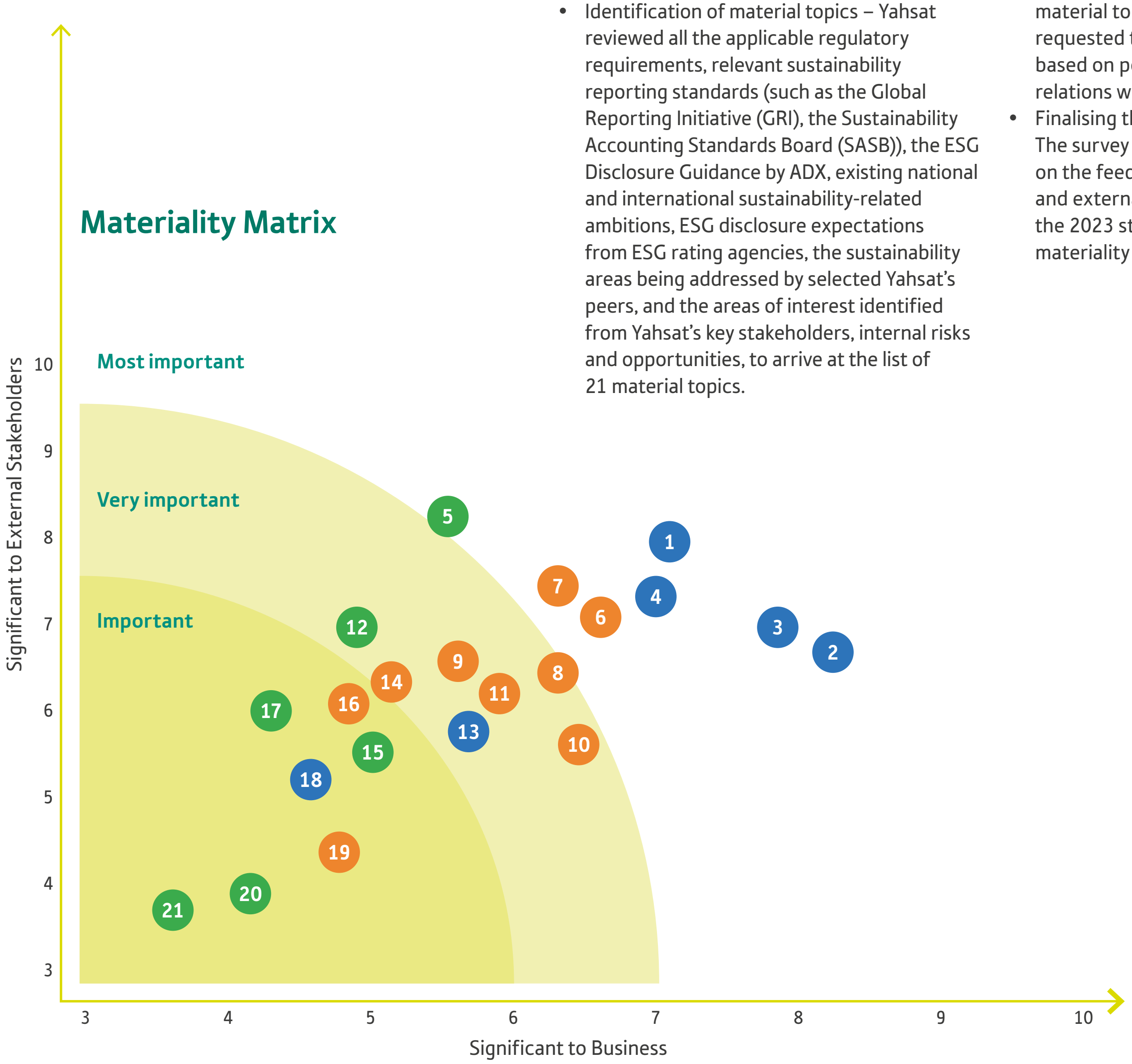
8. Access to Communications & Connecting Communities
9. Employee Engagement, Diversity & Inclusion
10. Disaster Response
11. Talent Attraction, Retention & Development
12. Carbon Emissions & Climate Strategy
13. Supply Chain Management
14. Human Rights

Important

15. Environmental Management
16. Community Investment
17. Energy Management
18. Competitive Behaviour
19. Responsible Sourcing
20. Sustainable Use of Space
21. Biodiversity

Environmental
Social
Governance

Materiality Matrix



As part of our materiality assessment in 2023, Yahsat followed a three-step process detailed below:

- Identification of material topics – Yahsat reviewed all the applicable regulatory requirements, relevant sustainability reporting standards (such as the Global Reporting Initiative (GRI), the Sustainability Accounting Standards Board (SASB)), the ESG Disclosure Guidance by ADX, existing national and international sustainability-related ambitions, ESG disclosure expectations from ESG rating agencies, the sustainability areas being addressed by selected Yahsat's peers, and the areas of interest identified from Yahsat's key stakeholders, internal risks and opportunities, to arrive at the list of 21 material topics.
- Stakeholder engagement – Yahsat engaged with its internal and external stakeholders by conducting a survey to understand their expectations related to the 21 sustainability material topics identified. Stakeholders were requested to prioritise the material topics based on potential impacts and working relations with Yahsat.
- Finalising the materiality for 2023 – The survey results were analysed based on the feedback received from internal and external stakeholders. The results of the 2023 stakeholder engagement and materiality assessment are presented below.

Yahsat's Sustainability Framework

The five-pillar Sustainability Framework created in 2022 (ADX G8.1) outlines all the focus areas that Yahsat is integrating to implement sustainability into its day-to-day operations. Yahsat's Sustainability Framework helps us to identify areas within our business where we can make the biggest sustainability impacts, drive our sustainability strategy, and identify potential areas of improvement all across our operations. On a regular basis, we aim to review the sustainability areas impacting our business, as well as how we address each of these areas through our framework. This process helps us ensure that we continue to identify and assess new or evolving material sustainability areas and to subsequently adjust our framework, as necessary.

In 2023, Yahsat obtained third-party limited assurance on selected sustainability disclosures for its Sustainability Report 2022 (ADX G9). Yahsat's ESG Policy highlighted the key objectives and actions for each pillar of its Sustainability Framework and allocated the responsibilities to different departments to support implementation. The details of organisational general disclosure, management approach to sustainability, and detailed disclosures on relevant material topics are captured in the Sustainability Report 2023 (ADX G7) available on the Yahsat website.

Sustainability continued

Reliable Corporate Governance

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

Material Issues Covered	• Business Ethics • Business Continuity & Risk Management • Competitive Behaviour • Corporate Governance • Data Privacy & Security
UAE National Space Strategy 2030	• Ensure a supporting legislative framework and infrastructure to match the future developments in the sector
Abu Dhabi Economic Vision 2030	• Develop a Sufficient and Resilient Infrastructure Capable of Supporting the Anticipated Economic Growth
Sustainable Development Goals	8 Decent Work and Economic Growth; 9 Industry, Innovation and Infrastructure; 10 Reduced Inequalities

Corporate Governance

Yahsat believes that robust corporate governance practices are essential for generating enduring value for our shareholders and the wider world. We hold our corporate values in high regard, emphasising integrity and maintaining a strict stance against any form of malpractice. Our Corporate Governance Framework is comprehensive, aligning seamlessly with relevant regulatory guidelines. It adheres to the corporate governance standards mandated for joint stock companies listed on the Abu Dhabi Securities Exchange (ADX), as prescribed by the UAE Securities and Commodities Authority (SCA). Our Corporate Governance Framework serves as a cornerstone for overseeing the effective implementation of laws, regulations, policies, and procedures relevant to Yahsat. It plays a pivotal role in aiding management in proactively addressing and mitigating the spectrum of risks that Yahsat encounters, all within the confines of a robust internal control framework. Within our corporate governance structure, key governance documents that help manage the various risks and controls in our corporate governance include:

1. Yahsat's Articles of Association (AoA)
2. Board of Directors (BoD) Charter
3. Audit, Risk and Compliance Committee (ARCC) Charter
4. Nomination and Remuneration Committee (NRC) Charter
5. Delegation of Authority (DoA) document
6. Corporate Policies

The Yahsat Board comprises nine distinguished individuals who bring together a diverse and effective blend of skills, experience, and perspectives. This composition aligns with the Group's strategic priorities, equipping it to navigate the opportunities and challenges in an ever-evolving industry. The Board derives its authority from the UAE Companies Law and Yahsat's Articles of Association (AoA), with its responsibilities further outlined in the SCA Corporate Governance Guide. In accordance with the Board of Directors (BoD) Charter, the Yahsat BoD holds the pivotal role of defining the strategic direction of the Group. The formulation and refinement of the Company's strategy are collaborative efforts between the Board and management, with the Board ultimately responsible for decision-making. While the Board holds the principal responsibility for strategic matters, day-to-day business operations are delegated to the Group's management, facilitated by a comprehensive Delegation of Authority (DoA) document. Board decisions are executed through two channels – either at formal and quorum-reaching Board meetings or via circulated resolutions endorsed by a majority of Directors. As outlined in the BoD Charter, Board meetings are scheduled at least quarterly, with Directors having the option to participate in person or electronically. Director and Board Committee remuneration is benchmarked against the SCA Corporate Governance Guide, following a thorough benchmarking process.

The Company provides full disclosure on matters related to fees, additional allowances, salaries, Board and Committee remuneration, shareholdings among Board members and their immediate relatives, dividends, and quarterly ad-hoc disclosures by Board members.

At the time of appointment, all necessary awareness and training is provided to the Board members about the Group's business, the satellite industry, Yahsat's strategy, its financial position and all aspects of corporate governance relating both to the Company/Group and the role of a Director of an ADX-listed company. In 2023, ESG and Sustainability training was provided to the Board, by a sustainability consultant updating on the latest ESG trends, ESG investing and market drivers, the importance of embedding ESG into business operations, along with recommendations on key priority areas for ESG implementation at Yahsat.

The Board's performance is evaluated no less than every three years. The Board is required to invite a suitably accredited independent professional entity to assess effectiveness and operation of the BoD, its members, and the Board's Committees. Routine evaluation of Corporate Governance is also carried out by an assurance function internally at Yahsat. The Directors are afforded an opportunity to also provide feedback through an annual questionnaire regarding the effectiveness of Directors individually, the Board collectively, the functioning of meetings and the quality of information presented.

To ensure efficient governance, Yahsat has instituted two Board-level Committees: the 'Audit, Risk and Compliance Committee (ARCC)' and the 'Nomination and Remuneration Committee (NRC)'. The ARCC provides invaluable support to the Board by overseeing governance, risk management, and internal controls including ESG planning and implementation. On the other hand, the NRC plays a pivotal role in addressing various human resource matters, including matters related to independence, conflict, and the remuneration of Board members.

The Board is ultimately responsible for approving sustainability-related governance documents and processes within Yahsat, including the Yahsat Sustainability Framework and the Yahsat ESG Policy. Furthermore, it monitors the execution of sustainability initiatives across the organisation. The Corporate Key Performance Indicators (KPIs) Scorecard includes the Group-wide ESG KPI, which is further integrated into departmental and functional KPIs, forming an essential component of both Board and executive performance evaluations and incentives (ADX G3). At the operational level, the ESG function and ESG Committee, overseen by Yahsat's Board, provide governance over the Sustainability Framework pillars and the progress of its implementation through various projects and initiatives. It is important to highlight that, Yahsat is in compliance with the UAE SCA Corporate Governance Guide, and its Group CEO is prohibited from serving as the Board Chair (ADX G2.1).

Board of Directors	ADX	2020	2021	2022	2023
Total number of Board members	G1	8	9	9	9
% of Board seats occupied by men	G1.1	75%	89%	89%	89%
% of Board seats occupied by women		25%	11%	11%	11%
% of Board Committees chaired by men	G1.2	–	75%	50%	50%
% of Board Committees chaired by women		–	25%	50%	50%
% of Board seats occupied by independent members	G2.2	N/A	67%	67%	67%

Business Ethics & Competitive Behaviour

Yahsat's Ethics and Compliance (E&C) function takes the lead in developing and supporting all aspects of the ethics and compliance programme throughout the Yahsat Group. This function is responsible for supervising adherence to the Yahsat Code of Ethics within the organisation, ensuring compliance with relevant laws, regulatory requirements, policies, and procedures. Additionally, it strives to enhance the value and efficiency of Yahsat's operations and activities. The E&C function regularly reports to the ARCC on matters related to compliance and integrity in Yahsat's day-to-day business operations. It's important to note that Yahsat's Code of Ethics applies to all individuals, including employees, directors, officers, and representatives of the Yahsat Group, encompassing both Yahsat itself and its controlled subsidiaries (ADX G5.1). We also require our contractors, partners, consultants, and suppliers to adhere to the Yahsat Business Partner Code of Conduct (ADX G4.1). In 2023, 100% of our employees completed mandated training on Yahsat's Code of Ethics (ADX G5.2).

Yahsat's Code of Ethics is intended to enable the Group to achieve its commercial goals while operating with the highest levels of integrity. Yahsat's Code of Ethics addresses areas such as integrity, speaking up, respect and fairness, conflict of interest, confidentiality and data privacy, business partners, anti-bribery and corruption, working with governments, asset management and controls, insider trading – securities trading – fair competition and commercial information, and export control and sanctions compliance. In 2023, no instances of corruption, competitive behaviour, discrimination, or human rights issues were reported.

Data Privacy & Security

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

In 2023, Data Privacy and Security was one of the most important material topics for Yahsat. We recognise the criticality of the data privacy and information security of all our stakeholders and thus we have maintained a comprehensive governance structure which includes a Policy on Data Privacy, Information Security and Data Retention (ADX G6.1) and covers the elements related to General Data Protection Regulation (GDPR) (ADX G6.2) to provide appropriate controls within our IT infrastructure.

In 2023, no incidents of customer data leaks, theft, or data loss were reported. No incidents were reported for customer data being used for secondary purposes. Aligned with our policy, we have implemented comprehensive controls to keep a check on cyber threats, programming errors, phishing, and technical event outages of the satellites. All of our employees are required to attend mandatory training on data privacy and security. In 2023, 100% of our employees received training on the Yahsat Information Security Framework and policies. Internal communications are sent to employees from time to time about various phishing emails clearly highlighting the instructions to be followed for reporting any incident, communication on technical outages, communication on the Information Security Framework and the necessary controls.

Sustainability continued

Business Continuity & Risk Management

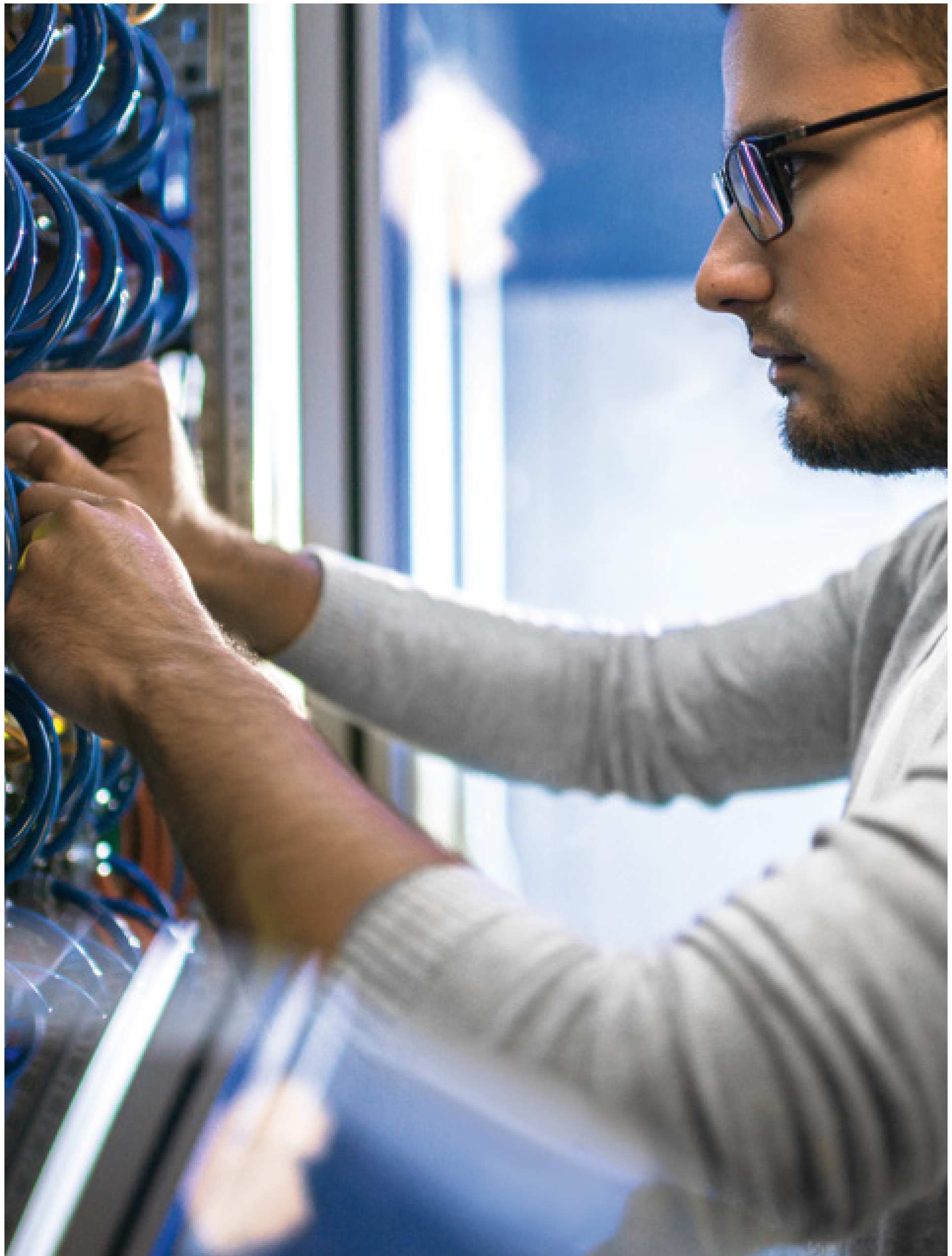
Yahsat has a comprehensive Business Continuity Management System (BCMS) which is aligned with the 'ISO 22301:2019 Security and resilience – Business continuity management system Requirements', 'National Emergency Crisis and Disaster Management Authority (NCEMA) – The National Standard for Business Continuity Management System (Specifications) AE/SCNS/NCEMA 7000:2021', and 'Telecommunications and Digital Government Regulatory Authority (TDRA)'. Yahsat follows an iterative Plan-Do-Check-Act (PDCA) approach to establish, operate, monitor, and continually improve its BCM practices. The Business Continuity Plan (BCP) sets out to prioritise and recover operations timeously and eventually reduce service disruption to our customers. Yahsat supports the TDRA in its contribution to its National Emergency Telecommunication Plan (NETP) and provides all the necessary support for a joint response to national and international crisis events.

Our BCM practice incorporates comprehensive measures to address various threats such as natural disasters, extreme weather, pandemics, fires, vandalism, sabotage, theft, building collapse, power outages, cybersecurity incidents, and the loss of key personnel. This approach equips Yahsat with the necessary tools to effectively respond to diverse emergency situations. In 2023, Yahsat quickly recovered from a significant technical issue at one of its gateways and thwarted a Distributed Denial of Services (DDoS) cyber-attack, both without any material impact on services or revenue.

Yahsat has implemented an integrated Risk Management and Internal Control (RMIC) Framework. The underlying methodology is based on relevant principles set forth by the International Organisation for Standardisation (ISO) and the Committee of Sponsoring Organisations of the Treadway Commission (COSO). Yahsat's approach has been developed in accordance with the Three Lines Model of the Institute of Internal Auditors (IIA). It is objective-centric and aims to ensure the effective management of risks that have the potential to obstruct Yahsat from achieving its strategic objectives. The internal risk and control system is embedded across the Yahsat Group at three levels:

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

The Yahsat RMIC Framework is an assurance function designed to create and safeguard value for the Group. The RMIC team endeavours to assist the Group in embedding risk management and internal control into existing/regular business processes, strengthening the first line. For risk management activities, Yahsat has adopted the ISO 31000:2018 Risk management – Guidelines. For internal control, Yahsat applies the COSO Internal Control – Integrated Framework: 2013 principles. Yahsat's Internal Control over Financial Reporting (ICOFR) Framework complies with the requirements set forth in the Abu Dhabi Accountability Authority (ADAA) Resolution No. 1 of 2017. The RMIC function reports administratively to Yahsat's CEO and functionally to the ARCC. During 2023, Yahsat has not been subject to any material fines or penalties imposed by any government instrumentality, statutory authority, or regulator. Additionally, no significant issues were identified with respect to non-compliance with rules or regulations compliance and internal controls.



Serving Customers & Communities

Our commitment lies in delivering cutting-edge satellite solutions that are both innovative and cost-effective to customers and communities globally. Through our technological expertise and a customer-focused mindset, we aim to not only meet but exceed customer expectations, ensuring their utmost satisfaction with our offerings. Furthermore, our goal is to establish ourselves as a pioneer in delivering dependable and swift disaster relief services. We are dedicated to bridging the digital divide by expanding connectivity and addressing the factors that have contributed to this divide.

Material Issues Covered	• Access to Communications & Connecting Communities • Community Investment • Customer Relationship Management • Disaster Response
UAE National Space Strategy 2030	• Provision of Competitive and Leading Space Services • Development of advanced local capacities in space technology manufacturing and R&D
Abu Dhabi Economic Vision 2030	• Develop a sufficient and resilient infrastructure capable of supporting the anticipated economic growth
Sustainable Development Goals	4 QUALITY EDUCATION; 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE; 11 SUSTAINABLE CITIES AND COMMUNITIES; 17 PARTNERSHIPS FOR THE GOALS

Access to Communications, Connecting Communities & Community Investment

Yahsat persistently works towards bridging the digital divide by enabling access to internet connectivity and digital information for communities in need. These communities are often situated in remote locations or lack essential telecommunication infrastructure. In past years, our efforts have successfully provided efficient communication solutions to various communities across the world, including regions such as the UAE, Iraq, South Africa, Kenya, Pakistan and Australia. The initiatives have not only provided connectivity to these areas but also opened doors to e-learning, advanced healthcare and telemedicine services, and training in information and communication technologies.

In 2023, Yahsat continued to enhance global access to communications, particularly focusing on underserved communities. This year marked significant progress in connecting remote areas, notably through our partnerships in South Sudan with Gate for Technologies Co. Ltd (G4T) and in Nigeria with Nigerian Communications Satellite Limited (NIGCOMSAT). These collaborations have extended satellite-enabled broadband to regions previously lacking reliable internet, facilitating improvements in education, healthcare, and governmental services.

Other ways in which Yahsat supported local communities were by engaging with young people. In 2023, Yahsat employed 13 interns across 11 departments, provided Very Small Aperture Terminal (VSAT) training at Abu Dhabi University and continued its support to the Yahsat Youth Council, a unique programme unlocking exciting opportunities for young UAE nationals to gain valuable leadership lessons and make game-changing contributions, while actively driving the national narrative on innovation and technology.

In 2023, Yahsat developed a Corporate Social Responsibility (CSR) Strategy Framework to embrace corporate social responsibility and integrate into our thinking, behaviour, culture, and core business operations. Our CSR Strategy Framework is closely aligned with our Sustainability Framework, complementing our corporate strategy, corporate mission, vision, and core values. The CSR Strategy Framework outlines our ambition to be a pioneer in CSR in the space and satellite communications sector, and its implementation for the benefit of the communities and environment in which we operate. Further details on the framework are discussed in the section on Yahsat Corporate Social Responsibility (CSR) Strategy Framework.

Aligned with our CSR Strategy Framework, Yahsat initiated multiple projects to serve communities and positively impact the natural environment. Furthermore, our employees participated actively in a mangrove plantation initiative by volunteering for 165 hours to contribute to the UAE's pledge to plant 100 million mangroves by 2030 and be a global leader in nature-based climate change solutions.

Sustainability continued

Disaster Response

In 2023, Yahsat's contributions to disaster response were notably impactful. Our advanced satellite communications were instrumental in several rescue operations, including the cross-border rescue of Chinese fishermen stranded in Japanese waters. This operation, facilitated by the Thuraya MarineStar terminal, underscored the critical role of our technology in emergency situations. The rescue helped in saving 5 fishermen's lives and reinforced Yahsat's commitment to such life-saving missions by leveraging our satellite capabilities for humanitarian assistance. In total, there were 8 natural disaster incidents, including earthquakes, flooding, and distress calls at sea, where Yahsat satellite phones played a crucial role in saving the lives of approximately 129 individuals across various regions worldwide, including Morocco, Turkey, Japan, Italy, South China, Libya, and Afghanistan. Additionally, Yahsat provided support to more than 300 individuals facing distress situations resulting from human activities. Leveraging a combination of Thuraya and Yahsat solutions, the team efficiently delivered multiple services, including activating sim cards and providing free talk-time to address the pressing requirements of the affected communities in a timely manner. Thuraya satellite phones were also deployed during the disaster response efforts in Malawi following Cyclone Freddy that impacted nations in Africa close to the south-west Indian Ocean.

These actions reflect our ethos of utilising our technological capabilities to serve communities globally, especially in times of crisis.

Customer Relationship Management

Yahsat's customer-centric approach in 2023 focused on enhancing interactions and service delivery, driven by our centralised Customer Care Unit (CCU). We worked extensively on various business partnerships such as:

1. A partnership with Hughes Network Systems to provide operations/business support solutions for YahClick services.
2. A partnership with DM World, an ISO 9001:2015 (Quality management system Requirements) certified company, to focus on digital transformation. This collaboration aims to serve global enterprises by offering the Freshdesk solution as an advanced ticketing system for Thuraya's services.
3. A partnership with ManageEngine to develop service desk solutions to track incidents and change requests.

Our ongoing focus has been on the deployment of customer-centric initiatives, concentrating on quality assurance, customer satisfaction measurement, and quality assessments of customer interactions. We have optimised our customer care Interactive Voice Response (IVR) system by eliminating unnecessary language options ensuring smooth access to our agents. Additionally, we enhanced Thuraya's online services for scratch card refills and implemented One-Time Passwords (OTP) for improved user convenience. Consequently, our dedication to enhancing network components, internal procedures, and systems has led to greater operational efficiency and network reliability, reducing the necessity for service partners to contact customer care.

Customer Care has been enhanced through the implementation of well-defined policies and procedures, which include a Service Level Agreement (SLA) between Customer Care and Yahsat Operations teams. The SLA with the Operations team has helped in streamlining the process of closing the service requests or cases of escalations within the agreed turnaround time aligned to the Change Control Board (CCB) and Root Cause Analysis (RCA). The CCB is a set of governance procedures for performing planned system activities for situations of service interruption and sending timely notifications to the internal and external stakeholders. RCA is the channel to provide transparent reporting to our Service Partners for any unplanned incidents that may cause service interruption and it supports in identifying preventive actions to avoid re-occurrence of the same event. The use of various communication channels, and a commitment to prompt acknowledgement, comprehensive investigation, and effective resolution of issues drives continuous improvements. As part of the process, the Customer Care Unit (CCU) periodically reviews the cases of recurring service requests to develop permanent solutions to prevent any future potential service disruptions. In 2023, the CCU introduced a new Change Management and Incident Management Process. This enhancement allowed the Customer Care team to surpass the response time targets for Thuraya and YahClick tickets. Throughout the year, Yahsat consistently upheld a 99.9% availability rate for its Satellite Network/Service.

Satellite Availability	2020	2021	2022	2023
Thuraya Availability (%)	99.97%	99.92%	99.98%	99.93%
Total Service Time (Hours)	8,784	8,760	8,760	8,760
Service Interruption Time (Hours)	2.96	7.36	1.58	6.48
YahClick Availability (%)	99.96%	99.97%	99.98%	99.99%
Total Service Time (Hours)	8,784	8,760	8,760	8,760
Service Interruption Time (Hours)	3.86	2.63	1.66	1.31

Investing in People

We are committed to empowering our people by providing each employee with the necessary resources to be successful. By committing to the development of a work environment that is safe, egalitarian, and rewarding, while maintaining appropriate levels of diversity and simultaneously promoting Emiratisation, Yahsat strives to attract and retain highly talented employees.

Material Issues Covered	• Employee Engagement, Diversity & Inclusion • Health & Safety • Human Rights • Talent Attraction, Retention & Development
UAE National Space Strategy 2030	• Creating space culture and expertise
Abu Dhabi Economic Vision 2030	• Drive significant improvement in the efficiency of the labour market • Develop a highly skilled, highly productive workforce
Sustainable Development Goals	3 Good Health and Well-Being; 4 Quality Education; 5 Gender Equality; 8 Decent Work and Economic Growth; 16 Peace, Justice and Strong Institutions

Talent Attraction, Retention & Development

The Human Capital (HC) department at Yahsat has established a robust HC Policy that operates in compliance with the UAE Labour Law and the Abu Dhabi Pension Fund. This policy upholds the highest standards of corporate governance. It delineates Yahsat's strategy for identifying, recruiting, and hiring individuals who possess the requisite skills, qualifications, and attributes to meet the company's business goals. Furthermore, this process aligns with Yahsat's manpower requirements for addressing vacant positions. By ensuring transparency in our hiring processes, employee performance evaluations, and employee relations, we contribute to a trustworthy and ethical corporate environment.

We provide multiple benefits to our employees such as:

- Provision of life insurance for all employees, securing financial protection for them and their families.
- Comprehensive health insurance coverage for all employees and their eligible dependents.
- Parental leave options to help employees manage their work and family responsibilities, including both maternity and paternity leave as applicable.
- Retirement provision for UAE nationals through statutory pension schemes, administered by the Abu Dhabi Pension Fund and end-of-service gratuity for expatriate employees.
- Support for child education and the provision of interest-free loans among other benefits.

Sustainability continued

In 2023, Yahsat's HC department continued its commitment to adapt to the evolving workplace landscape post-covid. The surge in remote and hybrid work models has prompted HC to meticulously refine policies, nurture employee well-being, and harness technology for more efficient operations. Embracing agile practices, Yahsat HC ensures adaptability to changing business needs, with a simultaneous emphasis on data privacy and compliance. Efforts in employee experience, talent acquisition, and retention persist, underlining a strategic focus on fostering a positive workplace culture and responding to global events with agility and resilience.

One of the headline projects of the HC department in 2023 was the 'Establishment of an ESG function under the Corporate Communications department' to help Yahsat drive the sustainability agenda across the organisation. This initiative was a testament from Yahsat to align, adopt and implement best sustainability practices. Securing skilled professionals and enhancing employee retention stand as critical elements in driving Yahsat towards realising its strategic goals. We are committed to retain a strong workforce for long-term sustainability in our pursuit to foster both professional and personal growth among our employees.

Employees	ADX	2020	2021	2022	2023
Total number of full-time employees	S4.1	330	416	418	402
% of female employees		17%	17%	18%	17%
% of male employees		83%	83%	82%	83%
Total number of part-time employees	S5.1	0	0	0	0
Total number of contractors and/or consultants	S5.2	59	61	39	19
Number of full-time employees in senior management	S4.3	50	60	67	57
% of female employees		8%	8%	12%	9%
% of male employees		92%	92%	88%	91%
Number of full-time employees in middle management	S4.2	65	88	108	100
% of female employees		9%	9%	12%	10%
% of male employees		91%	91%	88%	90%
Number of full-time employees in remaining positions		215	268	243	245
% of female employees		21%	21%	22%	22%
% of male employees		79%	79%	78%	78%
Number of Nationals among total full-time workforce(#)	S11	170	175	175	165
% of female employees		25%	25%	25%	25%
% of male employees		75%	75%	75%	75%
Number of full-time employees who left the Company	S3.1	27	25	52	54
Number of part-time employees who left the Company	S3.2	0	0	0	0
Number of consultant/contractors who left the Company	S3.3	12	5	13	23

Employee Engagement, Diversity & Inclusion

Through comprehensive training programmes, talent development initiatives, and fostering a culture of continuous learning, we empower our employees to reach their full potential. This investment not only benefits the individuals but also strengthens Yahsat as a whole. We conduct annual employee surveys to gauge employee engagement on various HC related parameters. In 2023, 98% of employees participated in the survey and overall employee satisfaction score remained steady at 82, exceeding the regional average of 79 and aligning with the top-in-class benchmark. Our employee Net Promoter Score (NPS) of 40 was achieved for 2023. During this survey cycle, over 100 managerial reports were generated, providing crucial insights to managers and teams regarding team engagement and challenges. Several managers will be enrolled in a customised Executive Coaching Programme designed to support them in facilitating constructive discussions and the outcomes will be utilised to implement actionable measures geared towards further improving engagement. In 2023, Yahsat implemented a series of initiatives to further boost engagement, including:

- Strengthened parental leave policies to support employees and their families.
- Increased paternity leave days from 5 to 10 working days.
- Introduced two working schedules with flexible timings.
- Launched a travel and mental health support line.
- Initiated 'Open Circle', a monthly corporate town hall that encourages open communication with management.

In 2023, Yahsat also focused significantly on capacity building of its workforce. We conducted 12 in-house training sessions covering various technical and soft skills, including Leadership, Internet of Things (IoT), Project Management Professional (PMP) Certification, Microsoft Excel, and Artificial Intelligence. Additionally, the Company facilitated the participation of 13 employees in 10 distinct technical courses. We sponsored 6 professional certifications for our employees. Moreover, two employees who received sponsorships for higher education completed their studies and returned as invaluable assets to Yahsat. The average training hours received by male and female full-time employees in 2023 was 7.15 hours and 8.56 hours, respectively.

Beyond facilitating professional development, Yahsat's HC department ensured inclusive participation in regular performance reviews and career development programmes, regardless of gender or employment category. This review is instrumental in identifying the developmental requirements of everyone, thereby guiding our HC department in effectively planning and structuring our training schedules. In 2023, all 402 employees, comprising 333 males and 69 females across various roles at Yahsat, successfully completed their performance evaluations.

Yahsat is committed to embracing diversity and fostering inclusion, aiming to nurture a workforce that mirrors the diverse communities we serve. Aligned with the principles outlined in our Code of Ethics, we stand firm in our belief in equality, ensuring fair treatment for all (ADX S6). Yahsat notably maintained consistency in its female hires for the last three years and demonstrated its commitment to encourage women in technical roles and highlighted the accomplishment during the celebration of Emirati Women's Day. This event honoured the achievements of distinguished female engineers and underscored Yahsat's dedication to enhancing female representation in both technical and leadership capacities. This commitment was further emphasised by Yahsat's HC department receiving the prestigious Women Empowerment accolade at the GCC GOV HR Awards 2023, acknowledging its outstanding efforts in promoting gender equality and creating a diverse work environment. Furthermore, regarding remuneration, Yahsat consistently discloses the ratio of its CEO's total compensation to the median total compensation of full-time employees, maintaining a steady ratio of 5:1 (ADX S1). Additionally, the ratio of annual median compensation between male and female employees has remained constant at 1.2:1 (ADX S2).

Health, Safety & Human Rights

Maintaining a safe and healthy workplace that upholds human rights is a key priority for Yahsat. Our robust Health, Safety, and Environment (HSE) Management System Framework is based on five components that include Occupational Health and Safety (OHS) culture, personnel management, OHS risk management system, Occupational Health and Safety Management System (OHSMS) performance management, and governance. Yahsat achieved 'ISO 45001:2018 – Occupational health and safety management systems requirements with guidance and use' for its Headquarters in Abu Dhabi, Thuraya Towers in Dubai, and Primary Gateway in Sharjah, and our HSE department has committed to maintain best practices in OHS by encouraging periodic audits for ISO 45001:2018. Yahsat's HSE Management System Manual has an updated HSE Policy (ADX S8) which is overseen by the Chief Operating Officer (COO). To achieve our health

Sustainability continued

and safety objectives, Yahsat encourages implementing and maintaining a risk-based management system, integrating a culture of training to ensure compliance to legal and technical requirements by employees and contractors. It reinforces the need to engage regularly with all our stakeholders to understand their requirements, performing periodic performance reviews of ourselves and our stakeholders, and promoting integrity by shaping the culture to follow the best health and safety practices.

We have established various forums for management, staff, and workers to interact and address all the necessary concerns raised. A management review meeting for ISO 45001:2018 happens once a year, HSE committee meetings are conducted two times a year, HSE performance KPI (strategy KPI update) are conducted monthly, and ad-hoc meetings/urgent meetings are conducted as and when required.

In 2023, employees, contractors and workers were exposed to different types of training such as Safety and Security Induction, Safety in the Heat, Emergency Evacuation Chair Training, Fire Warden Responsibilities, Emergency Preparedness, Advanced First Aid Training, Advanced Firefighting, Customer Service, Situational Awareness and Surveillance Detection, Public Address and Voice Alarm Systems (PAVA) training, etc. In total, 833 man-hours of training were conducted. All the training sessions resulted in safe operations within Yahsat with no incident of injuries, ill-health or fatalities recorded in 2023 among the employees, workers, and contractors working for Yahsat (ADX S7).

Our Code of Ethics mandates Yahsat abides by all international and national human rights declarations (ADX S10.1) and principles related to employment practices, fair treatment, child labour, forced labour, and health and safety in the workplace (ADX S9.1). As mentioned earlier, we are a signatory to the United Nations Global Compact (UNGC), and we ensure our commitment to the ten principles of the UNGC, including human rights related measures in our operations and supply chain. All our business partners, including suppliers, are required to abide by the same human rights declarations and principles including child and forced labour (ADX S9.2), as stated in our Business Partner Code of Conduct (ADX S10.2). We strongly encourage our suppliers to monitor, address, and disclose their performance regarding human rights-related issues, as well as to learn and share best practices to appropriately manage these issues. We also perform risk-based screening of our suppliers and business partners to monitor their social performance before making any contractual agreement with them. In 2023, no grievances associated with human rights related issues were reported to the Ethics and Compliance function.

We have a reporting platform and mechanism in place to report any violation on the Code of Ethics using our ethics and compliance helpline. In 2023, we introduced Yahsat Voice, a third party managed whistleblowing portal which aims to provide a secure and confidential channel for individuals to report any concerns, misconduct, or unethical behaviour occurring within Yahsat. It serves as a medium where employees, stakeholders, or external parties can share information regarding activities that may be detrimental, in violation of rules, or inconsistent with Yahsat's values. Yahsat Voice's primary objectives include promoting transparency, accountability, and ethical behaviour within the organisation. By offering a secure and anonymous avenue for individuals to voice their concerns, Yahsat Voice facilitates the early identification and resolution of issues, cultivating a culture of integrity and ensuring that problems are addressed in a just and responsible manner. Further information is provided in the Reliable Corporate Governance Section under the material topic Business Ethics & Competitive Behaviour.

Promoting Environmental Protection

Our unwavering commitment is to lead the way in advocating for the responsible utilisation of space and safeguarding our environment. We are dedicated to providing ongoing support to our customers, enabling them to manage their environmental footprint effectively with the assistance of our state-of-the-art satellite solutions.

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

Environmental Management

Yahsat's Group-wide HSE Management System Manual encapsulates environmental management system (ADX E7.1) aspects which are under the control of Yahsat, and it is applicable to all the employees, contractors and others who are engaged to carry out work for Yahsat. Yahsat's ESG Policy also complements its HSE Management System Manual and reinforces its commitment to the environment by focusing on areas such as optimising natural resource consumption, promoting reuse of materials, decreasing energy consumption, increasing recycling rates, and reducing the generation of waste and wastewater. The Company proactively manages its environmental planning and resource usage and conducts regular assessments of its annual environmental performance (ADX E8). The environmental sustainability performance of Yahsat is also communicated to the Board through the ESG function (ADX E9).

In 2023, we conducted a comprehensive review of all the waste generated from our operations which was categorised under Hazardous waste (which includes batteries), Non-Hazardous waste (which includes general waste, carton, agriculture, wood, and mixed scrap) and electronic waste (includes telecom and other electronic equipment). It can be established from the graph that most of the waste generated was in the Non-Hazardous waste stream. We also worked on enhancing our waste management recording and reporting practices, to enable us to provide an accounting of the waste diverted away from landfill.

In 2023, 45% of the total waste generated from our operations was diverted away from landfill. Some of the significant waste types that were recycled include mixed scrap, electronic waste, steel items, cartons, and batteries. Our electronic waste recycling witnessed a 3.34% increase between 2022 and 2023.

Waste Management	ADX	2020	2021	2022	2023
Total Waste Generated (tonnes)	–	72.70	5.13	111.64	205.20
Total Waste Recycled (tonnes)[1] (includes electronic waste)		–	–	–	92.25
Total Waste Sent to Disposal (tonnes)		–	–	–	112.96
% Waste Diverted from Disposal		–	–	–	45%
Electronic Waste Recycled (tonnes)		10.60	4.03	33.87	35.00

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

To address wastewater from our operations, we installed a sewage treatment plant at our Headquarters in Abu Dhabi. This installation is projected to conserve around 4 Mega Litres of water annually, along with an estimated annual operational cost saving of AED 114,920. Additionally, the initiative is expected to eliminate 13,250 kilometres of tanker transportation annually, consequently preventing approximately 173 tonnes of CO_2 emissions each year related to sewerage transport. In 2023, the volume of wastewater generated from our operations reduced by 3% as compared to 2022. We expect to recycle and reclaim wastewater from our operations with the help of the sewage treatment plant for future years.

Water and Effluents	ADX	2020	2021	2022	2023
Total water withdrawal (Mega Litres)	–	92.96	106.47	107.21	110.53
Total water consumption (Mega Litres)	E6.1	89.88	103.30	104.04	107.44
Total water reclaimed (Mega Litres)	E6.2	0	0	0	0
Total wastewater generated (Mega Litres)	–	3.08	3.17	3.17	3.09

Sustainability continued

Product, Innovation and Life Cycle Management

Yahsat's satellites are innovatively designed with a specified service life. The satellite's design, assembly, testing, and commissioning processes are rigorously undertaken to ensure compliance with design and service life specifications, even under the most challenging space conditions. Adhering strictly to manufacturing standards, Yahsat ensures that all satellite operations throughout their service life align with recommended standards and operational procedures. To mitigate space debris, Yahsat implements end-of-life decommissioning for its spacecraft, moving them to a graveyard orbit after their operational lifespan, thereby offering environmentally responsible solutions from start to finish.

We regularly review and, if required, update or remove items from our product portfolio to ensure that our offerings remain in line with the latest market and customer trends within the space sector. Notable Thuraya product and solutions launches in 2023 included:

Solutions Type	Product Name	Support to ESG
Voice Support	XT Pro Dual	Use of dual sim setup to reduce the waste and energy consumption.
Maritime Support	SatTrack Phase 2	Ship management support, providing sustainable fishing, protecting biodiversity, and optimising fuel consumption in ships.
IOT Solutions	CyPod Container Tracking and CyTag and CyLock	Enhancing logistics process, supporting the reduction of fuel consumption, and eventually reducing carbon emissions. Supporting aspects of social security by managing and storing food.
Land	Go Silent Encryption	Data protection system and data security support to users and Governments.
	Advanced Video Compression	Safety and surveillance support to enhance security. Also provide support during natural disaster to contribute to social causes.
	AI Early Wildfire Detection	Protecting biodiversity and preventing economic losses due to fires.
	Smart Irrigation	Providing sustainable water management solutions in the irrigation process based on real time requirement, enhancing food security, and supporting water conservation.

Yahsat continues to innovate and offer sustainable solutions for land, sea, and aeronautical applications for our customers, and showcases its contribution to the UN Sustainable Development Goals (SDGs) as acknowledged by the United Nations Office for Outer Space Affairs (UNOOSA), regarding the potential use of space-based services and technologies for supporting the achievement of the SDGs.

In 2023, Yahsat initiated an annual Incubator Programme aimed at fostering innovation at all levels within the organisation. We welcome ideas of various sizes that hold the potential to significantly impact Yahsat's revenue and/or contribute to cost-saving opportunities having an impact on environment, social and governance factors. Exceptional contributions made by successful ideas and projects will be duly recognised and rewarded by Yahsat.

In 2023, Yahsat initiated a strategic effort to merge its Network Operations Centres (NOC) into one Global Operations Centre, aiming to significantly enhance the management and support of various satellite communication services, such as Thuraya Mobile, YahClick Broadband, Managed Enterprise Solutions, and Capacity Lease Services. By centralising operations, Yahsat has realised substantial savings in operating expenses and boosted the effectiveness of support teams, which now operate from a single location. This integration promotes employee well-being through flexible scheduling, it fosters a collaborative work environment, bringing together employees with diverse skill sets in satellite operations. This synergy streamlines processes and enriches the collective expertise of the workforce, aligning with Yahsat's commitment to delivering top-tier satellite communication services.

Sustainable Use of Space

As part of our ongoing efforts to adopt best practices for sustainability in space, Yahsat has implemented International Standards such as ISO 24113:2023 for managing space debris mitigation requirements. It ensures that spacecraft and launch vehicle orbital stages are designed, operated, and disposed of in a manner that prevents them from generating debris throughout their orbital lifetime in line with Yahsat's Space Debris Mitigation Plan developed in 2023.

Furthermore, Yahsat is aligned with guidance from the United Nations Committee on the Peaceful Uses of Outer Space (COPUOS), adheres to Inter-Agency Space Debris Coordination Committee (IADC) space debris mitigation guidelines, and is committed to the long-term sustainability of space. Additionally, there is a well-defined operational strategy in place for collision prevention to protect Yahsat's satellites and to avert the creation of unintended space debris. This operational strategy also addresses the end-of-life disposal of our satellites, which includes the de-orbit to a graveyard orbit, the depletion of all energy sources and its passivation. The Yahsat satellite fleet operates within its licensed spectrum and in a manner to prevent harmful interference to other users of the spectrum and ensuring sustainable use of space.

Sustainability continued

Biodiversity

Yahsat is positioning itself as a key player in leveraging space technology for environmental conservation at both regional and global levels. Yahsat offers pioneering solutions, including forest mapping, fish tracking, wildfire detection, smart irrigation, wildlife tracking, etc. Its objectives include the protection of biodiversity both at land and sea, conservation of natural flora and fauna, and the promotion of nature-based initiatives such as mangrove plantation for carbon sequestration, contributing to climate change mitigation.

Nationally, Yahsat is aligned with the UAE Ministry of Climate Change and Environment and its 'National Carbon Sequestration Project,' targeting the planting of 100 million mangroves by 2030 throughout the UAE. Yahsat has actively contributed to this national endeavour by collaborating with a local environmental authority and a social enterprise in planting 500 mangroves through employee volunteering. This initiative exemplifies Yahsat's hands-on approach to biodiversity conservation and enhances environmental resilience, underscoring the Company's commitment to positively impacting the environment.

Yahsat also assisted the Kazakhstan Agency of Applied Ecology (KAPE) in Kazakhstan by providing voice and data services for sea-to-shore communication, supporting environmental surveys and the examination of fish stocks, contributing significantly to the monitoring and protection of the Caspian Sea ecosystem.

Yahsat's products and services have played a pivotal role in monitoring oil and gas pipelines, overseeing air quality to curb carbon emissions, tracking water resources to avert leakages and promote water conservation, and facilitating smart irrigation for crop safeguarding and ensuring food security.

Energy Management, Carbon Emissions & Climate Strategy

Yahsat has aligned itself with the requirements of 'ISO 50001:2018 Energy management systems Requirements with guidance for use' (ADX E7.3). In 2023, Yahsat conducted an American Society of Heating, Refrigerating and Air-Conditioning Engineers (ASHRAE) Level II energy audit to:

- Understand the energy consumption pattern in the Yahsat Headquarter building.
- Identify improvement opportunities for the major energy hotspots.
- Assess feasible energy efficiency measures and identify options for reduction in energy consumption and operational expenses.

The energy audit helped Yahsat to establish its energy baseline and action plans to meet the energy management related actions. Yahsat has a robust Building Management System (BMS) in place for monitoring, regulating, and optimising the energy usage within the building. BMS is used for monitoring and controlling of Chillers, Chilled Water Pumps (CHWPs), Air Handling Units (AHU) package units, Close Control units (CCUs), Heating Ventilation and Air Conditioning (HVAC) equipment and other assets. Eight energy efficiency measures were identified and proposed as part of a comprehensive energy audit covering lighting, cooling, clean energy, energy optimisation and technology upgrades.

Energy related compliance is reviewed and monitored as part of the Yahsat annual Internal Audits. In 2023, Yahsat undertook some key projects and initiatives to manage its energy use:

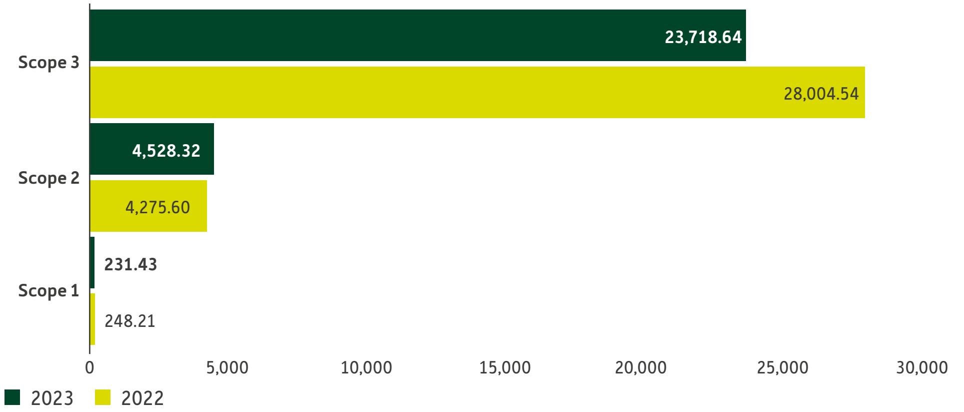
- Installed 22 electric vehicle charging stations across Yahsat assets aimed at reducing the emissions in the employee commute category within the Scope 3 emissions.
- Converted all external/outdoor lighting to energy efficient LEDs aiming to reduce energy usage.
- In 2023, the Yashat IT team supported various ESG related projects such as IT equipment reuse and recycling, idle workstation shutdown, paperless working environment, and e-business cards. In the Africa data centre, we optimised and decommissioned all the unused equipment thereby reducing almost 86.51% energy in 2023 as compared to 2022. Similarly, we were also able to reduce 5.32% energy consumption in European gateways by powering down all the equipment that was not in production.

Energy Consumption	ADX	2020	2021	2022	2023
Direct Energy Consumption (GJ)	E3.1 & E5	679	679	679	679
Petrol consumption from vehicles (Litres)		2,255	2,255	2,255	2,255
Diesel consumption from operations (back-up power) (Litres)		15,764	15,764	15,764	15,764
Indirect Energy Consumption (GJ)	E3.2 & E5	72,498	73,797	69,999	71,909
Electricity consumption (kWh)		20,138,381	20,488,425	19,444,134	19,974,661
Energy consumption intensity (GJ/employee)	E4	222	179	169	181

Yahsat also conducted a detailed study for the Leadership in Energy and Environmental Design (LEED) certification and have made an action plan based on gaps identified. Yahsat's Facilities Management function plans to undertake some unique projects in 2024 to contribute to energy management, such as LED retrofitting for internal areas within buildings, HVAC enhancement projects and installation of smart energy meters for effective energy management and control.

Yahsat supports the UAE's commitment to Net Zero by 2050, and thus remains thoughtful about its climate related actions. In 2023, Yahsat performed a comprehensive Greenhouse Gas (GHG) accounting exercise as per the GHG Protocol, with 2022 as the baseline year. The boundary considered for the GHG accounting exercise was the Yahsat Headquarters building. By comparing the results of 2022 and 2023, it can be observed that Scope 1 and Scope 2 emissions together were less than 20% for both the years, and Scope 3 accounted for more than 80% of total emissions in 2022 and 2023. Overall GHG emissions decreased by 12% in 2023 as compared to 2022, which was mainly attributed to the reduction in Scope 3 emissions from category 2 – Capital Goods. In 2023, Yahsat worked extensively on improving the data collection process and quality of data for performing the GHG calculations.

GHG Emissions (tCO_2e) – 2022 and 2023



Sustainability continued

Carbon Emissions[2]	ADX	2020	2021	2022*	2023
Scope 1 GHG emissions (tonnes CO_2 eq.) **	E1.1	48	48	248.21	231.43
Scope 2 GHG emissions (tonnes CO_2 eq.) ***	E1.2	7,048.43	7,170.95	4,275.6	4,528.32
Scope 3 GHG emissions (tonnes CO_2 eq.) ****	E1.3	–	–	28,004.54	23,718.64
Total GHG emissions (tonnes CO_2 eq.)	E1	7,096.43	7,218.95	32,528.39	28,478.39
GHG emissions intensity (Scope 1+ Scope 2 tCO_2 eq./employee) *****	E2.1	–	–	14.23	14.38
Total amount invested, annually, in climate-related infrastructure, resilience, and product development (million AED)	E10			0.059	1.03

Yahsat is focusing on both mitigation as well as adaptation measures to support the Net Zero ambition of the UAE. As part of its pledge to support the UAE Net Zero by 2050, Yahsat has undertaken the following initiatives:

1. An assessment of potential climate risk and opportunities which may impact Yahsat in the long-term as per the Task Force on Climate-related Financial Disclosures (TCFD).
2. A study on developing a decarbonisation pathway for Yahsat Headquarters with a focus on Scope 1, Scope 2 and Scope 3 emissions reduction in near term, medium term and long term as per the UAE pathway, Science Based Target Initiative (SBTi) pathway and recommended pathway. Multiple initiatives were recommended for Scope 2 and Scope 3 hotspots to meet the decarbonisation pathways in near term, medium term, and long term.

2* Detailed GHG baseline assessment was performed for Yahsat Headquarters for the reporting period 2022 covering all the scopes and categories applicable to Yahsat as per GHG Protocol. GHG inventory and accounting is performed by collecting the actual inventory data, where possible, and estimated in case actual data is not available.

** Scope 1 emissions – the data reported for 2022 has been revised in the current reporting as additional emission sources were included for 2022 baseline. The data for 2020 and 2021 were not available for the project boundary, hence the numbers were not changed.

*** Scope 2 emissions – the purchased electricity data was backcasted with UAE specific emission factors and hence a significant drop in the emissions for 2020, 2021 and 2022 is adjusted and corrected accordingly for the reported Scope 2 emissions for 2020, 2021 and 2022 as disclosed in the Sustainability Report 2022.

**** Scope 3 – Yahsat has identified the emissions from 6 categories of Scope 3.

***** GHG emissions intensity is corrected for 2022, and due to insufficient data for 2020 and 2021 the GHG emissions intensity is not calculated.

Developing Business Partnerships

We view our business partnerships as invaluable assets that have the potential to enhance sustainability throughout our value chain and help mitigate operational risks. Our commitment lies in fostering strategic business partnerships that align with our Sustainability Framework and promote sustainable procurement goals and practices.

Material Issues Covered	• Controversial Sourcing & Partnerships • Supply Chain Management
UAE National Space Strategy 2030	• Effective local and international partnerships and investments in the space industry
Abu Dhabi Economic Vision 2030	• Develop a sufficient and resilient infrastructure capable of supporting the anticipated economic growth
Sustainable Development Goals	9 Industry, Innovation and Infrastructure; 12 Responsible Consumption and Production

Supply Chain Management

Yahsat has published a Sustainable Procurement Position Statement that guides integration of ESG and relevant sustainability criteria into the procurement process. We are committed to promoting sustainable procurement practices throughout our supply chain, and we encourage all our operations and subsidiaries to adopt the Principles of Sustainable Procurement. All our suppliers, and business partners are expected to comply with our Business Partner Code of Conduct (ADX G4.1), Code of Ethics and Group Procurement Policy.

Yahsat is continuously striving to improve its sustainable procurement performance. To achieve this, we are bolstering our efforts to encourage transparency and accountability and by incorporating environmental and social indicators (for example energy, water, waste, climate impact, diversity, human rights, labour rights) into the evaluation process. Moreover, we are actively engaging with our suppliers to enhance the overall ESG performance within our supply chain. In 2023, we have added a clause in our standard service agreement for all types of suppliers to improve environmental sustainability outcomes, improve waste management performance and use recycled content wherever practicable. Additionally, we have added our expectation from all Yahsat business partners in our Business Partner Code of Conduct on adopting appropriate and adequate measures on a circular economy approach at various stages of a product's lifecycle, including but not limited to aligning to the use of recyclable or refurbished materials, manufacturing with resource efficiency, minimising and using recyclable packaging, distributing through least carbon emissions, and disposing through recycling of products at the end-of-life cycle. Our dedication extends to giving precedence to suppliers who exemplify Yahsat's core sustainability values. Furthermore, we are steadfastly working towards encouraging local sourcing initiatives, whilst simultaneously extending financial support to projects that align with our aspirations and contribute to the advancement of the UAE's burgeoning space sector.

From the results, the number of local suppliers engaged in 2023 more than doubled achieving almost 124% growth since 2022, and the percentage of procurement spending on local suppliers increased by 18% in 2023 compared to 2022.

Supply Chain Management	2020	2021	2022	2023
Total number of local suppliers engaged	302	277	165	370
Procurement spending on local suppliers (AED millions)	147	179	168	209
% of procurement spending on local suppliers	21%	16%	11%	29%
Total procurement spending (AED millions)	708	1,100	1,500	733

Controversial Sourcing & Partnerships

Yahsat's Sustainable Procurement Position Statement underscores Yahsat's commitment to human rights and controversial sourcing. All the business activities in Yahsat are conducted to the highest standards set out in our Business Partner Code of Conduct (ADX G4.1) and Code of Ethics, respectively. Each of these documents explicitly state Yahsat's stringent expectations for compliance with national and international human rights principles, which include the UAE's human rights laws, the International Labour Standards (ILO) Declaration on Fundamental Principles and Rights at Work, and the United Nations Universal Declaration of Human Rights.

All the suppliers and business partners of Yahsat are screened by using a comprehensive and meticulous due diligence process. This comprehensive evaluation encompasses various criteria, including the identification of sanctioned businesses or countries, a thorough assessment of their geographical operations, scrutiny of the nature of products and services offered to ensure compliance with prohibitions, and an evaluation of their association with businesses or sectors at risk of human trafficking or slavery. A mechanism for whistleblowing is also available to report any violation of our Business Partner Code of Conduct.

In 2023, Yahsat was not involved in any incident of controversial sourcing neither did we engage with any supplier or business partner who were on the list of sanctions, watch list, politically exposed, violation of UNGC, and any other adverse red flag areas.

As part of our ongoing commitment to strengthen our business partnerships, we organised two Partner Pioneers conferences for our Thuraya and YahClick Service Partners in the Asian and African regions. These events were designed to align our partners with our business goals and provide insights into upcoming products and solutions. The Yahsat Asia Week took place from 5 to 9 June 2023, in Singapore, and saw the participation of 40 business partners. Similarly, the Yahsat Africa Week was held from 13 to 19 November 2023, in South Africa, with the attendance of 60 business partners who are engaged with our products and solutions.

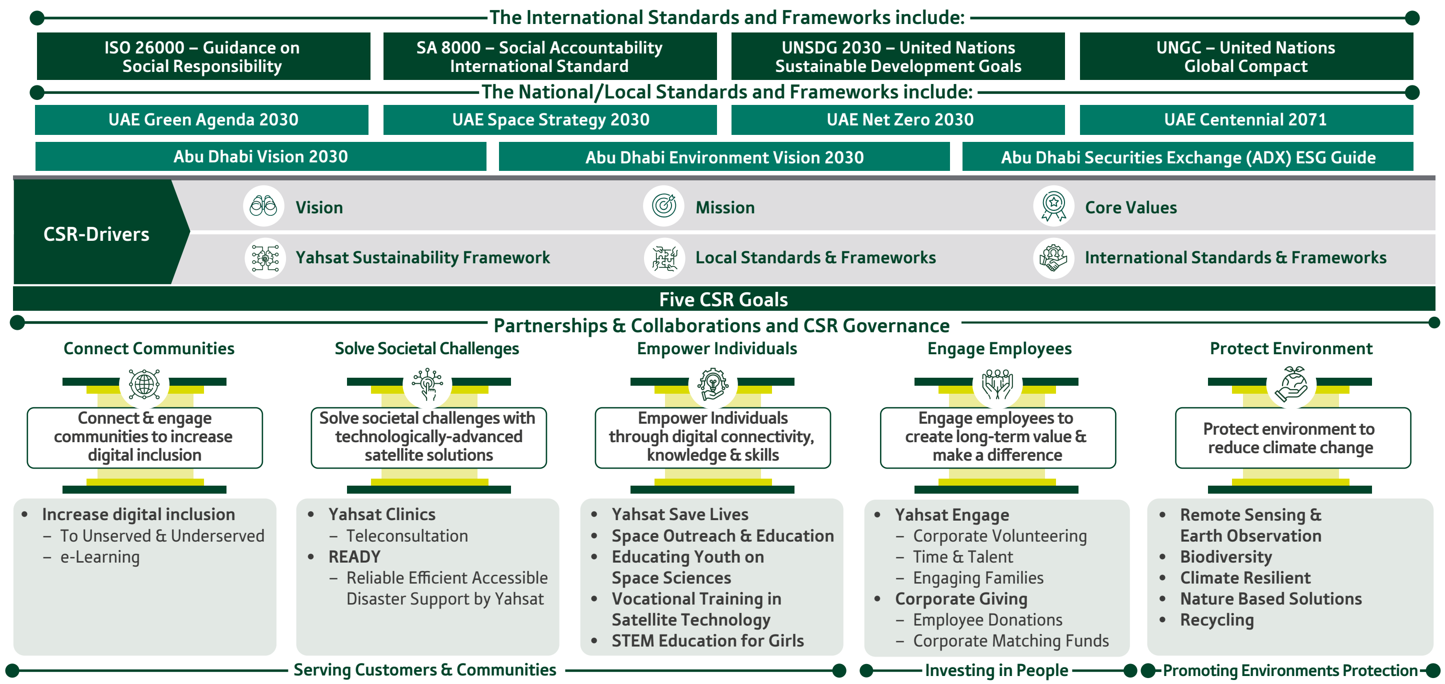
Sustainability continued

Yahsat Corporate Social Responsibility Strategy Framework

Yahsat is a leader in advancing sustainable development and creating value for our stakeholders, contributing towards relevant local, national and global social and environmental responsibility goals. Our commitment is to provide vital communication solutions to everyone to bridge the digital divide, serve the unserved and underserved communities on a regional and global scale, and harness the potential of technologically advanced satellite solutions for people and the environment. We developed a comprehensive Corporate Social Responsibility (CSR) Strategy Framework in 2023 to act as a guide for actively contributing to the global social responsibility agenda. Our CSR Strategy is based on:

1. CSR Vision: To be a recognised global leader in empowering individuals and connecting global communities.
2. CSR Mission: To deliver technologically advanced satellite solutions to positively impact society and the environment.
3. CSR Core Values: Respect, Creativity, Agility, Reliability and Community Focus.

Our CSR Strategy Framework is aligned with various international, national, local standards and frameworks as relevant. It has five major CSR Goals which are aligned with our Sustainability Framework as shown:



	Sustainability Framework Pillar	CSR Goals, Partnerships & Collaborations, and CSR Governance
1	Serving Customers and Communities	1. Connect Communities 2. Solve Societal Challenges 3. Empower Individuals
2	Investing in People	4. Engage Employees
3	Promoting Environmental Protection	5. Protect Environment
4	Developing Business Partnerships	Partnerships and Collaborations (applicable across all five CSR Goals of the CSR Strategy Framework)
5	Reliable Corporate Governance	CSR Governance (applicable across all five CSR Goals of the CSR Strategy Framework)

The aspect of partnership and collaboration is applicable across all five CSR Goals and as per the respective goals, various levels of partnerships and collaborations are regularly developed with 'Not for Profit Organisations,' 'Government Organisations,' 'UN Agencies,' 'Social Enterprises', 'Private Organisations,' and 'Community Organisations'. CSR Governance will oversee the implementation of the Yahsat CSR Strategy Framework through a CSR Policy, CSR Committee, relevant standard operating procedures, periodic reviews, audits, and quarterly and annual reporting on CSR performance going forward. The ESG function also conducted a Yahsat CSR Strategy Framework training and awareness session for employees which was attended by 159 employees.

Employees attended Yahsat CSR Strategy Framework awareness session

159

Corporate Governance Report

Strong corporate governance and effective risk management remain fundamental to the sustainable success of Yahsat. By fostering a corporate culture of awareness, accountability and continuous improvement, we ensure that the highest standards of governance are in place and reinforced each day across all levels of our organisation.

Corporate Governance Report continued

Chairman's Message

The primary objective of the Yahsat Board is to enhance the Group's enduring success and provide lasting value to our shareholders. Our commitment as a responsible business is to carry out all activities with integrity, adhering to the highest legal, ethical, and governance standards. We are dedicated to fostering a culture of transparency and inclusion. We strongly believe that our robust corporate governance framework, aligned with international best practices, positions Yahsat favourably for growth and expansion, both domestically and internationally. Hence, it was imperative for our governance framework and practices to remain adaptable, ensuring effective discharge of our duties and continued progress toward sustainable development. Throughout the year, we concentrated on refining our governance practices, placing significant emphasis on our overarching purpose, strategy, and corporate values.

Musabbeh Al Kaabi
Chairman

Introduction

At Yahsat, corporate governance lies at the heart of our operations. Since our inception as a wholly-owned Mubadala asset in 2007, and throughout our journey to becoming a publicly listed company in 2021, we have prioritised operating with integrity and upholding a robust set of core values.

Our approach to corporate governance extends beyond mere compliance with laws and regulations. We place emphasis on understanding the spirit of these standards, ensuring that our commitment goes beyond simple checkbox ticking. We critically analyse our practices to consistently achieve the highest standards of conduct.

We firmly believe that being a good corporate citizen begins with strong values. To expect high standards of conduct from others, we recognise the importance of demonstrating these standards ourselves. As a listed company and a leading global satellite operator, we strive to set an example by exhibiting strong corporate governance practices, acknowledging its significance to our shareholders, customers, employees, and the communities we serve.

Over the years, our teams have diligently established a robust framework of values and governance. Our corporate values guide our business conduct, emphasising integrity and a zero-tolerance approach toward fraud, bribery, and corruption.

This report delves into the charters, policies, and mechanisms that govern the Company's governance practices. It covers aspects such as the Yahsat Board of Directors, the Board's Committees, their responsibilities, Board members' remuneration, and their transactions involving the Company's securities.

What's changed in 2023

2023 marked another significant period of transformation for Yahsat. We conducted a comprehensive review of our policies, practices, and procedures to ensure their alignment with the expectations set for a listed company in addition to the launch of "Yahsat Voice", a third-party-managed whistleblowing portal.

In line with our overarching approach to corporate governance, Yahsat's policies extend beyond mere adherence to the letter of the law or regulations and prescribed standards. We strive to surpass these benchmarks by incorporating international best practices, emphasising levels of conduct, responsibility, and accountability that we consider fundamental to exemplary corporate citizenship. However, the narrative doesn't conclude there. The efficacy of policies and practices hinges on the conviction and actions that underpin them, guaranteeing their proper and comprehensive implementation in real-world scenarios. The "tone at the top" has consistently remained a pivotal factor in fostering an environment conducive to effective governance.

ESG

In 2023, Yahsat demonstrated its unwavering commitment to sustainability and implemented several projects to reflect its accountability to positively impact people and the planet.

Yahsat formed an Environmental, Social and Governance (ESG) function to provide thought leadership to ESG and sustainability factors and support the implementation of various ESG programmes within Yahsat. A comprehensive ESG Policy has been developed and approved by the Board, based on the Yahsat Sustainability Framework built upon five pillars. Key objectives and high priority action items for each pillar as identified under the Sustainability Framework Roadmap, were implemented in coordination with respective departments. These objectives and action items are implemented to advance how Yahsat addresses the most pertinent sustainability issues in its industry and contribute to notable sustainability goals, including Abu Dhabi's Economic Vision 2030, the UAE Space Strategy 2030, the United Nations (UN) Global Compact Principles and the United Nations Sustainable Development Goals (SDGs).

In 2023, the Yahsat Corporate Social Responsibility (CSR) Strategy Framework was developed and approved by the Board to further accelerate corporate social responsibility and embed into our corporate culture and business activities to benefit the communities and environment in which we operate. The main purpose of our CSR Strategy Framework is to act as a guiding tool to Yahsat for the integration of socially responsible practices into its business model, to create long term value for its stakeholders and the environment, as well as to be a good corporate citizen.

Yahsat joined the United Nations Global Compact (UNGC) in 2023 and is integrating the ten core UNGC principles on human rights, labour, environmental stewardship, and anti-corruption measures into its business operations, along with joining two UN Climate Action Taskforces for adopting and sharing industry best practices to tackle climate change.

During 2023, the Company conducted various training sessions for all employees and the Board of Directors to foster awareness and understanding of sustainability in space, environmental, social and governance (ESG) principles, the new Yahsat ESG Policy and CSR Strategy Framework.

In alignment with regulatory standards, Yahsat ensures compliance with UAE SCA regulatory requirements and adheres to ADX guidelines for sustainability reporting. This commitment underscores the company's dedication to transparency and accountability in its sustainability initiatives. At the management level, the ESG function provides key updates on progress to the Board on a quarterly basis.

Corporate Governance Report continued

Governance Overview

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

The Corporate Governance Framework:

- is aligned with applicable regulatory guidelines and also reflects Yahsat's strategic objectives;
- accords with the corporate governance requirements applicable to joint stock companies listed on the ADX as set out in the UAE Securities and Commodities Authority (SCA) Board Resolution No. (3/R.M.) of 2020 concerning adopting the Corporate Governance Guide for Public Joint-Stock Companies (the SCA Corporate Governance Guide);
- is designed to provide oversight of the effective implementation of laws, regulations, policies and procedures applicable to Yahsat and to assist Yahsat's management in ensuring that the range of risks facing Yahsat are properly managed and mitigated within an effective internal control framework; and
- is centred around a strong and unerring commitment to its Code of Ethics.

Key Constitutional and Governance Documentation

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

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

Yahsat's Articles of Association

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

Delegation of Authority

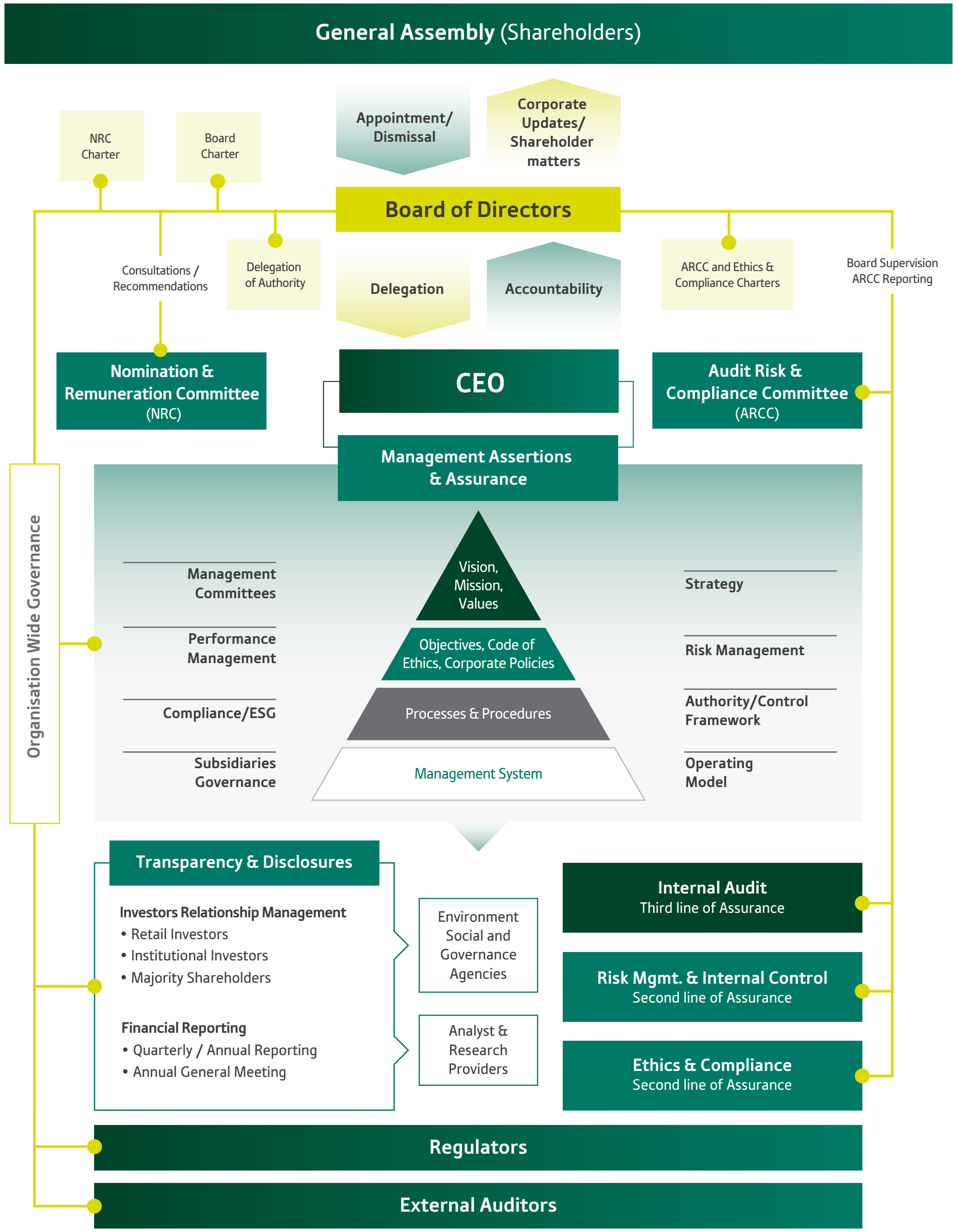
The Company's Delegation of Authority document (DOA) was endorsed by Yahsat's Board of Directors and adopted by Yahsat's sole shareholder, immediately prior to listing of Yahsat's shares in July 2021. It specifies the distribution of authority among the shareholders, the Board of Directors and management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

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

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

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

Yahsat Corporate Governance Framework



Key Policies

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

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

Code of Ethics

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

Business Partner Code of Conduct

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

The Yahsat Group Business Partner Code of Conduct is primarily centred upon the pillars of respect, confidentiality, integrity, transparency and sustainability:

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

Corporate Governance Report continued

Yahsat Corporate Governance Framework continued

Key Policies continued

Corporate Communications Policy

This policy governs disclosures in both external and internal documents, encompassing statements in Yahsat's annual reports, news and earnings releases, communications with financial or industry analysts, investors, and the news media. It also extends to senior management speeches and presentations, as well as information present on the Group's websites and intranet. The policy explicitly addresses the discussion of non-public information in public or quasi-public spaces where conversations may be overheard.

Within this framework, the policy outlines the roles and responsibilities of the Corporate Communications and Investor Relations Departments concerning financial communications. This includes coverage of annual reports, earnings releases, and financial analyses. Additionally, the policy articulates Yahsat's stance and expectations regarding employees' involvement in, hosting of, or linking to internet chat rooms, bulletin boards, blogs, or similar media discussing Yahsat, its products, services, or technology.

The document details the process applicable to such disclosures, from conceptualis ation to approval and dissemination. This process empowers the Corporate Communications Department to deliver communications aligned with best practices throughout the Group. The objective is to support business priorities and safeguard Yahsat's brand and reputation.

In the year 2023, the policy underwent updates to align with the Investor Relations Policy. This alignment emphasises shared responsibilities across crucial financial communication aspects, including annual reports and internal financial reporting.

Investor Relations Policy

Yahsat is committed to delivering timely, impartial, and precise disclosures of significant information to the public, adhering to the guidelines and regulations set forth by the SCA, ADX, and contemporary industry standards. To uphold this dedication, Yahsat has established a specialised Investor Relations team tasked with efficiently implementing the Investor Relations policy. This policy delineates the procedures and principles that guarantee the accurate, equitable, and prompt communication of information to both shareholders and the investment community. For additional details, please consult the "Investor Relations" section below.

Export Control and Sanctions Compliance Policy

Yahsat is dedicated to conducting its activities throughout the Group in strict adherence to the Yahsat Code of Ethics and all relevant laws. This commitment extends to compliance with export control and sanctions laws governing the exchange of goods, services, and technical data between the Yahsat Group and its business partners, customers, and service providers.

The Yahsat Export Control and Sanctions Compliance programme is outlined in its policies and procedure manual, which establishes Yahsat's General Compliance Policy. This manual, along with its associated procedures, applies universally to all entities within the Yahsat Group and regulates all operations conducted on their behalf. The programme is driven by individuals designated as Export Compliance Champions, strategically chosen from various sectors within the Yahsat Group.

The programme is built on specific general elements that are uniformly applicable across all businesses and activities of the Group. These elements include Senior Management Commitment, Denied Party Screening, Export Control Jurisdiction and Classification, Technical Data, Record-keeping, Training, and Internal Audit. This comprehensive approach ensures that the Yahsat Group maintains a high standard of compliance in its operations related to export control and sanctions laws.

Competition Law Policy

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

Related Party Transactions Policy

Related party transactions have the potential to introduce actual or perceived conflicts of interest for Yahsat, raising concerns that business decisions might be influenced by factors other than the best interests of Yahsat and its shareholders. Nonetheless, instances may arise where related party transactions can be in the best interest of Yahsat and its shareholders. This policy establishes a robust framework for the examination and approval of such transactions, aligning with the stipulations of the SCA Corporate Governance Guide and UAE Companies Law.

Risk Management & Internal Control Policy

This policy articulates the risk management and internal control requirements for Yahsat, adhering to recognised best practices, particularly international standards such as ISO 31000:2018 and COSO Internal Control – Integrated Framework: 2013. It establishes Yahsat's principles for risk management and internal control, providing a comprehensive framework that aligns with global standards. The policy outlines the underlying processes, overall framework, and delineates the roles and responsibilities associated with risk management and internal control.

A notable update to the policy was made in Q4-2023, incorporating more detailed descriptions of Yahsat's Risk Management and Internal Control processes. This refinement enhances the clarity and precision of the policy, ensuring that it remains aligned with evolving best practices and continues to serve as a robust guide for effective risk management and internal control within the organisation.

Fraud Risk Management Policy

The Fraud Risk Management Policy is designed to facilitate the establishment of controls aimed at detecting and preventing fraud within the Yahsat Group. This policy is applicable to any irregularity or suspected irregularity involving a wide spectrum of stakeholders, including employees, officers, directors, shareholders, consultants, vendors, contractors, agents, and external entities with a business relationship with Yahsat Group.

The primary objective of this policy is to ensure a collective awareness of responsibilities for identifying potential exposures to fraudulent activities. It emphasises the necessity of implementing controls and procedures to prevent or detect fraudulent behavior. The policy provides guidance to all individuals, both internal and external, on the actions to be taken if they suspect any fraudulent activity.

Furthermore, the policy underscores the commitment to investigate all suspected fraudulent activities. It explicitly states that appropriate action will be taken regardless of the individual's position, length of service, or relationship with the Group. This approach ensures a consistent and unwavering response to any form of fraudulent activity, maintaining the integrity and security of the Yahsat Group.

Securities Trading Policy

The objective of this policy is to mitigate potential risks associated with Directors and employees engaging in transactions involving Yahsat's shares. It delineates the Company's stance on such dealings and establishes the framework applicable to Directors and employees who intend to trade in Yahsat's shares. The policy also explicitly outlines the consequences of non-compliance.

In addition to clearly defining the requirements and restrictions mandated by law and applicable regulations for individuals possessing inside information, the policy articulates the concept of "dealing." It sets forth a structured process for obtaining approval when buying or selling Company shares outside of closed periods, introducing an additional layer of control to complement the maintenance of an insider list with ADX. The approval process includes a careful evaluation of whether the individual possesses inside information, and approval is withheld if this is the case, ensuring a stringent adherence to regulatory compliance and ethical standards.

Compliance Guide Relating to Inside Information

The Company is obligated to promptly notify the Securities and Commodities Authority (SCA) and Abu Dhabi Securities Exchange (ADX) of any significant undisclosed information, commonly known as inside information, as soon as it arises, unless regulatory provisions allow for a delay in disclosure. The primary purpose of this Compliance Guide is to provide guidance to Yahsat management and designated individuals, aiding in the identification of events or circumstances that trigger the obligation to disclose. It further assists in understanding relevant regulatory requirements, outlining steps necessary for compliance, and establishing effective procedures for routine obligations.

This guide aims to, identify events leading to an obligation to disclose any relevant regulatory requirements, establish procedures for routine compliance obligations, allocate responsibility for compliance to appropriate individuals and create a comprehensive record of actions taken.

The procedures outlined in this guide are designed to promptly identify information that may qualify as inside information, conduct assessments to determine whether disclosure is necessary, and ensure that any disclosure meets high standards of accuracy and completeness. In cases where disclosure is delayed, the guide emphasises the importance of maintaining an appropriate record justifying the delay while safeguarding the confidentiality of inside information. The Compliance Guide also outlines the pivotal role of the Disclosure Committee in these procedures, serving as the ultimate arbiter to determine if information constitutes inside information and guiding its appropriate handling.

Financial Reporting Manual and Accounting Policies Manual

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

Information Security Policies

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

Dividend Policy

The Company is dedicated to providing guidance to investors and other stakeholders regarding future shareholder returns, with dividends playing a pivotal role in total returns. To formalise this commitment, the Company has established a Dividend Policy that has received shareholder approval. This policy outlines a progressive dividend strategy, indicating a year-on-year increase. The Board has separately proposed a minimum annual growth of 2% in the dividend.

It is essential to note that while the policy establishes a framework for a progressive dividend, it does not guarantee specific dividend amounts or ensure dividends will be distributed. The policy highlights various financial considerations that the Board may weigh against the distribution of dividends, emphasising the potential retention of earnings for strategic purposes.

During the Annual General Meeting held on 11 April 2022, shareholders expressly approved the updated Dividend Policy. This approval permits the Company to pay semi-annual dividends starting from 2022 onwards. Consequently, Yahsat plans to distribute dividends for each fiscal year in two equal installments – an interim dividend in October of that year and a final dividend in April or May of the following year. This approach provides a structured and transparent framework for shareholder returns, aligning with the Company's commitment to responsible and strategic dividend distribution.

Corporate Governance Report continued

Transparency and Disclosure

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

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

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

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

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

Disclosure Committee

All public disclosures disseminated by the Company through the ADX E-Service undergo a thorough review and approval process led by Yahsat's Disclosure Committee. This executive-level committee is comprised of the Chief Executive Officer, Chief Financial Officer, and the General Counsel. The primary responsibility of the Disclosure Committee is to assess and approve information before it is disclosed to the public, particularly in determining whether such information or circumstances qualify as inside information.

The Disclosure Committee operates with the aim of achieving unanimity in its decisions but is also authorised to make decisions by a simple majority. This approach ensures both agility and timely approvals, crucial for effective decision-making. The stance of the Disclosure Committee regarding the existence of inside information holds significant weight and is a key consideration for the General Counsel when evaluating requests from Directors or employees of the Group seeking permission to trade in Yahsat's shares under the Securities Trading Policy. This process ensures a comprehensive and cautious approach to handling and disclosing sensitive information while maintaining compliance with relevant regulations and ethical standards.

Board of Directors

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

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

(i) Board Composition

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

Musabbeh Helal Musabbeh Ali Al Kaabi — *Chairman*

Musabbeh Al Kaabi leads ADNOC's Low Carbon Solutions & International Growth Directorate. He is responsible for driving ADNOC's investments in new energies and low carbon solutions, as well as its international growth, technology, and sustainability strategies. Musabbeh currently serves as Chairman of the Board of Directors of Mubadala Energy and Yahsat. He is also a board member of Masdar, Tabreed, ADNOC Gas and Environment Agency – Abu Dhabi. In the past, he has served on the boards of several leading organisations including First Abu Dhabi Bank, Dolphin Energy, Emirates Global Aluminium, Borealis, Cepsa, NOVA Chemicals and Cleveland Clinic Abu Dhabi. Musabbeh holds a Bachelor of Science degree in Geophysical Engineering from Colorado School of Mines and a Master of Sciences degree in Geoscience from Imperial College, London.

Tareq Abdulraheem Ahmed Rashed Al Hosani — *Vice Chairman*

His Excellency Tareq Abdulraheem Al Hosani is the Secretary General of Tawazun Council where he plays a pivotal role in the creation and development of a sustainable defence and security sector in the United Arab Emirates (UAE). He is responsible for delivering Tawazun's strategic mandate while driving growth and value creation through strategic investment in research, technology, and innovation. Prior to joining Tawazun Council as Chief Executive Officer, Al Hosani was the Chief Executive Officer of Yahsat. He began his career with the UAE Armed Forces and progressed through the ranks to Head of Integration. Following 10 years with the UAE Armed Forces, he took on the role of Deputy Director General for the National Electronic Security Authority (NESA) before joining Mubadala Investment Company as Associate Director. As a trusted leader with over

20 years of diverse experience across strategic sectors, Al Hosani holds a number of governance and board positions within defence, security, education, and aviation. He currently serves as Chairman of Bayanat, National Cooperation for Tourism & Hotels (NCTH) and Tawazun Technology and Innovation (TTI), Vice Chairman of Al Forsan Holding and Yahsat, and is a board member of Royal Jet. He previously served as Chairman of Global Aerospace Logistics (GAL), Chairman of the National Health Insurance Company (Daman), Vice Chairman of Abu Dhabi Health Services (SEHA), Vice Chairman of Abu Dhabi Airports and was a board member of the UAE Space Agency, Edge Group, Emirates Defence Industries Company (EDIC) and the Higher Colleges of Technology. He holds a Master's degree in Electronics and Communication from Université Pierre et Marie Curie in France and a Bachelor's in Aeronautics from Saint Louis University in the United States of America. He is also the holder of an Accelerated Executive Development Diploma from the IMD Business School in Switzerland.

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

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

Maryam Eid Khamis AlMheiri — *Director*
Her Excellency Maryam Eid AlMheiri is Director General of the Abu Dhabi Media Office (ADMO), overseeing Abu Dhabi's media ecosystem, which includes the Creative Media Authority and Abu Dhabi Media Network under ADMO's umbrella. As such, she is responsible for the strategic direction of all forms of media in the emirate.

Maryam is also Vice-Chair of the UAE Special Olympics Board of Trustees and serves on the boards of Mohamed bin Zayed University for Humanities, the Emirates Red Crescent, the Fatima Bint Mubarak Ladies Sports Academy and AI-powered space technology company Space 42. She is also Honorary Advisor to the board of Abu Dhabi University.

Previously, Maryam was CEO of the Media Zone Authority – Abu Dhabi and both CEO and Vice-Chair of twofour54. She holds a TRIUM Global Executive MBA (jointly issued by New York University Stern School of Business, London School of Economics and Political Science, and HEC Paris). She also holds a Master's in Strategy and National Security Studies from the National Defence College of Abu Dhabi and completed her undergraduate studies in Accounting and Business Administration at the UAE's Higher Colleges of Technology..

Badr Salim Ahmad Sultan Al Olama — *Director*
Badr Al Olama is the Director General at the Abu Dhabi Department of Economic Development (ADDED) and the Director General of the Abu Dhabi Investment Office (ADIO). As an entrepreneurial executive with a deep passion for transformational, impact driven investments, Badr is leading key initiatives to promote economic diversification goals. Through strategic partnerships with international investors, Badr is fostering an environment that empowers industrial and service-based companies to develop innovative solutions for global reach and impact, propelling Abu Dhabi onto the world stage. Prior to ADIO, Badr was handling the UAE Clusters portfolio with Mubadala, an Abu Dhabi-based global sovereign investor. He led efforts to drive economic growth and diversification across businesses that spanned aerospace, technology and healthcare. He also held several key positions during his tenure with Mubadala, including Chief Executive Officer of Strata Manufacturing and Chief Executive Officer of Hub71. Badr has also been leading the organising committee for the Global Manufacturing and Industrialisation Summit (GMIS) since its inception and has served as a member of the UAE Ministerial Council on the Fourth Industrial Revolution. As a graduate of Harvard Law School, Badr began his career as a lawyer and was nominated in 2016 as 'Young Global Leader for the Middle East and North Africa Region' by the World Economic Forum.

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

Corporate Governance Report continued

Board of Directors continued

(i) Board Composition continued

Gaston Urda – *Director*

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

Peng Xiao – *Director*

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

Clint De Barros – *Board Secretary*

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

In line with the requirements of the SCA Corporate Governance Guide, at the end of 2023, there was one female Director on the Board of Directors. There were also two female members (including the Chairman of the Nomination and Remuneration Committee) of the Board's sub-committees. The Company has a strong track record of gender diversity in a traditionally male-dominated environment (see section entitled "Gender Diversity").

The following table sets out some of the key characteristics of the Board composition as at 31 December 2023:

Name	Tenure#	Independent*	Executive/ Non-Executive	Other directorships held**
Musabbeh Al Kaabi	2nd term (since 2 Feb 2021)	✓	Non-Executive	Mubadala Energy LLC (C) (UAE) ADNOC Gas (BM) (UAE) Environment Agency (BM) (UAE) Mubadala Energy (C) (UAE) Abu Dhabi Future Energy Company PJSC (Masdar) (BM) (UAE) National Central Cooling Company PJSC (Tabreed) (BM) (UAE)
Tareq Al Hosani	4th term (since 23 Dec 2013)	✗	Non-Executive	Bayanat (C) (UAE) Tawazun Technology & Innovation LLC (C) (UAE) Munich Health Daman Holding Limited (C) (Masdar Free Zone – UAE) Al Forsan Holding Company LLC (VC) (UAE) Royal Jet Group (BM) (UAE) Rabdan Academy (BM) (UAE)
Rashed Al Ghafri	4th term (since 23 Dec 2013)	✗	Non-Executive	Thuraya Telecommunications Company (C) (UAE)
Masood Mahmood	2nd term (since 2 Feb 2021)	✗	Non-Executive	Emirates Nuclear Energy Corporation (BM) (UAE) UAE Space Agency (BM) (UAE) Wio Bank (BM) (UAE)
Maryam AlMheiri	1st term (since 12 July 2021)	✓	Non-Executive	UAE Special Olympics (VC) (UAE) Abu Dhabi University Honorary Advisor (BM) (UAE) Mohamed bin Zayed University for Humanities (BM) (UAE) Emirates Red Crescent (BM) (UAE) Fatima Bint Mubarak Ladies Sports Academy (BM) (UAE)

Name	Tenure#	Independent*	Executive/ Non-Executive	Other directorships held**
Badr Al Olama	2nd term (since 2 Feb 2021)	✓	Non-Executive	Emirates Post Group PJSC (C) United Fintech Solutions LLC (FINTX) (C) (UAE) Maqta Gateway Digital Cluster (C) (UAE) Emirates Drug Establishment (BM) (UAE) Etihad Credit Insurance (BM) (UAE) SHUAA Capital PSC (VC) (UAE) YAS Holding LLC (BM) (UAE) TASIAP GmbH (BM) (Germany) SAFAV/SAPPL/SAFMMA/AMS/RMA (AUTOMOTIVE JV'S), (BM) (ALGERIA)
Adrian Steckel	1st term (since 12 July 2021)	✓	Non-Executive	CONX Corp (BM) (USA) InfoBionic, Inc. (BM) (USA) Hyper Reality Partners, LLC (BM) (USA) Uphold Limited (BM) (Cayman Islands)
Gaston Urda	1st term (since 12 July 2021)	✓	Non-Executive	Al Masar Investments LLC (BM) (UAE) FINTX – United Fintech Solutions LLC (BM) (UAE)
Peng Xiao	1st term (since 12 July 2021)	✓	Non-Executive	Group 42 Holding Ltd (BM) (UAE) Mohamed bin Zayed University of Artificial Intelligence (Member-Board of Trustees) Various private limited liability subsidiaries of Group 42 Holding Ltd (C/BM) (UAE/Non-UAE)

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

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

(ii) Board of Directors' Mandate and Charter

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

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

(iii) Strategic Direction Versus Operational Management

In accordance with the BOD Charter and in alignment with established corporate governance standards, the Board of Directors at Yahsat holds the responsibility for defining the strategic trajectory of the Group. Within Yahsat, the process of developing and refining the Company's strategy is a collaborative effort involving both the Board and management, with the Board holding the ultimate decision-making authority. Subsequent to the approval of the Yahsat Growth Strategy in November 2022, the Board has been consistently briefed and engaged in consultations regarding the key initiatives pursued by the Company to accelerate growth and explore new opportunities. Furthermore, in April 2023, a session took place to review the implementation and primary priorities of the Growth Strategy, capitalising on a diverse range of perspectives and insights contributed by both Board members and management. This process also incorporated externally-sourced data and insights from industry-leading consultants and thought leaders.

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

Corporate Governance Report continued

Board of Directors continued

(iv) Decision-making at Board-level

Decisions of the Board of Directors may be effected in two ways – either at a duly constituted and quorate meeting of the Board or by means of a circulated resolution signed by at least a majority of the Directors. The BOD Charter requires that the Board holds meetings on at least a quarterly basis, with Directors permitted to attend in person or by electronic means. During 2023, the Board held 9 meetings, 8 of which were held virtually. The table below shows the attendance at each of the 9 meetings:

	Board Meeting Date								
Name	27 Feb	3 Apr	8 May	11 Jun	7 Aug	29 Oct	6 Nov	4 Dec	18 Dec
Musabbeh Al Kaabi	✓	✓	✓	✓	✓	✓	✓	✓	✓
Tareq Al Hosani	Proxy to Musabbeh Al Kaabi	✓	✓	R	✓	R	✓	✓	R
Rashed Al Ghafri	✓	✓	✓	✓	✓	✓	✓	✓	✓
Badr Al Olama	✓	✓	✓	✓	✓	✓	✓	✓	✓
Masood Mahmood	Proxy to Rashed Al Ghafri	✓	✓	–	✓	✓	✓	✓	Proxy to Rashed Al Ghafri
Maryam AlMheiri	✓	✓	✓	✓	✓	–	✓	✓	–
Adrian Steckel	✓	–	✓	✓	✓	–	✓	✓	✓
Peng Xiao	✓	✓	Proxy to Musabbeh Al Kaabi	R	Proxy to Tareq Al Hosani	R	✓	–	R
Gaston Urda	✓	✓	✓	✓	✓	✓	✓	✓	✓

R=Recused owing to Conflict of Interest with Meeting Agenda.

(v) Circular Resolutions

The following resolutions were passed by the Directors by circulation:

Date	Topic
9 February 2023	To approve the 2022 Preliminary Financial Results.
15 March 2023	To approve the execution of Funding Agreement, Yahsat Guarantee and Technology agreements associated with the Modem Capability Development programme.
15 March 2023	To approve the execution of Convertible Loan Agreement and Orbital Cooperation Agreement between Thuraya and Astrocast.
8 June 2023	To approve signing the First ATP and the Second ATP with Airbus Defence and Space SAS (Airbus) to procure two satellites designated Al Yah 4 and Al Yah 5.
21 June 2023	To approve amending the documentation to transition from LIBOR to SOFR (Secure Overnight Financing Rate).
5 July 2023	To approve authorising Star to submit a revised and fixed price proposal to Tawazun for bundled managed services offer of 17 years for AY 1, AY 2, AY 4 and AY 5.
20 September 2023	To approve the distribution of an interim dividend of 8.23 fils per share (8.23% of the nominal value of the share) for H1-2023, representing AED 200,793,093 to be paid to the shareholders registered as at the closing of business day on Friday, 30 September, 2023.
20 September 2023	To approve Star submitting a revised firm and fixed price proposal to Tawazun.
5 October 2023	To approve the sharing of valuation reports and associated information with select shareholders.
13 December 2023	To approve the execution of a Launch Services Contract for Al Yah 4 & Al Yah 5 satellites.
13 December 2023	To approve the execution of a Bridge Facility Agreement of US$300,000,000.

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

Tareq Al Hosani and Peng Xiao were recused from participating in discussions on matters associated with the potential merger of Yahsat and Bayanat AI PLC (Bayanat) owing to their respective roles and involvement with Bayanat. Tareq Al Hosani was also recused from participating in discussions on matters associated with transactions with Tawazun, owing to his associated role and involvement in the entity.

(vi) Director Remuneration and Board Committee Remuneration

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

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

The total remunerations of the Board and committee members for the year 2022 amounted to AED 6,476,850 (paid in 2023), while the proposed Board and committee remunerations for the year 2023 amounted to AED 6,500,000 covering membership in the Board and its Committees along with the allowances for attendance of the Board Committees' meetings.

Board remunerations constitute 1.6% of the net profit of the Company after deducting the amortisations and reserves. The following table sets out the details of the Board and committee remunerations for 2023 (AED):

Director's Name	Title	Proposed Board Remuneration 2023	Proposed ARCC Remuneration 2023	Proposed NRC Remuneration 2023
Musabbeh Helal Musabbeh Ali Al Kaabi	Chairman, Yahsat	1,000,000	n/a	n/a
Tareq Al Hosani	Board Member, Yahsat	700,000	n/a	n/a
Rashed Al Ghafri	Board Member, Yahsat; NRC Member;	600,000	n/a	50,000
Maryam AlMheiri	Board Member, NRC Chairperson	600,000	n/a	100,000
Masood Mahmood	Board Member, Yahsat; NRC Member	600,000	n/a	50,000
Badr Al Olama	Board Member, ARCC Chairperson	600,000	100,000	n/a
Adrian Steckel	Board Member, Yahsat; ARCC Member; NRC Member	600,000	50,000	50,000
Gaston Urda	Board Member, Yahsat; ARCC Member	600,000	50,000	n/a
Peng Xiao	Board Member, Yahsat	600,000	n/a	n/a
Madian Al Hajji	ARCC Member	n/a	50,000	n/a
Amal Al Ameri	ARCC Member	n/a	50,000	n/a
Amer Siddiqui	NRC Member	n/a	n/a	50,000

For 2023, a proposal to pay fees for Board and Committee remuneration to all Directors will be placed before shareholders at Yahsat's Annual General Meeting for approval.

Corporate Governance Report continued

Board of Directors continued

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

- Rashed Al Ghafri, received an amount of AED 200,000, as Board Fees, in his capacity as Chairman of Thuraya Telecommunications Company PJSC.
- No Director received a salary from the Company as part of his or her role as a Director, either in 2023 or any prior year.
- No fees other than Board fees (as disclosed above) were paid or payable to any of the Directors during 2023.
- Certain expenses were incurred directly by the Company in respect of Gaston Urda's travel and accommodation expenses, in line with Yahsat's policy, travel expenses accumulating to AED 6,980.

(viii) Interests Held in Yahsat Shares and Transactions in 2023 by Board Members and First Degree Relatives

The Directors and their first degree relatives held the following interests in the Company's shares as at 31 December 2023. Details of any sales of shares in the Company during the year are also stated:

Director's Name	Shareholder (Director/Relative)	Shareholding at 1 January 2023	Shares sold in 2023	Shares purchased in 2023	Shareholding at 31 December 2023
Musabbeh Helal Musabbeh Ali Al Kaabi	Chairman	266,710	Nil	Nil	266,710
	Son (1) of Musabbeh Helal Musabbeh Ali Al Kaabi	49,282	Nil	Nil	49,282
	Son (2) of Musabbeh Helal Musabbeh Ali Al Kaabi	49,282	Nil	Nil	49,282
	Daughter (1) of Musabbeh Helal Musabbeh Ali Al Kaabi	49,282	Nil	Nil	49,282
	Daughter (2) of Musabbeh Helal Musabbeh Ali Al Kaabi	49,282	Nil	Nil	49,282
	Daughter (3) of Musabbeh Helal Musabbeh Ali Al Kaabi	49,282	Nil	Nil	49,282
Tareq Al Hosani	Vice-Chairman	227,710	Nil	Nil	227,710
Rashed Al Ghafri	Director	181,818	Nil	Nil	181,818
Maryam AlMheiri	Director	Nil	Nil	Nil	Nil
Masood Mahmood	Director	36,363	Nil	Nil	36,363
Badr Al Olama	Director	109,090	Nil	Nil	109,090
Adrian Steckel	Director	Nil	Nil	Nil	Nil
Gaston Urda	Director	199,950	Nil	Nil	199,950
Peng Xiao	Director	Nil	Nil	Nil	Nil

(ix) Dividend Paid in 2023

Following the AGM held in April 2023, a cash dividend for the second half of the year 2022 amounting to AED 196,645,484 (8.06 fils per share) was distributed. An interim dividend of 8.23 fils per share (8.23% of the nominal value of the share) for H1-2023, representing AED 200,793,093, was also paid in October 2023.

(x) Quarterly and Ad Hoc Disclosures by Board Members

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

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

The Board have received detailed training on directors' duties and conflicts of interest (among other topics).

Tareq Al Hosani and Peng Xiao were recused from participating in discussions on matters associated with the potential merger of Yahsat and Bayanat AI PLC (Bayanat) owing to their respective roles and involvement with Bayanat. Tareq Al Hosani was also recused from participating in discussions on matters associated with transactions with Tawazun, owing to his associated role and involvement in the entity.

(xi) Merger of Yahsat with Bayanat

On 19 December 2023, Bayanat and Yahsat announced that they had agreed the terms of a proposed merger between Bayanat and Yahsat (the "Merger"). On 18 December 2023, the Boards of Directors of Bayanat and Yahsat unanimously voted to recommend the Merger to their respective shareholders.

The Merger will, if effected, create a group with scale and expertise to play a central role in the next stage of the UAE's economic development. The combination will bring together complementary capabilities to create an AI-powered space technology champion with an implied market capitalisation of approximately AED 12 billion, based on both entities' closing share prices as at 20 March 2024.

The combined group is moreover expected to benefit from considerable revenue synergies and economies of scale that will best position the organisation for innovation and profitable growth.

Completion of the Merger is subject to the satisfaction of customary conditions precedent, including the receipt of shareholder approval and required regulatory approvals.

(xii) Board Training

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

Training of the Board members is assessed on an as-needed basis, taking account of recent developments and topics of relevance or interest. Training can be formal or may form part of a segment at a Board meeting or retreat. Most recently, a reputable external Law firm provided detailed training to the Board on corporate governance topics including an overview of director responsibilities associated with mergers and acquisitions, directors' duties and potential liability, in October 2023.

In November 2023, ESG/Sustainability training was provided to the Board, by a sustainability consultant updating on the latest ESG trends, ESG investing and market drivers, the importance of embedding ESG into business operations, along with recommendations on key priority areas for ESG implementation at Yahsat.

(xiii) Evaluation of Board Effectiveness

At least once every three years, the Board is mandated to engage a suitably accredited independent professional entity to conduct a comprehensive assessment of the effectiveness and operation of the Board of Directors, its individual members, and the various Board Committees. The Company will, in line with SCA requirements, be conducting a comprehensive assessment of the effectiveness and operation of the Board of Directors and Committees in H1-2024. The findings from this evaluation would be communicated to the Board, and the key results would be subsequently shared with the shareholders through an appropriate medium, such as the Company's Annual Report.

In addition to external assessments, routine evaluations of Corporate Governance are internally conducted by assurance functions within Yahsat. Directors are actively encouraged to provide feedback through an annual questionnaire. This questionnaire covers a range of aspects, including the effectiveness of individual directors, the collective functioning of the Board, the conduct of meetings, and the quality of information presented. This multifaceted evaluation process ensures a thorough and continuous review of corporate governance practices within the organisation, promoting transparency, accountability, and ongoing improvement.

Committees of the Board of Directors

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

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

Audit, Risk and Compliance Committee (the ARCC)

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

(i) Composition

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

As at 31 December 2023, the ARCC was composed of three independent non-executive Directors (one of whom acts as Chairman) and two non-Director members, as follows:

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

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

Corporate Governance Report continued

Committees of the Board of Directors continued

Audit, Risk and Compliance Committee (the ARCC) continued

(i) Composition continued

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

The Secretary to the ARCC until 31 July 2023 was Ali Al Fahim, and thereafter was Gary Hodgson, in their respective capacities as General Counsel of Yahsat.

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

(ii) Mandate and Charter

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

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

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

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

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

(iii) Meetings Held in 2023

During 2023, the ARCC held five duly constituted and quorate meetings.

	ARCC Meeting Date				
Name	23 Feb	10 March	4 May	3 Aug	3 Nov
Badr Al Olama	✓	✓	✓	✓	–
Adrian Steckel	✓	✓	✓	✓	✓
Gaston Urda	✓	✓	✓	✓	✓
Madian Al Hajji	✓	✓	✓	✓	✓
Amal Al Ameri	–	✓	–	–	✓

(iv) Committee Evaluation

As per the terms of the BOD Charter, at least every three years, the Board shall invite a suitably accredited independent professional entity to carry out an assessment of effectiveness and operation of the Board's Committees. The Company will, in line with SCA requirements, be conducting a comprehensive assessment of the effectiveness and operation of the Committee in H1-2024.

Nomination and Remuneration Committee (the NRC)

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

(i) Composition

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

As at 31 December 2023, the NRC was composed of four non-executive Directors (two of whom are independent and one of whom acts as Chairperson) and one non-Director member, as follows:

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

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

The composition of the NRC was carefully considered at the time of the listing in July 2021. Mr. Siddiqui's experience in matters related to Human Capital Policy & Procedures, Compensation & Benefits Frameworks, Succession Planning and various other Human Capital developments, in particular, supplements the NRC's ability to ensure rigorous oversight of all such matters, as well as lending an extremely useful insight into local and regional market practice and best practices.

The Secretary to the NRC until 31 July 2023 was Ali Al Fahim, and thereafter was Gary Hodgson, in their respective capacities as the General Counsel of Yahsat.

(ii) Mandate and Charter

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

- verify the ongoing independence of the independent members of the Board;
- regulate and oversee nomination to the membership of the Board;
- set and review Yahsat's human capital policies and procedures;
- formulate and review, on an annual basis, the framework and broad policy for granting remuneration, terms of employment and any changes, benefits, bonuses, pensions, allowances, gratuities, early retirement and redundancy made to or given to Yahsat's employees, senior management, as well as compensation for Yahsat's Chairperson and Board of Directors;
- ensure that suitable succession plans are in place at senior executive levels; and
- review and approve the hiring and termination of senior management staff.

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

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

(iii) Meetings Held in 2023

During 2023, the NRC held three duly constituted and quorate meetings.

	NRC Meeting Date		
Name	21 Feb	1 Aug	30 Oct
Maryam AlMheiri	✓	✓	✓
Masood Mahmood	✓	✓	–
Rashed Al Ghafri	✓	✓	✓
Adrian Steckel	–	✓	✓
Amer Siddiqui	✓	–	✓

(iv) Committee Evaluation

As per the terms of the BOD Charter, at least every three years, the Board shall invite a suitably accredited independent professional entity to carry out an assessment of effectiveness and operation of the Board's Committees. The Company will, in line with SCA requirements, be conducting a comprehensive assessment of the effectiveness and operation of the Committee in H1-2024.

Corporate Governance Report continued

Senior Management

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

Name	Year of birth	Nationality	Position	Year of appointment to current role	Notes
Ali Al Hashemi	1981	United Arab Emirates	Chief Executive Officer	2021	
Andrew Cole	1973	United Kingdom	Chief Financial Officer	2020	
Adnan Al Muhairi	1986	United Arab Emirates	Chief Technology Officer	2021	
Muna Almheiri	1971	United Arab Emirates	Chief Human Capital and Administration Officer	2016	
Khalid Al Kaf	1981	United Arab Emirates	Chief Operations Officer	2021	
Eisa Al Shamsi	1983	United Arab Emirates	General Manager, YGS	2021	
Sulaiman Al Ali	1979	United Arab Emirates	Chief Commercial Officer, Thuraya Chief Executive Officer	2022, 2021	Assumed the role of Chief Commercial Officer w.e.f. 1 July, 2022
Khalid Al Awadhi	1984	United Arab Emirates	Chief Advanced Programmes Management Officer	2022	
Ali Al Fahim	1988	United Arab Emirates	General Counsel	2022	Until 31 July 2023
Gary Hodgson	1972	United Kingdom	General Counsel	2023	General Counsel w.e.f. 1 August, 2023

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

The management expertise and experience of each of the senior management team in 2023 is set out below.

Ali Al Hashemi — *Chief Executive Officer*

Mr. Ali Al Hashemi was appointed as the Group Chief Executive Officer on 18 of April 2021 (previously Chief Executive Officer Designate from 4 February 2021 up to 18 April 2021). Prior to this, he served in concurrent roles as the General Manager of Yahsat Government Solutions (YGS) and Chief Executive Officer of Thuraya. He is the Chairman of AMMROC and Vice Chairman of GAL, the leading companies in the field of aerospace and military aircraft MRO services, owned by ADQ, an investment and holding company with a broad portfolio of major enterprises. He is also a board member of the National Space Science and Technology Center (NSSTC). Mr. Al Hashemi successfully led the Yahsat Group's initial public offering (IPO) in the second quarter of 2021 and oversaw its listing on the Abu Dhabi Securities Exchange (ADX) as a public company. He joined Yahsat in 2013. With over 22 years of experience and a proven executive management record of driving sales growth in the satellite industry, Mr. Al Hashemi developed Yahsat's managed services capability in the UAE and other key regional markets and spearheaded the establishment of systems and infrastructure to successfully transform YGS from a small business unit to a fully functional regional government business. He has been instrumental in securing and/or maintaining key backlog contracts for the Group. In 2023, Mr. Al Hashemi has led Yahsat to secure the largest ever contract from the UAE Government with a total value of US$ 5.1 billion, reinforcing his ample record, which also includes the Al Yah 1 and Al Yah 2 CSA and the associated O&M contract and the Thuraya-4 managed capacity services agreement with the Government of the UAE. Mr. Al Hashemi holds an MBA from London Business School.

Andrew Francis Cole — *Chief Financial Officer*

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

Adnan Al Muhairi — *Chief Technology Officer*

Mr. Al Muhairi was appointed as Chief Technology Officer in June 2021, having fulfilled the role of Deputy Chief Technology Officer since January 2020. He joined Yahsat in 2009. He is responsible for Yahsat's satellite fleet, as well as designing and developing end-to-end space systems solutions to better serve Yahsat and Thuraya customers. He was part of the development programme in

South Korea as a research and development engineer on the UAE's first successful remote sensing spacecraft, Dubaisat-1 and Dubaisat-2. He has also worked on the UAE's first communication spacecraft, Al Yah 1 and Al Yah 2, and was the Programme Director of the Al Yah 3 space communications system, a highly advanced space network that expanded the Group's services into Brazil, and he has worked on several Government space projects. Mr. Al Muhairi has over 16 years of experience in the space and satellite sector. He has a BSc. in Avionics/Engineering Management from the Higher College of Technology, and completed an intensive course in satellite systems engineering in South Korea, before earning an MBA from the McDonough School of Business from Georgetown University in Washington, D.C.

Muna AlMheiri — *Chief Human Capital and Administration Officer*
Ms. AlMheiri joined the Group in 2007, prior to which she was Manager of Employee Services at Thuraya. In her current role, Ms. AlMheiri is responsible for leading the Group's overall human capital strategy, talent acquisition, learning and development and leadership development, Emiratisation, organisational design and culture development, compensation and benefits, human resource operations, employee relations and administration. Under her leadership, the Group was awarded the prestigious Emiratisation Award from Tawteen for 2018 in three out of four categories: Best Emiratisation Supporting Entity; Emiratisation Pioneer and Best Emirati Employee. In 2023 Ms. AlMheiri was awarded HR Leader of the Year (private sector) at GCC GOV HR Summit. She holds a BA in Business Administration from the United Arab Emirates University.

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

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

Sulaiman Al Ali — *Chief Commercial Officer and Chief Executive Officer, Thuraya*
Mr. Al Ali has more than 20 years of experience, working in the regional and international telecommunications sector across the UAE, Nigeria, Pakistan and Ivory Coast, including at Etisalat and Pakistan Telecommunication Company Ltd. (PTCL). He became Executive Vice President of the Commercial Division within YGS in January 2018, was appointed as Deputy Chief Executive Officer of Thuraya at the beginning of 2020 and promoted as Chief Executive Officer of Thuraya in June 2021. Mr. Al Ali was appointed as Chief Commercial Officer of Yahsat in June 2023. Having joined Yahsat in 2014, he holds a Global Executive MBA from INSEAD Business School, France and a Master's in Management of Entrepreneurial Leadership from Hamdan Bin Mohamed Smart University. He also has a BS in Communication Engineering from Khalifa University.

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

Ali Al Fahim — *General Counsel (Until 31 July 2023)*
Ali Al Fahim is responsible for the management of the Group's legal department and corporate governance function. He joined Yahsat in June 2022 as Deputy General Counsel and was elevated to General Counsel in September 2022. He has over 13 years' experience as legal counsel, specialising in mergers and acquisitions and corporate law. Prior to joining the Company on secondment from Mubadala, Mr. Al Fahim occupied senior corporate legal roles within Masdar and Mubadala. Mr. Al Fahim holds a BCL degree in Law from University College Cork, Ireland and is admitted as a solicitor in England and Wales.

Corporate Governance Report continued

Senior Management continued

Gary Hodgson — *General Counsel (1 August 2023 onwards)*

Gary Hodgson was admitted as a solicitor in England and Wales in 1999 and prior to moving in-house worked in private practice for international law firms in London, Tokyo and Abu Dhabi specialising in finance and corporate law related activities. He has more than 15 years' experience in various General Counsel roles in Abu Dhabi to include aerospace, satellite and military procurement roles. He joined Mubadala in 2013 and has had various General Counsel roles across the Group. He recently joined Yahsat as its General Counsel on secondment from Mubadala in August 2023. Mr. Hodgson holds a Master's degree in Law from the University College London.

Remuneration

The following table sets out the details of the senior management's remuneration for 2023 (AED):

Position	Total salary and allowances in 2023	Any other cash or in-kind benefits for 2023	Long-term incentive plan (payable in 2023)	Total bonus paid in 2023 (for 2022)*	Total bonus paid for 2023#	Notes
Chief Executive Officer	2,534,571.94	200,000	NA	1,087,200	1,337,500	
Chief Financial Officer	1,950,939.03	–	NA	366,408	597,024	
Chief Human Capital and Administration Officer	1,573,312.12	–	NA	364,283	455,353	
Chief Technology Officer	1,652,381.92	150,000	NA	373,268	616,584	
Chief Operations Officer	1,455,263.48	52,760.67	NA	372,888	466,109	
General Manager, Yahsat Government Solutions	1,783,562.45	200,000	NA	709,128	850,000	
Chief Commercial Officer, Chief Executive Officer, Thuraya	1,912,485.72	179,113.50	NA	472,752	760,900	
Chief Advanced Programmes Management Officer	1,364,218.78	100,000	NA	299,142	373,928	
General Counsel	1,128,402.80	–	NA	409,536	–	until 31 July 2023
	612,940.43	–	NA	NA	–	w.e.f. 1 August, 2023

* Bonus paid in 2023 related to 2022 performance
# Bonus paid in 2024 related to 2023 performance

External Assurance

(i) The Company's External Auditor

RAI Audit & Tax services (RAI), of Blue Sky Tower, 17th Floor, P.O. Box 94996, Abu Dhabi, UAE, was appointed as Yahsat's external auditor for the fiscal year 2023. RAI provides audit, tax and digital consulting services to a broad range of domestic and international, public and private sector clients in the United Arab Emirates. The financial year 2023 was the first year of RAI's appointment as Yahsat's auditors.

Number of years served as Company's external auditor	One (FY2023)
Partner name	Ashraf Eradhun
Number of years served as Company's external audit partner	One (FY2023)
Total fees for auditing the financial statements of 2023 (including provision of reasonable assurance report on the effectiveness of internal financial controls over financial reporting) out of which AED 1,790,000 was approved in the last AGM while the remaining amount will be submitted for approval in the upcoming AGM.	AED 1,865,000
Fees and costs for 2023 in relation to quarterly reviews and xBRL filings	AED 510,000
Other services provided by the Company's external auditor	Nil
Statement of the other services performed by an external auditor other than the Company's auditor in 2023 (if any)	Refer to table below

RAI has issued an unqualified audit opinion with respect to Yahsat's audited consolidated financial statements for the year 2023. Furthermore, RAI issued an unqualified opinion regarding its review of each of Yahsat's quarterly and half-year financial statements during 2023.

(ii) Other Services Performed by an External Auditor Other Than the Company's External Auditor in 2023

The fees paid/payable for services by audit firms other than the Company's external auditor in 2023 amounted to AED 1,857,362. These fees were against assurance and advisory services for the Group. The audit firms which delivered these services were:

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

Internal Control and Risk Management

(i) Risk and Controls Systems

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

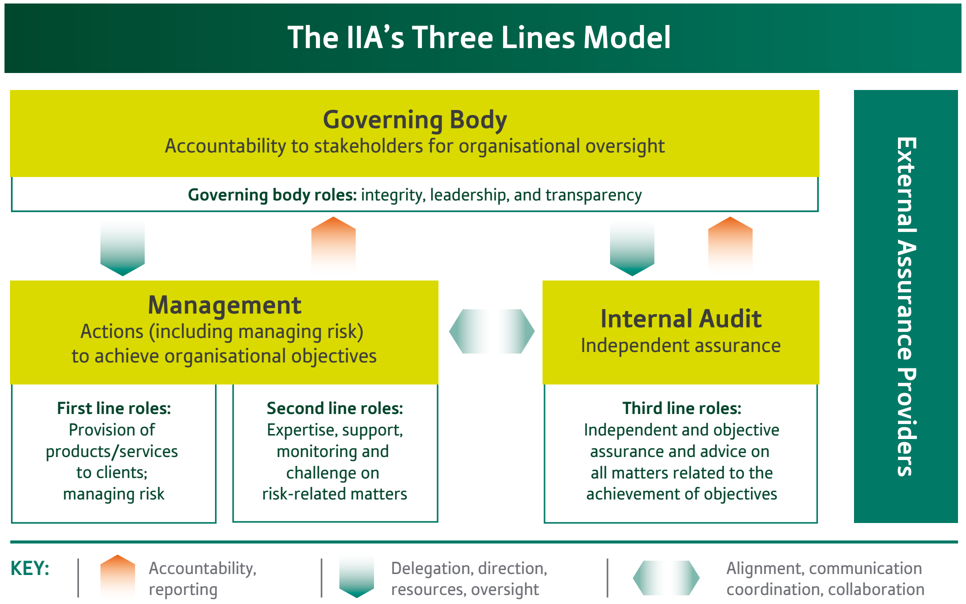
The deployment of effective risk management and internal control is a key success factor towards realising Yahsat's strategic objectives. Therefore, Yahsat has implemented an integrated risk management and internal control approach. The underlying methodology is based on relevant principles set forth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

(ii) Risk and Controls Approach

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

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

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



(iii) Risk and Controls Organisation

a. Risk Management and Internal Control (Second line)

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

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

Corporate Governance Report continued

Internal Control and Risk Management continued

(iii) Risk and Controls Organisation continued

b. Ethics and Compliance (Second line)

The primary responsibility of the Yahsat Ethics and Compliance (E&C) function is to ensure adherence to the Yahsat Code of Ethics, compliance with relevant laws, regulatory requirements, policies, and procedures. Additionally, it aims to enhance Yahsat's operations and activities by adding value. The E&C function plays a key role in developing and supporting all facets of the Yahsat Group Ethics and Compliance programme. It regularly provides reports to the ARCC on compliance and integrity in the day-to-day operations of Yahsat. For more details on the Yahsat E&C function, its activities, and achievements, please refer to the "Ethics and Compliance" section.

c. Internal Audit (Third line)

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

The Internal Audit function is governed by adherence to the Institute of Internal Auditors' mandatory guidance, including definition of Internal Audit, Code of Ethics and International Standards for the Professional Practice of Internal Audit (Standards, IPPF). Its activities are conducted in a manner based on a continuous evaluation of perceived business risks and has full and unrestricted access to all activities, documents, records, properties and staff. The Internal Audit Department has issued 10 Internal Audit reports and the Internal Audit plan for 2023 to the ARCC during 2023.

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

(iv) Risk and Controls Framework

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

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

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

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

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

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

(v) Risk and Controls Enhancements

Yahsat continuously strives to strengthen and enhance its risk management, internal control and compliance practices. In 2023, the following activities were performed and enhancements made:

- Regular, periodic reporting to the ARCC on main uncertainties/threat with regards to strategic priorities
- Quality assurance over the ICOFR framework
- Specific risk assessments to support management decision-making
- Assessment of compliance with SCA Corporate Governance Guide, as a result, relevant corporate policies were updated or drafted and implemented (as appropriate)
- Updated the Yahsat ERM framework (overarching risk management at Yahsat) to reflect latest requirements of the organisation
- Training and awareness of Yahsat Group employees on several risk and compliance topics, including but not limited to fraud, information security, Code of Ethics, trading Yahsat shares and disclosure requirements
- Continuous and ongoing monitoring of the external compliance requirements and non-compliances were proactively highlighted through various compliance activities
- Company-wide Compliance trainings conducted to build upon the Group's 'ethics and compliance oriented' culture
- Updated the Yahsat Internal Audit manual to further align and clarify compliance with IPPF standards and ADAA regulations.

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

(vi) Violations

During 2023, Yahsat has not been subject to any material fines or penalties imposed by any government instrumentality, statutory authority or regulator. Additionally, no significant issues were identified with respect to non-compliance with rules or regulations compliance and internal controls.

Heads of Risk and Controls Departments

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

Michael Dhassiah – *Vice President Internal Audit and Risk Management*

Mr. Dhassiah, was appointed by the Board in February 2023, to head both the Internal Audit and the Risk Management and Internal Control function. He has over 17 years of professional experience in the fields of internal audit, technology audit, risk management, internal control, process improvement and investigations in the satellite communication, public transport, aviation, energy, and hospitality industries. He began his career as an IT auditor, working at one of the 'Big 4' accountancy firms, PwC UAE. He holds a bachelor's degree in Electronics and Communications Engineering from the Anna University in India. He is a Certified Information Systems Auditor (ISACA), and a Cybersecurity Auditor Certificate holder (ISACA). As a head of Internal Audit, he is responsible for the internal audit strategy, completion of the annual internal audit plan to provide assurance on the 'in control' situation of Yahsat. His Risk Management and Internal Control responsibilities include the ongoing implementation and enhancement of Yahsat's RMIC Framework.

Clint de Barros – *Compliance Officer*

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

Ethics and Compliance

(i) Introduction

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

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

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

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

Corporate Governance Report continued

Ethics and Compliance continued

(ii) The Yahsat Code of Ethics

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

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

(iii) The Yahsat E&C Office

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

a. Primary Functions of the E&C Office

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

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

b. E&C Charter

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

a. ***Planning:***
   Developing an annual E&C programme plan that reflects the Group's unique characteristics (including an annual employee engagement plan, training, budgeting, risk management, etc.)
b. ***Policy Procedure and Control Development:***
   I. Development of E&C Policies and Procedures as well as design and implementation of associated controls
   II. Reviewing the E&C programme plan periodically in light of any changes
   III. Working in partnership with the Yahsat Internal Audit team to establish policies and programmes that encourage employees of all levels to report suspected fraud and other inappropriate business conduct. The identification and prevention of fraud is the responsibility of management
c. ***Monitoring***
   I. Monitoring compliance with the Code of Ethics and incidental policies
   II. Administering and monitoring the E&C programme
   III. Coordinating internal E&C audit and oversight activities, including periodic reviews of departments. Working in partnership with the Yahsat Internal Audit team on audits with scopes relevant to E&C
   IV. Monitoring, reviewing and approving disclosures as follows:
      i. Conflicts of Interest: Management of Conflicts of Interest disclosures by Board members and employees
      ii. Gifts Entertainment and Hospitality: Assessing and, where appropriate, granting approvals for the receiving or providing of gifts or entertainment in relation to external parties
      iii. Sponsorships: Assessing and, where appropriate, granting approvals for the receiving or providing of sponsorships in relation to external parties

d. Risk Assessment:
   I. Carrying out annual E&C risk assessments in conjunction with the Risk Management Officer
   II. Providing strategic advice and guidance to the Group's management regarding E&C matters
   III. Coordination of efforts related to audits, reviews and checks

e. Training:
   I. Carrying out general E&C training on an annual basis, and as required on an ad hoc basis
   II. Providing guidance, training and/or educational programmes to improve the Group's understanding of relevant laws and statutory requirements
   III. Determining the necessary level of knowledge regarding the existing and potential regulatory compliance requirements of the Group

f. Reporting:
   I. Preparing clear and concise E&C reports to the ARCC and the Company's Board of Directors
   II. Providing quarterly reports and annual reports to the ARCC and other stakeholders
   III. Communicating with regulatory authorities on E&C matters

g. Investigations:
   Initiating, leading or assigning independent investigations based on E&C related issues (including cases of potential fraud) in response to reports made to the E&C Office or as otherwise mandated by management or other functions (e.g., Internal Audit, Enterprise Security, or Human Capital), as appropriate

h. Policy updates:
   Undertaking (or, overseeing) policy updates or improvements based on changes in laws or regulations advised by the legal department, as an outcome of audit recommendations or ARCC recommendations or to address gaps identified in any policies or any incidents that occur.

(iv) Reporting Externally

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

(v) Investigation Reports

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

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

(vi) Activities Carried out by the E&C Office in 2023

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

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

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

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

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

The E&C Office has an independent helpline dedicated to receiving any concerns that employees might have, or to facilitate the reporting of any matters of concern. In addition to this, there is a dedicated email address through which employees can raise concerns or seek clarifications. An external-facing email address has also been set up, to enable external parties or business partners to raise any concerns.

Disclosures play a vital role in bringing to light and resolving issues that could pose a threat to individuals, organisations, or the general public. In November 2023, Yahsat introduced "Yahsat Voice", a third-party-managed whistleblowing portal. This platform aims to provide a secure and confidential channel for individuals to report any concerns, misconduct, or unethical behaviour occurring within Yahsat. It serves as a medium where employees, stakeholders, or external parties can share information regarding activities that may be detrimental, in violation of rules, or inconsistent with Yahsat's values. Yahsat Voice's primary objectives include promoting transparency, accountability, and ethical behaviour within the organisation. By offering a secure and anonymous avenue for individuals to voice their concerns, Yahsat Voice facilitates the early identification and resolution of issues, cultivating a culture of integrity and ensuring that problems are addressed in a just and responsible manner.

Employees report concerns and request approval for gifts, entertainment, sponsorships, conflicts of interest, etc., effortlessly and seamlessly through its E&C mobile application.

Corporate Governance Report continued

Ethics and Compliance continued

(vi) Activities Carried out by the E&C Office in 2023 continued

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

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

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

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

(vii) Export Control and Sanctions Compliance

Under the oversight and guidance of the General Counsel, the Head of E&C also plays a crucial role in supporting the Export Control and Sanctions Compliance initiatives within the Group. The Export Control and Sanctions Compliance Office is supported by a network of champions strategically positioned across key departments within the organisation. Export Control champions, well-versed in various aspects of export control and sanctions, provide assistance to team members in ensuring adherence to regulatory requirements in their daily tasks. This includes tasks such as preparing technology control plans, ensuring the secure transfer and storage of physical and electronic control technology, classifying technology, identifying export classification codes, and determining the permissible destinations for products.

Additionally, Screening Champions, trained to use screening software effectively, are strategically embedded in the organisation to ensure comprehensive screening of all business partners. This measure aims to eliminate the risk of any Yahsat Group member inadvertently engaging with a sanctioned individual or entity.

While all staff members are required to undergo general Export Control and Sanctions Awareness training through an e-learning module, a more detailed training session is conducted for a specific group of employees. This training, facilitated by an external law firm, is tailored for individuals dealing with technology and operating in sensitive jurisdictions. The goal is to ensure that they possess a heightened awareness of the risks, red flags, obligations, and controls relevant to their daily responsibilities. The recording of this specialised training, along with the Group's Export Control and Sanctions Compliance Policy and Procedure manual, is accessible to all staff at all times through the Group's intranet.

Related Party Transactions

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

The Company did not conduct any transactions with Related Parties in the year 2023, according to the provisions governing transactions and Related Parties stipulated under the SCA Corporate Governance Guide, which is the authoritative text from a UAE-listed company perspective and pursuant to the UAE Companies Law.

Gender Diversity

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

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

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

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

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

At the beginning of 2023 until the end of the year, the number of female Directors amounted to 11% (1 out of 9). The Company's senior management includes one female at C-Level, the Chief Human Capital Officer, Muna AlMheiri.

Health and Safety

The Corporate Governance of Health, Safety and Environment (HSE) at Yahsat is the process by which the board seeks to secure adequate direction and oversight of HSE. This includes the activity of the board and its supporting committees. It is common understanding that the relationship between board members and senior management of safety leadership at Yahsat led by the Chief Executive Officer and followed by the Chief Operations Officer; provides the structure through which the vision and commitment to safety is set, the means of attaining safety objectives are agreed, the framework for monitoring performance is established; and compliance with legislation is ensured.

2023 was a successful year for Health and Safety in this context considering Yahsat was evolving dynamically internally which came with its own set of challenges and HSE was up to the challenge by achieving 100% on their Key Performance Indicators (KPI). Some of the achievements on Corporate Governance are highlighted below:

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

Investor Relations – Engagement with Shareholders

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

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

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

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

Corporate Governance Report continued

Investor Relations – Engagement with Shareholders continued

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

Investor Relations Contact:
Investor Relations Department
Al Yah Satellite Communications Company PJSC
Yahsat HQ, Sweihan Road
P. O. Box No. 93693
Abu Dhabi, United Arab Emirates
Email: ir@yahsat.ae

Engagement with Regulatory Bodies

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

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

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

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

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

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

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

Violations – No member of the Group has been notified of any material violations of the regulations promulgated by the above regulatory bodies, and no fines or other sanctions have been imposed in 2023.

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

The Company did not conduct any transactions with Related Parties in the year 2023, according to the provisions governing transactions and Related Parties stipulated under the SCA Corporate Governance Guide, which is the authoritative text from a UAE-listed company perspective and pursuant to the UAE Companies Law.

Statement of Other Significant Events

Merger of Yahsat with Bayanat

On 19 December 2023, Bayanat and Yahsat announced that they had agreed the terms of a proposed merger between Bayanat and Yahsat (the "Merger"). On 18 December 2023, the Boards of Directors of Bayanat and Yahsat unanimously voted to recommend the merger to their respective shareholders.

Innovative Projects and Initiatives (undertaken or under development in 2023)

In 2023, Yahsat initiated an Incubator Programme aimed at fostering innovation at all levels within the organisation. We welcome ideas of various sizes that hold the potential to significantly impact Yahsat's revenue and/or contribute to cost-saving opportunities having an impact on environment, social and governance factors. The assessment of ideas is based on several key criteria, including concept elaboration, creativity, feasibility, and the ability to deliver measurable financial benefits. Selected ideas or proposals will be announced semi-annually following approval by the Nomination and Remuneration Committee (NRC). Exceptional contributions made by successful ideas and projects will be duly recognised and rewarded by Yahsat.

In 2023, Yahsat initiated a strategic effort to merge its Network Operations Centres (NOC) into one Global Operations Centre, aiming to significantly enhance the management and support of various satellite communication services, such as Thuraya Mobile, YahClick Broadband, Managed Enterprise Solutions, and Capacity Lease Services. This consolidation offers numerous advantages, particularly in terms of operational efficiency and cost-effectiveness. By centralising operations, Yahsat has realised substantial savings in operating expenses and boosted the effectiveness of support teams, which now operate from a single location. Additionally, this integration promotes employee well-being through flexible scheduling, as teams are trained across different network operations. Furthermore, it fosters a collaborative work environment, bringing together employees with diverse skill sets in satellite operations. This synergy streamlines processes and enriches the collective expertise of the workforce, aligning with Yahsat's commitment to delivering top-tier satellite communication services.

Contracts Awarded & Agreements

In 2023, Yahsat was awarded a satellite capacity and managed services mandate valued at AED 18.7 billion (US$ 5.1 billion) by the UAE Government. This mandate combines related operations, maintenance and technology management services of ground segment satellite systems and terminals currently provided under a separate contract.

Contributions to the Development of Local Communities and to Environmental Protection

The Yahsat CSR Strategy Framework consists of five key CSR Goals with strategic objectives and community and environmental projects were implemented under these five Goals as follows:

a. **CSR Goal 1 – Connect Communities**
In 2023, Yahsat continued to enhance global access to communications, particularly focusing on underserved communities in remote areas, notably through partnerships in South Sudan with Gate for Technologies Co. Ltd (G4T) and in Nigeria with NIGCOMSAT. Additionally, the "Yahsat Digital Inclusion Programme" initiative progressed, focusing on enhancing the education of children in government schools across Rwanda, Zimbabwe, Ghana, and South Africa by providing e-learning solutions.

b. **CSR Goal 2 – Solve Societal Challenges**
Yahsat, in partnership with Supernet Ltd., provided satellite modems for telemedicine services in Pakistan. This project connected Telemedicine Satellite Centers to Karachi Civil Hospital, offering high-speed IP connectivity for remote healthcare clinics, contributing to a reduction in child mortality rates in Pakistan.

c. **CSR Goal 3 – Empower Individuals**
In 2023, Yahsat, as part of its "Yahsat Save Lives" programme and as a signatory to the United Nations Crisis Connectivity Charter has supported the lives of 436 people in distress across Europe, the Middle East and Asia.

To celebrate World Space Week 2023, Yahsat provided free online training on satellite communications to empower communities with skills to deploy and operate satellite-enabled critical communications solutions. Yahsat also supported local communities by educating youth on the space industry in partnership with Abu Dhabi University covering trending technologies and the latest developments in the global space and satellite sector.

Yahsat extended Satellite Communication (Satcom) Training to underprivileged communities in Africa and Southwest Asia, aiming to spread crucial knowledge and awareness about satellite telecommunications. This educational initiative was structured to provide fundamental theoretical understanding and practical skills, enabling participants to effectively operate and maintain satellite terminals. Targeting these neglected and underserved areas, the programme addresses significant gaps in local expertise and infrastructure, particularly where satellite services are becoming increasingly essential for various applications such as telecommunications, internet access, and emergency communications.

d. **CSR Goal 4 – Engage Employees**
Yahsat organised its first mangroves plantation activity to encourage employee engagement in corporate volunteering activities to make a difference in communities and society. More than 33 employees with their family members planted mangrove trees and contributed 165 volunteering hours to support biodiversity conservation.

e. **CSR Goal 5 – Protect Environment**
As the host country for COP28, the UAE saw Yahsat play a crucial role by exhibiting its SpaceTech-based climate solutions. Yahsat's senior management proactively shared industry expertise in eight COP28 sessions, demonstrating technologically-advanced SpaceTech solutions to accelerate climate actions.

Yahsat provided senior representative secondment during COP28 to provide a platform for the space industry sector for the first time at COP28. Yahsat also signed a strategic collaboration with GHGSAT and ADNOC aimed at reducing methane emissions from the global energy sector which was recognised at COP28 as a flagship 'lighthouse project'.

Yahsat's Group-wide HSE Management System Manual encapsulates environmental management system (ADX E7.1) aspects which are under the control of Yahsat, and it is applicable to all the employees, contractors and others who are engaged to carry out work for Yahsat. Yahsat's ESG Policy also complements its HSE Management System Manual and reinforces its commitment to the environment by focusing on areas such as optimising natural resource consumption, promoting reuse of materials, decreasing energy consumption, increasing recycling rates, and reducing the generation of waste and wastewater.

Corporate Governance Report continued

Contributions to the Development of Local Communities and to Environmental Protection continued

e. **CSR Goal 5 – Protect Environment** continued

To address wastewater from our operations, we installed a sewage treatment plant at our Headquarters in Abu Dhabi. This installation is projected to conserve around 4 Mega Litres of water annually, along with an estimated annual operational cost saving of AED 114,920. Additionally, the initiative is expected to eliminate 13,250 kilometres of tanker transportation annually, consequently preventing approximately 173 tonnes of CO_2 emissions each year related to sewerage transport. In 2023, the volume of wastewater generated from our operations reduced by 3% as compared to 2022. We expect to recycle and reclaim wastewater from our operations with the help of a sewage treatment plant for future years.

In 2023, Yahsat undertook some key projects and initiatives to manage its energy use:
- Installed 22 electric vehicle charging stations across Yahsat assets aimed at reducing the emissions in the employee commute category within the Scope 3 emissions.
- Converted all external/outdoor lighting to energy efficient LEDs aiming to reduce energy usage.
- In 2023, the Yahsat IT team supported various ESG related projects such as IT equipment reuse and recycling, idle workstation shutdown, paperless working environment, and e-business cards. In the Africa data centre, we optimised and decommissioned all the unused equipment thereby reducing almost 86.51% energy in 2023 as compared to 2022. Similarly, we were also able to reduce 5.32% energy consumption in European gateways by powering down all the equipment that was not in production.

Yahsat, in partnership with a social enterprise, successfully planted 500 mangroves as part of our commitment to environmental sustainability and to support the UAE's pledge to plant 100 million mangroves by 2030, reduce carbon emissions and support biodiversity conservation.

Yahsat also assisted Kazakhstan Agency of Applied Ecology (KAPE) in Kazakhstan by providing voice and data services for sea-to-shore communication, supporting environmental surveys and the examination of fish stocks contributing significantly to the monitoring and protection of the Caspian Sea ecosystem.

Sustainability Awards and Accolades

In 2023, Yahsat was recognised for its commitment to sustainability, innovation and social good. Yahsat successfully implemented ESG strategies, policies, programmes and practices across its business operations. Yahsat's strong ESG performance resulted in achieving the MSCI ESG "AA" Leader rating.

The Company was listed in Forbes Middle East's Top 100 Sustainability Leaders, highlighting Group CEO Mr. Ali Al Hashemi's advocacy for sustainability in the SpaceTech sector. Yahsat won the Fast Company Middle East's Most Innovative Company Awards 2023 in the Social Good category, acknowledging its dedication to providing satellite-enabled solutions for sustainability and climate change challenges.

Additionally, Yahsat won Mobile Satellite Users Association's (MSUA) 2023 Mobility Satellite Innovation Award in the Land Innovation category for the Thuraya Push-To-Talk solution from its mobility arm, Thuraya.

Yahsat notably advanced women's empowerment in its workforce, demonstrated by increasing female representation in both technological and leadership capacities. This commitment was further highlighted by Yahsat's Human Capital Department receiving the prestigious Women Empowerment Award at the GCC GOV HR Awards 2023.

Yahsat was also recognised with the most coveted 2023 Future Workplace Award for the 'Best Employer of the Year'.

Emiratisation

Yahsat has consistently maintained Emiratisation targets as part of its corporate KPIs, in line with its commitment to the development of UAE national talent and capability, and in accordance with the UAE Government decrees promulgated by the Executive Council of Abu Dhabi to all government and semi-government companies in the UAE. The broad aim of the national Emiratisation agenda is to reduce unemployment among UAE nationals and to increase the competency levels of the UAE national workforce. Pursuant to these decrees, government and semi-government companies are required to create Emiratisation sections that specialise in executing the UAE National employee development strategy, and Emiratisation statistics and programmes are monitored by the Human Resource Authority on a quarterly basis. Yahsat has always strongly supported this cause and the proportion of the full time workforce at both Yahsat and Thuraya (combined) stood at 52% as at 31 December 2023.

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

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

Annual General Meeting 2023

The Annual General Meeting (AGM) of the Company on 11 April 2023 was Yahsat's second general meeting of the shareholders as a listed company. The Agenda included the following:

1. Consider and approve the Board of Directors' report on the Company's activity and its financial position for the financial year ended 31 December 2022.

2. Consider and approve the auditor's report for the financial year ended 31 December 2022.
3. Consider and approve the Company's balance sheet and profit and loss account for the financial year ended 31 December 2022.
4. Consider and approve the Board of Directors' recommendation to distribute a final cash dividend in the amount of AED 196,645,484 (8.06 fils per share) and to approve the interim dividends declared on 21 September 2022, bringing the total cash dividend for the financial year ended 31 December 2022 to AED 393,290,968 (16.12 fils per share).
5. Approve the Board of Directors' remuneration for the financial year ended 31 December 2022.
6. Discharge the members of the Board of Directors from liability for the financial year ended 31 December 2022 or dismiss them and file claim against them.
7. Consider and approve the auditors' additional fees for the financial year ended 31 December 2022.
8. Discharge the auditors from the liability for the financial year ended 31 December 2022 or dismiss them and file claim against them.
9. Appoint the auditors for the financial year 2023 and determine their fees.

All resolutions presented to Yahsat's AGM were passed by majority of the shares represented at the meeting. These included the approval of the Company's financial statements, the auditor's report, the appointment of the Company's external auditor for the year beginning 1 January 2023 and the auditor's fees, the release of the Board and the auditors of any responsibility or liability for any claims that may arise in respect of the financial year ended 31 December 2022, distribution of cash dividend, Board of Directors' Remuneration Policy issued pursuant to the Chairman of the Authority's Board of Directors' Decision no. (3/R.M) of 2020 concerning the Approval of Joint Stock Companies Governance Guide and amend the Company's dividend policy.

The Annual General Meeting (AGM) of the Company in April 2024 will be Yahsat's third general meeting of the shareholders as a listed company.

General Information Regarding the Company's Shares

As at 31 December 2023, Yahsat had an issued share capital of AED 2,439,770,265 divided into 2,439,770,265 shares of AED 1.00 each. All of these shares have been admitted to trading on the Abu Dhabi Securities Exchange, ADX, since 14 July 2021.

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

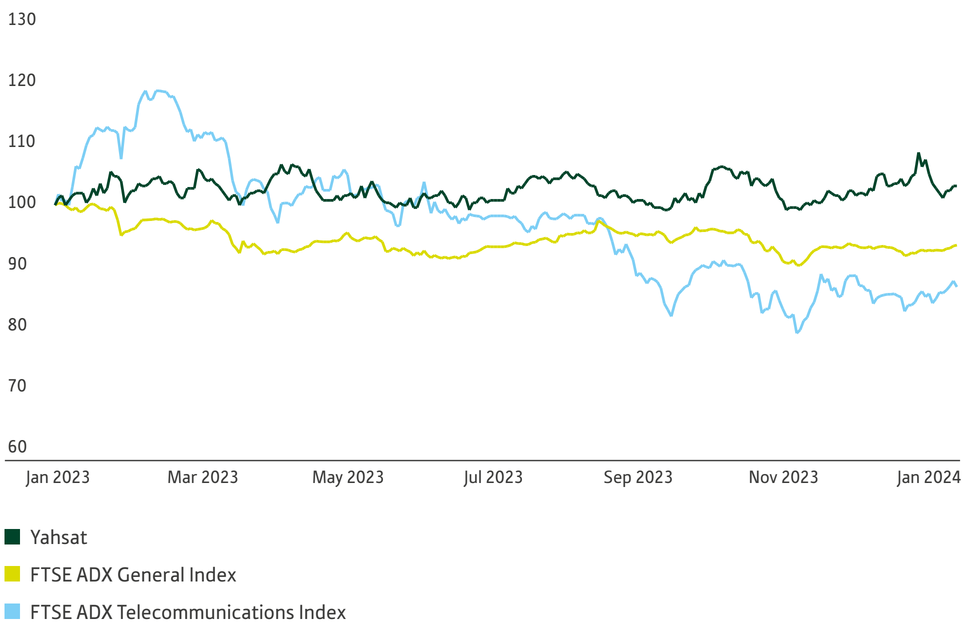
From 20 December 2021, the Company's shares were also added to the FTSE UAE Small Cap Index. By virtue of being a constituent of the FTSE UAE Small Cap Index, Yahsat has also been added to the FTSE Global Small Cap Index, FTSE Global All Cap Index, FTSE Middle East & Africa Small Cap Index, FTSE Middle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

(i) Share Price Evolution During 2023

The following table sets forth the share price evolution on a monthly basis during 2023 (shown in AED per share). Changes in Yahsat's share price result from a range of factors, some of which are attributable or related to Yahsat and others that are external in nature, unrelated to the Company:

Month (2023)	Highest closing	Lowest closing	Closing price
January	2.67	2.53	2.57
February	2.68	2.56	2.68
March	2.67	2.53	2.66
April	2.7	2.55	2.57
May	2.63	2.52	2.56
June	2.59	2.51	2.55
July	2.67	2.58	2.66
August	2.65	2.52	2.52
September	2.69	2.51	2.68
October	2.67	2.51	2.54
November	2.66	2.53	2.66
December	2.75	2.56	2.61

The below graph shows Yahsat's share price performance comparative to the ADX Index and ADX Telecommunication Sector Index during 2023.



Corporate Governance Report continued

General Information Regarding the Company's Shares continued

(ii) Share Ownership Distribution as at 31 December 2023

The following table sets out the distribution of Yahsat's shares among certain disclosed demographics of shareholder, as at 31 December 2023:

	Percentage of Shares Held			
Shareholder category	Individuals	Corporate	Government	Total
UAE	10.5%	74.2%	5.5%	90.2%
GCC	0.4%	1.2%	–	1.6%
Arab	0.5%	0.0%	–	0.6%
Foreign	0.4%	7.2%	–	7.6%
Total	**11.8%**	**82.7%**	**5.5%**	**100.0%**

(iii) Shareholders Holding 5% or More as at 31 December 2023 Unchanged

The table below shows the shareholders holding 5% or more of the Company's shares and the percentage of their shareholdings in 2023:

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

(iv) Statement of Distribution of Equity According to Size of Holding as at 31 December 2023

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

Shareholding	Number of Shareholders	Total Number of Shares Held	Shareholding Percentage
Less than 50,000	1,771	17,773,425	0.73%
50,000 to 500,000	475	80,245,212	3.29%
500,001 to 5,000,000	146	241,025,180	9.88%
5,000,001 or more	38	2,100,726,448	86.10%
Total	**2,430**	**2,439,770,265**	**100.00%**

Signature and Official Stamp:

Chairman of Yahsat	Signature of Chairman of the Audit, Risk and Compliance Committee	Signature of Chairman of the Nomination and Remuneration Committee	Signature of the Head of Internal Audit

Date: March 2024

Cautionary statement regarding forward-looking statements

This Annual Report contains "forward-looking statements" with respect to the Group's financial condition, results of operations and businesses and certain of the Group's plans and objectives. In particular, such forward-looking statements include, but are not limited to, statements with respect to: growth projections relating to the industry or segments thereof over specified periods; competitive positioning and growth potential; expectations of the Group's future financial condition, performance or results of operations (including stated financial guidance); the Group's contracted future revenues; ability to secure new revenue opportunities (currently identifiable or otherwise); potential for diversification; financial ability to pursue future opportunities; expected date of commencement of commercial operations on new missions; ability to deliver anticipated new products and services that will meet or exceed expectations and stimulate demand; factors expected to stimulate demand or uptake; future prospects of certain technologies and solutions; price evolution of products and services; the characteristics of, and ability to deliver against, our progressive dividend policy.

Forward-looking statements are sometimes, but not always, identified by their use of a timeframe or date in the future or such words as "will", "anticipates", "positioned", "set to", "set for", "poised", "expects", "believes", "intends" (including in their negative form or other variations). By their nature, forward-looking statements are inherently predictive, speculative and involve risk and uncertainty because they relate to events and depend on circumstances that may or may not occur in the future. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements.

Corporate Governance Report continued

Cautionary statement regarding forward-looking statements continued

These factors include, but are not limited to, the following: general economic and political conditions of the jurisdictions in which the Group operates; changes to legal, regulatory and tax environments; lower than expected rates of industry investment and growth; increased competition; levels of investment and the Group's ability to deploy new technologies, products and services; the (in)ability of new products and services to perform in accordance with expectations; changes in strategy and presentation of unanticipated opportunities; the Group's ability to generate and grow revenue; a lower than expected impact of new or existing products, services or technologies on the industry as a whole and the Group's competitive positioning, future revenue, cost structure and capex; slower than expected customer growth, reduced customer retention, reductions or changes in customer spending and increased pricing pressure; delay or default in payment from contract counterparties; the Group's ability to secure timely performance or delivery from suppliers; loss of suppliers, disruption of supply chains and changes in prices of hardware components, network hardware, and satellite communications equipment; failure to meet agreed service levels or targeted delivery or deployment dates due to unforeseen and unprovided circumstances; the impact of a failure or significant interruption to the Group's satellites, ground networks or IT systems; the Group's ability to secure, or realise expected benefits from, partnerships, joint ventures, or other arrangements with third parties; the extent of any future write-downs or impairment charges; developments in the Group's financial condition, earnings, capex requirements and distributable funds and other factors that the Board takes into account in determining the level of dividends; the Group's ability to satisfy working capital requirements; changes in foreign exchange rates; changes in the regulatory framework in which the Group operates; the impact of legal or other proceedings against the Group.

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

Financial Statements

Yahsat delivered a resounding financial performance during 2023 by delivering record revenues and achieving new benchmarks for adjusted EBITDA, net income and cash flow. Our financial position has never been stronger, with a record US$ 6.8 billion backlog, underpinned by a historic US$ 5.1 billion mandate awarded by the UAE Government.

Board of Directors' Report

31 December 2023

The Directors have pleasure in presenting their report, together with the audited consolidated financial statements of Al Yah Satellite Communications Company PJSC (the "Company") and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2023.

Principal activities

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

Results for the year

For the year ended 31 December 2023, the Group reported revenue of $456,738 thousand (2022: $432,540 thousand) and profit for the year attributable to the shareholders of $110,368 thousand (2022: $65,564 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 22 of the consolidated financial statements.

Directors

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

Independent Auditors

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

On behalf of the Board of Directors

Chairman of the Board
Musabbeh Al Kaabi

Date: 4 March 2024

Independent Auditor's Report

To: The Shareholders of Al Yah Satellite Communications Company PJSC

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Al Yah Satellite Communications Company PJSC (the "Company") and its subsidiaries (together referred to as the "Group"), which comprise the consolidated statement of financial position as at 31 December 2023, 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 then ended, 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 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (referred to as the "ISA") and the applicable additional audit requirements to ISA issued by the Abu Dhabi Accountability Authority Chairman's Resolution Number (88) of 2021 pertaining to Standards on Auditing Financial Statements of Entities Subject to Abu Dhabi Accountability Authority (referred to as "Additional Audit Requirements of Abu Dhabi Accountability Authority"). 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' International Code of Ethics for Professional Accountants (including International Independence Standards) (the "IESBA Code") together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the United Arab Emirates, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Revenue Recognition

See Note 5 to the consolidated financial statements.

The key audit matter	How the matter was addressed in our audit
The Group reported revenue of US$ 456.7 million during the year ended 31 December 2023. We considered this as a key audit matter as revenue recognition involves the exercise of several key judgements and estimates around: • identification of performance obligations that the Group has in its contracts with customers; • timing of satisfaction of those performance obligations; • identification of the lease and non-lease components in revenue contracts and classification of leases; and • recognising revenue in accordance with the provisions of relevant accounting standards. Further, the Group heavily relies on multiple information technology ("IT") tools and systems, reflecting a high volume and complexity of the Group's mobility and data solutions revenue transactions that warrant additional audit focus. We also identified that revenue is highly susceptible to management override through inappropriate manual journal entries as revenue is a key indicator of performance.	Our audit procedures included a combination of internal controls testing and substantive testing which included, amongst others, those described below: • We obtained an understanding and performed end-to-end walkthroughs of the finance and operational processes surrounding the revenue cycle to identify key IT systems and applications, automated and manual controls that are relevant to revenue recognition, including management's revenue assurance reconciliations reports; • We evaluated the design and implementation and tested the operating effectiveness of the identified controls to obtain sufficient appropriate audit evidence that these operated effectively throughout the year as intended. We also 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; • On a sample basis, we have assessed the revenue contracts to identify the performance obligations of the Group under these contracts and assessed whether these performance obligations are satisfied over time or at a point in time based on the criteria specified in the relevant accounting standard. We also assessed, on a sample basis, whether revenue recognised during the year agrees with underlying revenue contracts; • We undertook analytical reviews and performed substantive analytical procedures on key revenue streams; • On a sample basis, we evaluated the lease and non-lease elements included in infrastructure contracts in accordance with the relevant accounting standards; • On a sample basis, we tested supporting evidence for journal entries relating to revenue recognised during the year based on identified risk criteria; and • We assessed whether the disclosures to the consolidated financial statements are adequate and consistent with the requirements of relevant accounting standards.

Independent Auditor's Report continued

To: The Shareholders of Al Yah Satellite Communications Company PJSC

Impairment of non-financial assets

See Notes 3 and 19 to the consolidated financial statements.

The key audit matter	How the matter was addressed in our audit
As at 31 December 2023, the carrying value of the Group's non-financial assets amounted to US$ 1,213 million, which represented 61% of the Group's total assets as of that date. The Group performs impairment assessment of non-financial assets in accordance with relevant accounting standards if there are triggers for an impairment. Such assessments consider the recoverability of these assets by comparing their respective estimated fair value with carrying amounts. The recoverable amount might be impacted by events that may or may not be under the Group's control and is also dependent on the remaining useful life of the non-financial assets, particularly satellites. Computing the recoverable amount involves significant judgements and assumptions, including assumptions around the current and future market or economic conditions in the various geographies that the Group has operations, forecast cash flows and appropriateness of the discount rate. Given the significance of these non-financial assets and the significant level of estimation and judgements involved in assessing their recoverability, impairment of non-financial assets has been considered as a key audit matter.	Our audit procedures included a combination of internal controls testing and substantive testing which included, amongst others, those described below: • We obtained an understanding of the impairment assessment process, including assessment of triggering events, and identified key controls that are relevant to impairment assessment process; • We evaluated the design and implementation of controls over the Group's impairment assessment process; • We assessed the appropriateness of the Group's methodology in identification of Cash-generating units ("CGUs") given our understanding of its operating and business structure, and the reasonableness of evaluation of impairment indicators performed by the management; • We held discussions with management about any health issues pertaining to satellites of respective CGUs and evaluated their impact on the satellites' capabilities to generate future cash inflows; • We assessed the methodology used by management to determine the recoverable amount of the CGUs and compared with the requirements of relevant accounting standard. We also tested the arithmetical accuracy and logical integrity of the underlying calculations in the impairment models; • We tested the reasonableness of the business plans prepared by management or approved by the Board of Directors by comparing these to the CGUs' actual results and performance against budgets and undertaking a retrospective review of the estimate in the prior period; • We engaged our valuation expert to test the reasonableness of the key assumptions underpinning the valuation of the respective CGUs, including the discount and terminal growth rates; and • We assessed whether the disclosures in the consolidated financial statements are adequate and consistent with the requirements of relevant accounting standards.

Other Matter

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

Other Information

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed 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 read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions in accordance with ISA.

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 and in compliance with the applicable provisions of the UAE Federal Decree Law No. 32 of 2021, 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 ISA and Additional Audit Requirements of Abu Dhabi Accountability Authority will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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

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

Independent Auditor's Report continued

To: The Shareholders of Al Yah Satellite Communications Company PJSC

Report on Other Legal and Regulatory Requirements

Further, as required by the UAE Federal Decree Law No. 32 of 2021, we report that:

i) we have obtained all the information and explanations we considered necessary for the purposes of our audit;
ii) the consolidated financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Decree Law No. 32 of 2021 and the Company's Articles of Association;
iii) the Group has maintained proper books of account;
iv) the financial information included in the Board of Directors' report, in so far as it relates to these consolidated financial statements, is consistent with the books of account of the Group;
v) as disclosed in Note 20 to the consolidated financial statements, the Group has purchased shares during the year ended 31 December 2023;
vi) Note 22 to the consolidated financial statements discloses material related party transactions and the terms under which they were conducted; and
vii) based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Group has contravened during the financial year ended 31 December 2023 any of the applicable provisions of the UAE Federal Decree Law No. 32 of 2021 or in respect of the Company's Articles of Association, which would materially affect its activities or its consolidated financial position as at 31 December 2023.

Further, as required by the Abu Dhabi Accountability Authority's Chairman Resolution No. (88) of 2021 pertaining to Auditing the Financial Statements of Subject Entities, we report that, based on the procedures performed and information provided to us, nothing has come to our attention that causes us to believe that the Company has not complied, in all material respects, with any relevant provisions of the applicable laws, regulations, resolutions and policies, as applicable, which would have a material impact on the consolidated financial statements as at 31 December 2023.

For RAI Audit and Tax Services,

Auditor Name: Ashraf Eradhun
Entry Number: 5446
Date: 4 March 2024
Abu Dhabi, United Arab Emirates

Consolidated statement of profit or loss

for the year ended 31 December 2023

	Notes	2023 $ 000	2022 $ 000
Revenue	5	456,738	432,540
Cost of revenue	6	(56,633)	(48,296)
Staff costs	7	(84,463)	(85,474)
Other operating expenses (1)	8	(53,987)	(44,974)
Other income	9	4,450	3,884
Adjusted EBITDA (2)		266,105	257,680
Depreciation and amortisation	10	(154,512)	(144,471)
Fair value (losses) gains (3)	11	(13,578)	1,584
Operating profit		98,015	114,793
Finance income	12	26,777	8,497
Finance costs	12	(11,499)	(9,595)
Net finance income (costs)		15,278	(1,098)
Share of results of equity-accounted investments (4)	19	(9,914)	(53,303)
Profit before income tax		103,379	60,392
Income tax expense	13	(1,213)	(175)
Profit for the year		102,166	60,217
Loss for the year attributable to non-controlling interests	18	(8,202)	(5,347)
Profit for the year attributable to the Shareholders		110,368	65,564
Earnings per share			
Basic and diluted (cents per share)	37	4.524	2.687

(1) Other operating expenses include expected credit losses on trade receivables and contract assets (refer Note 23). For the year ended 31 December 2023, there was a net charge of expected credit losses of $7,187 thousand (2022: net reversal of $859 thousand).

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

(3) Fair value (losses) gains include fair value changes on other financial assets (refer Note 20) and investment property which is now classified as held for sale (refer Note 25). During the year, a fair value gain of $2,057 thousand was recorded in respect of investment property (2022: $1,584 thousand). Fair value losses of $15,635 thousand were recorded in respect of other financial assets (2022: nil).

(4) Share of results of equity-accounted investments for the prior year include an impairment loss of $40,575 thousand in respect of the Group's investment in HPE Brazil (refer Note 19).

The Notes on pages 124 to 167 form part of these consolidated financial statements.
The auditor's report is set out on pages 115 to 118.

Consolidated statement of comprehensive income

for the year ended 31 December 2023

	Notes	2023 $ 000	2022 $ 000
Profit for the year		**102,166**	60,217
Other comprehensive (loss) income:			
Items that may be reclassified subsequently to profit or loss:			
Cash flow hedge – effective portion of changes in fair value		**6,288**	46,409
Cash flow hedge – gain reclassified to profit or loss	12	**(20,638)**	(3,430)
Foreign operations – currency translation differences		**3,043**	5,300
		(11,307)	48,279
Items that may not be reclassified subsequently to profit or loss:			
Remeasurement of defined benefit obligation	31	**(355)**	1,929
Other comprehensive (loss) income for the year		**(11,662)**	50,208
Total comprehensive income for the year		**90,504**	110,425
Total comprehensive loss attributable to non-controlling interests	18	**(8,291)**	(5,353)
Total comprehensive income attributable to the Shareholders		**98,795**	115,778

The Notes on pages 124 to 167 form part of these consolidated financial statements.
The auditor's report is set out on pages 115 to 118.

Consolidated statement of financial position

at 31 December 2023

	Notes	2023 $ 000	2022 $ 000
Assets			
Property, plant and equipment	14	1,122,699	1,144,224
Investment property	15	–	19,981
Right-of-use assets	16	5,149	5,852
Intangible assets	17	14,840	7,210
Equity-accounted investments	19	49,912	64,054
Trade and other receivables	23	10,610	10,382
Derivative financial instruments	28	22,390	32,214
Other financial assets	20	5,865	2,950
Deferred income tax assets	13	199	132
Total non-current assets		1,231,664	1,286,999
Inventories	21	14,357	7,232
Trade and other receivables	23	139,521	168,259
Derivative financial instruments	28	12,574	17,202
Income tax assets		182	182
Cash and short-term deposits *	24	562,080	544,699
		728,714	737,574
Non-current assets classified as held for sale	25	28,040	–
Total current assets		756,754	737,574
Total assets		1,988,418	2,024,573
Liabilities			
Trade and other payables	26	159,117	171,161
Borrowings	27	62,753	121,077
Deferred revenue	29	24,577	24,809
Income tax liabilities		276	215
Total current liabilities		246,723	317,262
Trade and other payables	26	449,077	367,679
Borrowings	27	377,956	407,251
Defined benefit obligations	31	8,929	9,897
Deferred income tax liabilities	13	965	–
Total non-current liabilities		836,927	784,827
Total liabilities		1,083,650	1,102,089
Net assets		904,768	922,484
Equity			
Share capital	32	664,334	664,334
Hedging reserve	28	34,055	48,405
Statutory reserve	34	30,049	20,929
Translation reserve		(21,255)	(24,353)
Remeasurement reserve		1,580	1,901
Retained earnings		132,947	139,919
Equity attributable to the Shareholders		841,710	851,135
Non-controlling interests	18	63,058	71,349
Total equity		904,768	922,484

* Cash and short term deposits include cash and cash equivalents of $263,698 thousand (31 December 2022: $213,994 thousand).

These consolidated financial statements were authorised for issue by the Board of Directors on 4 March 2024 and approved on their behalf by:

Chairman of the Board
Musabbeh Al Kaabi

Chief Executive Officer
Ali Hashem Al Hashemi

Chief Financial Officer
Andrew Francis Cole

The Notes on pages 124 to 167 form part of these consolidated financial statements.
The auditor's report is set out on pages 115 to 118.

Consolidated statement of changes in equity

for the year ended 31 December 2023

	Attributable to the Shareholders						
	Share capital $ 000 (Note 32)	Hedging reserve $ 000 (Note 28)	Other Reserves [(1)] $ 000	Retained earnings $ 000	Total $ 000	Non-controlling interests $ 000 (Note 18)	Total equity $ 000
At 1 January 2022	**664,334**	**5,426**	**(20,120)**	**191,744**	**841,384**	**76,702**	**918,086**
Profit for the year	–	–	–	65,564	65,564	(5,347)	60,217
Other comprehensive income:							
Currency translation differences	–	–	5,334	–	5,334	(34)	5,300
Cash flow hedge – effective portion of changes in fair value	–	46,409	–	–	46,409	–	46,409
Cash flow hedge – net gain reclassified to profit or loss (Note 12)	–	(3,430)	–	–	(3,430)	–	(3,430)
Remeasurement of defined benefit obligation (Note 31)	–	–	1,901	–	1,901	28	1,929
Other comprehensive income (loss) for the year	**–**	**42,979**	**7,235**	**–**	**50,214**	**(6)**	**50,208**
Total comprehensive income (loss) for the year	**–**	**42,979**	**7,235**	**65,564**	**115,778**	**(5,353)**	**110,425**
Transfer to statutory reserve	–	–	11,362	(11,362)	–	–	–
Transactions with the Shareholders:							
Dividends (Note 33)	–	–	–	(106,027)	(106,027)	–	(106,027)
At 31 December 2022	**664,334**	**48,405**	**(1,523)**	**139,919**	**851,135**	**71,349**	**922,484**
At 1 January 2023	**664,334**	**48,405**	**(1,523)**	**139,919**	**851,135**	**71,349**	**922,484**
Profit for the year	–	–	–	110,368	110,368	(8,202)	102,166
Other comprehensive income:							
Currency translation differences	–	–	3,098	–	3,098	(55)	3,043
Cash flow hedge – effective portion of changes in fair value	–	6,288	–	–	6,288	–	6,288
Cash flow hedge – net gain reclassified to profit or loss (Note 12)	–	(20,638)	–	–	(20,638)	–	(20,638)
Remeasurement of defined benefit obligation (Note 31)	–	–	(321)	–	(321)	(34)	(355)
Other comprehensive (loss) income for the year	**–**	**(14,350)**	**2,777**	**–**	**(11,573)**	**(89)**	**(11,662)**
Total comprehensive (loss) income for the year	**–**	**(14,350)**	**2,777**	**110,368**	**98,795**	**(8,291)**	**90,504**
Transfer to statutory reserve	–	–	9,120	(9,120)	–	–	–
Transactions with the Shareholders:							
Dividends (Note 33)	–	–	–	(108,220)	(108,220)	–	(108,220)
At 31 December 2023	**664,334**	**34,055**	**10,374**	**132,947**	**841,710**	**63,058**	**904,768**

(1) Other reserves include statutory reserve, translation reserve and IAS 19 remeasurement reserve.

The Notes on pages 124 to 167 form part of these consolidated financial statements.
The auditor's report is set out on pages 115 to 118.

Consolidated statement of cash flows

for the year ended 31 December 2023

	Notes	2023 $ 000	2022 $ 000
Operating activities			
Profit before income tax		**103,379**	60,392
Adjustments for:			
Share of results of equity-accounted investments	19	**9,914**	53,303
Depreciation and amortisation	10	**154,512**	144,471
Allowance (reversal of allowance) for expected credit losses	23	**7,187**	(859)
Allowance for inventories	21	**248**	168
Fair value losses (gains)	11	**13,578**	(1,584)
Finance income	12	**(26,777)**	(8,497)
Finance costs	12	**11,499**	9,595
Gain on termination of lease		**–**	(1,548)
Current service cost	31	**1,151**	1,757
Write-off of property, plant and equipment	14	**7**	17
Operating profit before working capital changes		**274,698**	257,215
Working capital changes:			
Trade and other receivables		**3,902**	(19,775)
Inventories		**(6,884)**	(1,537)
Trade and other payables (1)		**63,386**	154,815
Deferred revenue		**(232)**	(2,179)
Payments for defined benefit obligations	31	**(2,924)**	(1,612)
Income tax paid		**(264)**	(121)
Net cash from operating activities		**331,682**	386,806
Investing activities			
Purchases of property, plant and equipment		**(135,251)**	(131,164)
Additions to intangible assets	17	**(6,942)**	(1,006)
Return of investment in an associate	19	**7,501**	4,225
Acquisition of other financial assets	20	**(1,050)**	(2,950)
Receipts of short-term deposits with original maturity of over three months		**659,927**	288,030
Investments in short-term deposits with original maturity of over three months		**(631,435)**	(496,199)
Interest received		**26,696**	8,497
Net cash used in investing activities		**(80,554)**	(330,567)
Financing activities			
Proceeds from term loans	27	**21,438**	61,687
Repayment of term loans	27	**(120,000)**	(60,969)
Payment of lease liabilities	16	**(1,271)**	(4,824)
Interest received (paid), net of derivative settlements		**2,723**	(10,910)
Refund of transaction costs on borrowings	27	**–**	969
Dividends paid to the Shareholders	33	**(108,220)**	(106,027)
Net cash used in financing activities		**(205,330)**	(120,074)
Net increase (decrease) in cash and cash equivalents		**45,798**	(63,835)
Net foreign exchange difference		**3,906**	91
Cash and cash equivalents at 1 January		**213,994**	277,738
Cash and cash equivalents as at 31 December	24	**263,698**	213,994

(1) Includes receipt of the first and second instalments of the Thuraya-4-NGSA Advance Payment of $150 million each in 2023 and 2022 (Note 22).

The Notes on pages 124 to 167 form part of these consolidated financial statements.
The auditor's report is set out on pages 115 to 118.

Notes to the consolidated financial statements

for the year ended 31 December 2023

1 Corporate information

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

On 16 June 2021, the Company was converted into a public joint stock company and on 14 July 2021, the Company's shares were listed on the Abu Dhabi Securities Exchange (refer to Note 32).

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

On 19 December 2023, the Board of Directors of Yahsat and Bayanat AI PLC ("Bayanat"), a leading AI-powered geospatial solutions provider also listed on ADX, announced a recommendation to shareholders for the merger of these two entities. The proposed merger aims to create an AI-powered space technology champion in the MENA region with global reach and will be executed through a share swap with Bayanat as the remaining legal entity to be rebranded as "Space42". The merger is subject to a number of terms and conditions as set out under the Merger Agreement entered into between Yahsat and Bayanat on 18 December 2023, including regulatory approvals from governmental authorities including the Securities and Commodities Authority and the ADGM Registration Authority and the approval of shareholders representing 75% of the voting rights present and voting at a quorate general assembly meeting of each of Bayanat and Yahsat. Bayanat and Yahsat will continue to operate independently until the merger is effective.

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 consolidated financial statements of the Group have been prepared on a going concern basis given that there are no significant doubts on the Group's ability to continue its business activities post the merger as it is merely a change in ownership and the proposed merger is dependent on a number of conditions and approvals as mentioned in the above paragraph.

The Group's principal activities include leasing of satellite communication capacity, end-to-end integrated satellite communication and managed services, long-term capacity services and providing fixed and mobile telecommunication services via satellites to customers. Details of the Company's subsidiaries and its equity-accounted investees are set out in Notes 18 and 19.

2 Material accounting policies

2.1 Basis of preparation

Statement of compliance

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

Basis of measurement

These consolidated financial statements have been prepared on the historical cost basis, except for derivative financial instruments, investment property and other financial assets, which are measured at fair value and assets held for sale which are measured at the lower of carrying amount and fair value less cost to sell. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Functional and presentation currency

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

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2023. The basis of consolidation is referred in the following notes:

Basis of consolidation	Note
(i) Subsidiaries	**18**
(ii) Investments in associates	**19**
(iii) Transactions eliminated on consolidation	**18,19**
(iv) Business combinations	**39**
(v) Transfer of entities under common control	**39**
(vi) Loss of control of a subsidiary	**39**
(vii) Acquisition of an associate	**39**

2.3 Summary of material accounting policies

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

In addition, the Group adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) from 1 January 2023. The amendments require disclosure of 'material' rather than 'significant' accounting policies. Management reviewed the accounting policies and made updates in certain instances in line with the amendments.

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 at fair value through OCI.

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.

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

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

(ii) Non-derivative financial liabilities

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

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

(iii) 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 (Infrastructure services) and Note 15 (Investment property).

D) Finance costs and finance income

Refer Note 12.

Notes to the consolidated financial statements continued

for the year ended 31 December 2023

2 Material accounting policies continued

2.3 Summary of material accounting policies continued

E) Other income
Refer Note 9.

F) Property, plant and equipment
Refer Note 14.

G) Investment property
Refer Note 15.

H) Leases – the Group as a lessee
Refer Note 16.

I) Intangible assets
Refer Note 17.

J) Borrowing costs
Refer Note 12.

K) Impairment

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

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

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

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

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.

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

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss 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 in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

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

M) Employee terminal benefits
Refer Note 7.

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

O) Income tax
Refer Note 13.

P) Non-current assets classified as held for sale
Refer Note 25.

Q) Government Grants
Refer Note 30.

R) 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.

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

IFRS 17: Insurance Contracts
IFRS 17 Insurance Contracts is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. IFRS 17 replaces IFRS 4 Insurance Contracts. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them as well as to certain guarantees and financial instruments with discretionary participation features; a few scope exceptions will apply. The overall objective of IFRS 17 is to provide a comprehensive accounting model for insurance contracts that is more useful and consistent for insurers, covering all relevant accounting aspects. IFRS 17 is based on a general model, supplemented by:
- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts.

This standard did not have any material impact on the Group's consolidated financial statements.

Amendments to IAS 8: Definition of Accounting Estimate
The amendments to IAS 8 clarify the distinction between changes in accounting estimates, changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments did not have a material impact on the Group's consolidated financial statements.

Notes to the consolidated financial statements continued

for the year ended 31 December 2023

2 Material accounting policies continued

2.4 Changes in material accounting policies and disclosures continued

Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting Policies
The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures. The amendments have had an impact on the Group's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Group's financial statements.

Amendments to IAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction
The amendments to IAS 12 Income Tax narrow the scope of the initial recognition exception, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning liabilities. The amendments did not have a material impact on the Group's consolidated financial statements.

Amendments to IAS 12: International Tax Reform – Pillar Two Model Rules
The amendments to IAS 12 have been introduced in response to the OECD's BEPS Pillar Two rules and include:
- A mandatory temporary exception to the recognition and disclosure of deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules; and
- Disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date.

The mandatory temporary exception – the use of which is required to be disclosed – applies immediately. The remaining disclosure requirements apply for annual reporting periods beginning on or after 1 January 2023. The amendments had no impact on the Group's consolidated financial statements as the Group will be subject to corporate tax under the regular UAE CT regime until the Pillar Two Rules adopted by the UAE (refer Note 13).

2.5 Standards issued but not yet effective

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

Amendments to IFRS 16: Lease Liability in a Sale and Leaseback
In September 2022, the IASB issued amendments to IFRS 16 to 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 amendments are not expected to 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; and
- 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 amendments are not expected to 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 amendments are not expected to have a material impact on the Group's consolidated financial statements.

Amendments to IAS 21: Lack of exchangeability
In August 2023, the Board issued Lack of Exchangeability (Amendments to IAS 21) which specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments will be effective for annual reporting periods beginning on or after 1 January 2025. Early adoption is permitted, but will need to be disclosed. When applying the amendments, an entity cannot restate comparative information. The amendments are not expected to have a material impact on the Group's consolidated financial statements.

Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments address the conflict between IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognised when a transfer to an associate or joint venture involves a business as defined in IFRS 3 Business combinations. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture. In December 2015, the IASB decided to defer the effective date of the amendments until such time as it has finalised any amendments that result from its research project on the equity method. Early application of the amendments is still permitted. The amendments must be applied prospectively. The amendments are not expected to have a material impact on the Group's consolidated financial statements.

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 2023.

Significant accounting estimates

Impairment of non-financial assets

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

During the year, the Group identified indicators that its Al Yah 3 satellite ("AY 3") may be impaired. Accordingly, the recoverable amount for the BCS cash generating unit (mainly comprising of satellites AY 2, AY 3 and other related non-current assets) ("BCS CGU") was calculated based on its estimated fair value less costs of disposal, calculated by discounting its projected cash flows from approved financial forecasts – a Level 3 fair value hierarchy assessment. The cash flow projections covered the period from 2024 to 2027 extrapolated into perpetuity at a 2.4% growth rate and discounted using a discount rate of 14%. The recoverable amount of the BCS CGU exceeded the carrying value by $53,245 thousand as of 31 December 2023, indicating the CGU is not impaired. An increase of 0.5% in the discount rate would result in a lower recoverable amount by $7,566 thousand. A similar exercise was performed in the prior year by discounting the projected cash flows from approved financial forecasts using a discount rate of 15.5% and growth rate of 2.4%. The decrease in discount rate during the year is primarily attributable to reduction in the global interest rates. As of 31 December 2022, the recoverable amount of the BCS CGU exceeded the carrying value by $7,272 thousand indicating the CGU was not impaired.

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.

Notes to the consolidated financial statements continued

for the year ended 31 December 2023

3 Significant accounting judgements, estimates and assumptions continued

Significant accounting estimates continued

Impairment of equity-accounted investments continued

During the prior year, the Group identified indicators that its investment in HPE ("HPE cash generating unit" or "HPE CGU"), which is an operating segment included in 'Others' (refer Note 4), may be impaired due to a rapid deterioration in the global macro-economic environment which primarily impacted the discount rate used in assessing the recoverable amount of this investment. The recoverable amount was calculated based on HPE CGU's estimated fair value less costs of disposal, calculated by discounting its projected cash flows – a Level 3 fair value hierarchy assessment. These cash flows were based on HPE CGU's approved business plan which include assumptions that were broadly in line with what a market participant would make. The cash flow projections covered the period from 2023 to 2037 considering various qualitative factors, extrapolated into perpetuity at a 3.0% growth rate and discounted using an estimated discount rate. The significant increases in interest rates, a significant strengthening of the US Dollar against a number of currencies and a general repricing of risk premiums led to a significant increase in the discount rate during that period to 14.0%. This impairment assessment resulted in a (non-cash) impairment loss of $40,575 which was recorded within the share of results of equity accounted investments (Note 19). Following the recognition of that impairment loss the carrying value of the Group's investment in the HPE CGU became equal to this estimated recoverable amount.

At the end of the year, management has neither identified any indicator that suggests that the Group's investment in HPE or Al Maisan is impaired nor any indicator of reversal of impairment of investment in HPE.

Impairment of goodwill allocated to Thuraya CGU

At the end of the year, the Group performed its annual impairment test of goodwill which is allocated to the Thuraya CGU. The recoverable amount of this CGU was based on fair value less costs of disposal, estimated using discounted cash flows using inputs to the valuation technique that fall under Level 3 of the fair value hierarchy. The recoverable amount as at 31 December 2023 has been determined using cash flow projections from the budget and business plan approved by the Board of Directors for the years 2024-2027. The cash flow projections are extrapolated into perpetuity at a 2.0% growth rate and discounted using an estimated discount rate of 10.2%. The recoverable amount of the CGU exceeded the carrying value by $221,819 thousand as of 31 December 2023, indicating the CGU is not impaired. An increase of 0.5% in the discount rate would result in a lower recoverable amount by $19,730 thousand.

Impairment losses on receivables and contract assets

The Group reviews its receivables and contract assets to assess impairment on a regular basis. In determining whether impairment losses should be recorded in the consolidated statement of profit or loss and 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 and customer type). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions.

As at 31 December 2023, the Group is carrying an allowance for expected credit losses of $22.7 million (2022: $16.2 million) (refer note 23).

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.

During the year, the Group submitted an insurance claim as a result of certain anomalies impacting the estimated useful life of the Al Yah 3 satellite (AY 3). In order to safeguard the future operability of the satellite, the Group has, in conjunction with recommendations from the satellite manufacturers, implemented immediate and long-term remedial actions. A revised estimate of the satellite's remaining lifetime was completed during the second quarter using operational data from the two previous quarters. The satellite meanwhile continues to operate normally, despite the anomalies, and no loss of service to customers has occurred.

In accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' the Group has updated the remaining useful life of AY 3 and related ground assets prospectively from 1 April 2023 to reflect the change in estimate. This has increased the depreciation charge for the current year by $15.4 million (from $12.5 million to $27.9 million) and for the year ending 31 December 2024, the increase is expected to be $17.7 million (from $12.5 million to $30.2 million).

There is no change in the end of life of the other four satellites (AY 1, AY 2, T2 and T3) which continue to operate normally, with no impact on satellite services.

For other items of property, plant and equipment and intangible assets management has reviewed the useful lives of major items and determined that no adjustment is necessary.

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.

Fair value of investment property
The fair valuation of the Group's investment property is performed by an independent valuer, specialising in real estate, using Investment method (also known as Income approach), which is typically adopted for income producing assets. The method involves the capitalisation of an income stream at a given rate. The capitalisation rate applied to the lease income is determined based on factors such as rental growth, perceived covenant strength, in addition to the specification and location of the property. The key valuation inputs and assumptions relate to market rent, capitalisation rates, leasing costs, operational expenditure and letting periods. The valuation is most sensitive to the capitalisation rates which range from 7.5% to 10%.

Fair value of convertible loan
The fair valuation of the Group's convertible loan is determined using the discounted cash flow method by converting the projected cash flows to their present value using an appropriate discount rate. The key valuation inputs are discount rate commensurate with the risk associated with the cashflows of the convertible loan and repayment period taking into account contractual terms and the prevailing circumstances. Any changes to the key valuation inputs could affect the reported fair value of the convertible loan.

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

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

Information on segments
The CODM monitors the operating results of the segments for the purpose of making decisions, allocating resources and assessing performance. The segments are based on lines of business as follows:
- Infrastructure segment, which primarily provides long-term satellite capacity leases, long-term capacity services and satellite operation services. This is the largest operating segment.
- Managed Solutions segment includes end-to-end managed solutions provided mainly to government customers (Yahsat Government Solutions) and other industry solutions.
- Mobility Solutions segment provides narrow-band satellite solutions under the trade name Thuraya.
- Data Solutions (BCS) segment primarily represents the Group's YahClick business providing broadband satellite solutions in Africa, Middle East and Asia.
- 'Others' include two segments: a) Data Solutions – Brazil representing the Group's Brazilian associate HPE and b) Broadcast segment representing the Group's associate Al Maisan.

Segment revenue is measured in a manner consistent with that in the consolidated statement of profit or loss. The performance of the segments are evaluated on the following basis:
- Infrastructure and Managed Solutions segments are evaluated based on segment's 'Adjusted EBITDA', a measure broadly consistent with Group Adjusted EBITDA.
- Data Solutions (BCS) and Mobility Solutions segments are evaluated based on segment's 'Adjusted EBITDA' and 'profit or loss' which is measured consistently with profit for the year in the consolidated financial statements.
- Data solutions (Brazil) and Broadcast segments are evaluated based on the Group's share of results in the respective equity accounted investments (associates).

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

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

Notes to the consolidated financial statements continued

for the year ended 31 December 2023

4 Segment information continued

Information on segments continued

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 2023 is as follows:

	Infrastructure $ 000	Managed solutions $ 000	Mobility solutions $ 000	Data solutions (BCS) $ 000	Others $ 000	Reconciliation $ 000	Total $ 000
External revenue	240,189	92,072	99,702	24,775	–	–	456,738
Inter-segment revenue	2,515	541	516	525	–	(4,097)	–
Total revenue	**242,704**	**92,613**	**100,218**	**25,300**	**–**	**(4,097)**	**456,738**
Cost of revenue	–	(18,107)	(38,851)	(3,049)	–	3,374	(56,633)
Staff costs	(59,391)	(14,727)	(21,297)	(7,752)	–	18,704	(84,463)
Other operating expenses	(23,696)	(1,212)	(17,329)	(12,473)	–	723	(53,987)
Other income	20,689	–	2,427	38	–	(18,704)	4,450
Adjusted EBITDA	**180,306**	**58,567**	**25,168**	**2,064**	**–**	**–**	**266,105**
Depreciation, amortisation and impairment	(91,982)	(457)	(17,389)	(44,684)	–	–	(154,512)
Fair value losses	(1,045)	–	(12,533)	–	–	–	(13,578)
Operating profit (loss)	**87,279**	**58,110**	**(4,754)**	**(42,620)**	**–**	**–**	**98,015**
Finance income	19,771	–	1,024	5,982	–	–	26,777
Finance costs	(9,127)	–	(289)	(2,083)	–	–	(11,499)
Net finance income	**10,644**	**–**	**735**	**3,899**	**–**	**–**	**15,278**
Share of results – HPE	–	–	–	–	(11,003)	–	(11,003)
Share of results – Al Maisan	–	–	–	–	1,089	–	1,089
Profit (loss) before income tax	**97,923**	**58,110**	**(4,019)**	**(38,721)**	**(9,914)**	**–**	**103,379**
Income tax expense	(584)	–	(392)	(237)	–	–	(1,213)
Profit (loss) for the year	**97,339**	**58,110**	**(4,411)**	**(38,958)**	**(9,914)**	**–**	**102,166**
Loss for the year attributable to non-controlling interests	–	–	(410)	(7,792)	–	–	(8,202)
Profit (loss) for the year attributable to the Shareholders	**97,339**	**58,110**	**(4,001)**	**(31,166)**	**(9,914)**	**–**	**110,368**
Capital expenditure	117,927	7,440	20,907	1,020	–	–	147,294

The segment information for the year ended 31 December 2022 is as follows:

	Infrastructure $ 000	Managed solutions $ 000	Mobility solutions $ 000	Data solutions (BCS) $ 000	Others $ 000	Reconciliation $ 000	Total $ 000
External revenue	237,528	90,606	80,983	23,423	–	–	432,540
Inter-segment revenue	3,087	602	254	634	–	(4,577)	–
Total revenue	**240,615**	**91,208**	**81,237**	**24,057**	–	**(4,577)**	**432,540**
Cost of revenue	–	(22,884)	(26,309)	(2,974)	–	3,871	(48,296)
Staff costs	(60,049)	(14,371)	(20,751)	(8,296)	–	17,993	(85,474)
Other operating expenses	(22,430)	(968)	(10,272)	(12,010)	–	706	(44,974)
Other income	18,507	–	3,338	32	–	(17,993)	3,884
Adjusted EBITDA	**176,643**	**52,985**	**27,243**	**809**	–	–	**257,680**
Depreciation, amortisation and impairment	(91,074)	(367)	(19,585)	(33,445)	–	–	(144,471)
Fair value gain	–	–	1,584	–	–	–	1,584
Operating profit (loss)	**85,569**	**52,618**	**9,242**	**(32,636)**	–	–	**114,793**
Finance income	6,453	–	331	1,713	–	–	8,497
Finance costs	(8,660)	–	(873)	(62)	–	–	(9,595)
Net finance (costs) income	**(2,207)**	–	**(542)**	**1,651**	–	–	**(1,098)**
Share of results – HPE	–	–	–	–	(54,600)	–	(54,600)
Share of results – Al Maisan	–	–	–	–	1,297	–	1,297
Profit (loss) before income tax	**83,362**	**52,618**	**8,700**	**(30,985)**	**(53,303)**	–	**60,392**
Income tax expense	–	–	(5)	(170)	–	–	(175)
Profit (loss) for the year	**83,362**	**52,618**	**8,695**	**(31,155)**	**(53,303)**	–	**60,217**
Profit (loss) for the year attributable to non-controlling interests	–	–	884	(6,231)	–	–	(5,347)
Profit (loss) for the year attributable to the Shareholders	**83,362**	**52,618**	**7,811**	**(24,924)**	**(53,303)**	**–**	**65,564**
Capital expenditure	123,610	148	25,978	2,449	–	–	152,185

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 22.

	2023 $ 000	2022 $ 000
United Arab Emirates	**375,437**	370,299
Europe	**19,785**	19,194
Asia	**36,834**	21,355
Africa	**20,227**	16,806
North America	**3,346**	3,729
Others	**1,109**	1,157
Revenue	**456,738**	432,540

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.

	2023 $ 000	2022 $ 000
United Arab Emirates	**1,146,404**	1,181,758
South America	**39,166**	46,872
Europe	**14,637**	18,054
Africa	**2,888**	4,788
Asia	**115**	231
	1,203,210	1,251,703

Notes to the consolidated financial statements continued

for the year ended 31 December 2023

5 Revenue

Material accounting policies

The Group is in the business of leasing of satellite communication capacity and providing telecommunication services via satellite to customers. Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

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

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

The Group also receives long-term advances from customers for the satellite communication services. When a significant financing component is identified the transaction price for such contracts is adjusted for time value of money, using the rate that would be reflected in a separate financing transaction between the Group and its customers at contract inception. 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.

Infrastructure revenue primarily represents revenue from leasing of satellite capacity and related services. Lease revenue is recognised in accordance with IFRS 16 (refer to Leases – the Group as a lessor). Service revenue is recognised over time as rendered.

Managed solutions revenue represents end-to-end integrated satellite communication and managed solutions provided to customers (which includes supply of services, goods or both). Revenue is typically recognised in profit or loss based on milestones reached, time elapsed or units delivered. No revenue is recognised if there are significant uncertainties regarding the recovery of the consideration due, the associated costs or the possible return of the goods or the rejection of the services provided.

Mobility solutions revenue includes revenue from mobile satellite services (airtime revenue – voice, data and messaging services) and sale of related equipment and accessories. Service revenue is recognised over the period in which the services are provided. Revenue from the sale of goods (i.e., equipment and accessories) is recognised at the point in time when control of the asset is transferred to the customer, generally when the goods are delivered and titles have passed. Revenue is recognised net of returns, upfront discounts and sales commissions. Revenue from the sale of prepaid cards is recognised on the actual utilisation of the prepaid card and is deferred in deferred revenue until the customer uses the airtime, or the credit expires.

Data solutions revenue includes revenue from provision of satellite broadband services to customers and sale of related equipment and accessories. Service revenue is recognised as rendered. Revenue from the sale of goods (i.e., equipment and accessories) is recognised at the point in time when control of the asset is transferred to the customer, generally when the goods are delivered and titles have passed. Revenue is recognised net of returns, upfront discounts and sales commissions.

When the Group satisfies a performance obligation by delivering the promised goods or services it creates a contract-based asset on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognised this gives rise to a contract liability.

Revenue is 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.

Leases – the Group as a lessor

Infrastructure revenue primarily represents revenue from leasing of satellite capacity and related services. Satellite capacity lease payments are recorded on a straight-line basis over the term of the contract concerned. Deferred revenue represents the unearned balances remaining from amounts received from customers.

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	2023 $ 000	2022 $ 000
Service rendered		**412,330**	400,523
Sale of equipment and accessories		**44,408**	32,017
		456,738	432,540
Revenue from related parties is disclosed in Note 22.			
Revenue includes:			
Revenue from contracts with customers (IFRS 15)		**325,109**	300,541
Income from operating leases (IFRS 16)		**131,629**	131,999
		456,738	432,540
Disaggregation of revenue by operating segment:	4		
Services rendered:			
Infrastructure		**240,189**	237,528
Managed solutions *		**92,072**	90,606
Mobility solutions		**57,895**	50,977
Data solutions – BCS		**22,174**	21,412
Sale of equipment and accessories (recognised at a point in time)			
Mobility solutions		**41,807**	30,006
Data solutions – BCS		**2,601**	2,011
		456,738	432,540

* Amount for the prior year includes revenue recognised at a point in time of $10.8 million.

Timing of recognition of revenue from contracts with customers:			
Over time		**280,701**	257,751
At a point in time		**44,408**	42,790
		325,109	300,541
Revenue by geography is disclosed in Note 4.			
Contracted future revenues			
a) Remaining performance obligations from contracts with customers, expected to be recognised as revenue:			
Within one year		**209,980**	209,818
More than one year		**6,244,514**	1,284,190
		6,454,494	1,494,008
b) Future minimum lease rental receivables under non-cancellable operating leases, where Group is a lessor (excluding investment property)	36	**367,689**	497,723
Total contracted future revenues		**6,822,183**	1,991,731

During the year, the Group has received an Authorisation to Proceed ("ATP") from the UAE Government (the "Government") to provide satellite capacity and managed services for 17 years. This mandate, valued at AED 18.7 billion (US$ 5.1 billion), combines related operations, maintenance and technology management services of ground segment satellite systems and terminals currently provided under a separate contract. The mandate has significantly increased the Group's contracted future revenues as at 31 December 2023.

	Notes	2023 $ 000	2022 $ 000
Contract balances:			
Trade receivables, net of loss allowance	23	**86,813**	87,584
Contract assets	23	**21,636**	55,332
Contract liabilities:			
Advances from customers – related parties	22	**404,006**	280,157
Advances from customers – others	26	**2,104**	1,460
Deferred revenue	29	**24,577**	24,809
Revenue recognised from contract liabilities at the beginning of the year		**34,682**	4,397

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

Trade receivables and amounts due from related parties are non-interest bearing and are generally on terms ranging from 30 to 60 days. The future minimum lease payments under operating lease arrangements, where the Group is a lessor, are disclosed in Note 36.

Significant accounting judgements and estimates

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

Determining whether unsigned agreements meet the definition of contract under IFRS 15

In relation to certain projects with the UAE Government, its department or related parties performance obligations are fulfilled based on unsigned agreements. Management considers such unsigned contracts to meet the definition of a 'contract with customer' under IFRS 15 since the Group and the customers agree upon the essential elements of a contract and any other lawful conditions. Pending matters of detail to be agreed upon later, the contract is deemed to be binding even in the absence of agreement on these matters of detail. In addition, under Article 132 of the UAE Civil Code, a contract can be oral or written; a contract can also result from acts, which demonstrate the presence of mutual consent between the relevant parties.

Notes to the consolidated financial statements continued

for the year ended 31 December 2023

5 Revenue continued

Determination of transaction price

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

On 17 June 2021, the Group signed the Thuraya-4-NGS capacity services agreement with a government entity (Thuraya-4-NGSA) for a total contract value of $708.4 million. The term of the Thuraya-4-NGSA is 15 years from the date of commencement of Operational services of Thuraya-4-NGS which is expected in the first half of 2025. Pursuant to the terms of Thuraya-4-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 significant financing component based on the following factors:

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

In making its judgement, the Group's management considered the terms and conditions of the Thuraya-4-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 as of 31 December 2023. 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 recognised over time on a straight line basis from the date of commencement of Operational services.

Classification of leases

The Group entered into a Capacity Services Agreement ("CSA") with a government entity, for a period of 15 years. The capacity services include the lease of capacity of satellite transponders on the AY 1 and AY 2 satellites and provision of services relating to the operation of satellite network. The capacity charges payable under the terms of the CSA include a lease element and a service element which corresponds to the capacity lease and provision of services respectively.

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

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

Based on the matters mentioned in the preceding paragraphs the Group management has determined that:

a) the arrangement contains a lease, as it conveys a right to use the asset and the fulfilment of the arrangement is dependent on the use of a specified asset;
b) the lease element of the arrangement will be accounted as an operating lease as the Group does not transfer substantially risks and rewards incidental to ownership of the assets to the customer (Note 22); and
c) the service element of the arrangement will be accounted as revenue to be recognised over time.

6 Cost of revenue

	2023 $ 000	2022 $ 000
Cost of services sold *	**22,197**	24,392
Cost of equipment and accessories sold	**34,436**	23,904
	56,633	48,296

* Cost of services sold mainly represents supplies procured for managed services and mobile satellite services.

7 Staff costs

Material accounting policies

Employee terminal benefits

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

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

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

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs. When there is a plan amendment, curtailment or settlement occurs during the annual reporting period, the Group determines the current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability reflecting the benefits offered under the plan 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	2023 $ 000	2022 $ 000
Employee costs		**73,240**	73,193
Outsourced staff costs		**11,223**	12,281
		84,463	85,474
Employee costs include:			
Pension contributions made in respect of UAE national employees in accordance with the UAE Federal Law No. (2), 2000		**2,792**	2,843
Current service cost on defined benefit obligations	**31**	**1,151**	1,757
Termination benefits costs		**2,885**	–

8 Other operating expenses

	Note	2023 $ 000	2022 $ 000
Satellite services operations costs		**10,165**	10,400
Allowance (reversal of allowance) for expected credit losses	**23**	**7,187**	(859)
Marketing expenses		**5,346**	3,934
Consultancy, legal and advisory expenses *		**4,730**	3,473
Insurance expenses		**4,521**	5,872
Facilities and asset maintenance costs		**4,399**	4,553
IT support costs		**4,134**	4,472
Business travel expenses		**2,508**	2,599
Currency exchange losses – net		**2,058**	1,156
Board and committee fees	**22**	**1,770**	2,473
Registration and filing expenses		**1,979**	1,459
Bank fees and charges		**387**	516
Learning and development expenses		**302**	415
Allowance for inventories	**21**	**248**	168
Other expenses		**4,253**	4,343
		53,987	44,974

* Includes legal and advisory costs of $2,280 thousand in relation to the proposed merger transaction as disclosed in Note 1.

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

Notes to the consolidated financial statements continued

for the year ended 31 December 2023

9 Other income

Material accounting policies

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 recognised on a straight-line basis over the term of the lease.

	Notes	2023 $ 000	2022 $ 000
Rental income from investment property	15/25	2,305	1,602
Others *		2,145	2,282
		4,450	3,884

* Includes liquidated damages of $674 thousand in connection with a supplier contract recognised during the year. The prior year amount includes gain on derecognition of right of use asset and related lease liability amounting to $1,548 thousand as a result of termination of a lease contract (Note 16).

10 Depreciation and amortisation

	Notes	2023 $ 000	2022 $ 000
Depreciation of property, plant and equipment	14	151,622	135,238
Depreciation of right-of-use assets	16	688	5,611
Amortisation of intangible assets	17	2,202	3,622
		154,512	144,471

11 Fair value (losses) gains

	Notes	2023 $ 000	2022 $ 000
Fair value gain on investment property	25	2,057	1,584
Fair value losses on other financial assets *	20	(15,635)	–
		(13,578)	1,584

* Represents fair value losses on preference shares and convertible loan agreement (refer Note 20).

12 Finance costs and Finance income

Material accounting policies

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 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	2023 $ 000	2022 $ 000
Finance income			
Interest on deposits with banks – third parties		6,520	3,598
Interest on deposits with banks – related parties	22	20,257	4,899
Total finance income		26,777	8,497
Finance costs			
Interest expense on borrowings – term loans		(33,856)	(18,459)
Interest expense on borrowings – lease liabilities	16	(221)	(836)
Interest on contract liabilities	22	(7,021)	(2,096)
Other interest and finance charges		(2,668)	(742)
Net fair value gain on derivative financial instruments transferred from other comprehensive income		20,638	3,430
		(23,128)	(18,703)
Capitalised borrowing costs	14	11,629	9,108
Total finance cost		(11,499)	(9,595)
Net finance income (costs)		15,278	(1,098)

13 Income tax

Material accounting policies

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

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

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

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

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

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; and
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. Accordingly, the Group's first tax year will commence on 1 January 2024. The UAE Cabinet of Ministers Decision No. 116/2022, which came into effect in January 2023, confirmed that AED 375,000 is the threshold of income over which the 9% tax rate would apply. The Law is enacted and accordingly the standard corporate tax rate of 9% is expected to apply to the Group.

As required by IAS 12 Income Taxes, the Group assessed deferred tax implications in its consolidated financial statements and recorded deferred tax liabilities arising on taxable temporary differences as at 31 December 2023. The UAE current income tax is nil since the first tax year of the Group commences on 1 January 2024 and consequently no reconciliation of tax expense and accounting profit has been provided.

The other income taxes relate 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 2023 and 2022 are:

	2023 $ 000	2022 $ 000
Current income tax (relating to foreign subsidiaries)	**325**	182
Deferred tax (relating to origination and reversal of temporary differences)	**888**	(7)
Income tax expense reported in the consolidated statement of profit or loss	**1,213**	175

Deferred tax relates to the following:

	Consolidated statement of financial position		Consolidated statement of profit or loss	
	2023 $ 000	2022 $ 000	2023 $ 000	2022 $ 000
Property, plant and equipment *	**(518)**	82	**600**	(33)
Intangible assets (goodwill) *	**(337)**	–	**337**	–
Others	**89**	50	**(49)**	26
Net deferred tax (liabilities)/assets	**(766)**	**132**	**888**	**(7)**

Reflected in the consolidated statement of financial position as follows:

	2023	2022
Deferred tax assets	**199**	132
Deferred tax liabilities	**(965)**	–
Net deferred tax (liabilities)/assets	**(766)**	**132**

Reconciliation of deferred tax (liabilities)/assets, net

	2023 $ 000	2022 $ 000
At 1 January	**132**	130
Tax (expense) credit recognised in profit or loss	**(888)**	7
Translation differences	**(10)**	(5)
At 31 December	**(766)**	**132**

* Deferred tax liability mainly relates to consolidation adjustments for borrowing costs capitalised on qualifying assets (PPE) and goodwill recognised on acquisition of Thuraya (Intangible assets) – both items have no corresponding tax base, no tax deduction is available against the taxable future economic benefits that will flow in respect of these assets.

Notes to the consolidated financial statements continued

for the year ended 31 December 2023

13 Income tax continued

UAE Corporate Tax continued

There are no income tax consequences attached to the payment of dividends in either 2023 or 2022 by the Group to its shareholders.

There are no temporary differences associated with investments in the Group's subsidiaries and associates since these investments meet 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 December 2021, the Organisation for Economic Co-operation and Development (OECD) released a draft legislative framework for a global minimum tax that is expected to be used by individual 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. In March 2022, the OECD released detailed technical guidance on Pillar Two of the rules and in February 2023 further administrative guidance.

The UAE is a member of the OECD Base Erosion and Profit Shifting (BEPS) Inclusive Framework and is committed to addressing the challenges faced by tax jurisdictions internationally. Until such time as the Pillar Two rules are adopted by the UAE, the Group will be subject to corporate tax under the regular UAE CT regime therefore, neither the mandatory recognition nor the disclosure requirements in IAS 12 relating to International Tax Reform – Pillar Two Model Rules apply to the Group.

14 Property, plant and equipment

Material accounting policies

Recognition and measurement

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

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

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

The gains or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within other income/other expenses in profit or loss.

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

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
Leasehold improvements	5-10
Satellite systems	5-18
Plant and machinery	10-20
Furniture and fixtures	3-4
Office equipment and vehicles	3-5
Computers and software	3

	Land and building $ 000	Satellite systems $ 000	Plant and machinery $ 000	Other equipment $ 000	Capital work in progress $ 000	Total $ 000
Cost						
At 1 January 2022	100,593	3,002,520	16,968	37,010	226,943	3,384,034
Additions	169	608	49	2,440	143,268	146,534
Transfers	–	10,000	–	439	(10,439)	–
Transfer from investment property (Note 15)	1,834	–	–	–	–	1,834
Disposals	–	(1,221)	–	(124)	–	(1,345)
Write-offs	(213)	(9)	–	–	(8)	(230)
Exchange differences	–	–	–	(261)	–	(261)
At 31 December 2022	**102,383**	**3,011,898**	**17,017**	**39,504**	**359,764**	**3,530,566**
Depreciation						
At 1 January 2022	27,990	1,995,168	8,185	31,848	–	2,063,191
Charge for the year	2,703	129,005	989	2,541	–	135,238
Disposals	–	(1,221)	–	(124)	–	(1,345)
Exchange differences	–	(3)	–	(75)	–	(78)
At 31 December 2022	**30,693**	**2,122,949**	**9,174**	**34,190**	**–**	**2,197,006**
Impairment						
At 1 January 2022	5,485	184,064	–	–	–	189,549
Write-offs	(213)	–	–	–	–	(213)
At 31 December 2022	**5,272**	**184,064**	–	–	–	**189,336**
Net book value	**66,418**	**704,885**	**7,843**	**5,314**	**359,764**	**1,144,224**
Cost						
At 1 January 2023	102,383	3,011,898	17,017	39,504	359,764	3,530,566
Additions	110	–	8	681	138,991	139,790
Transfers	–	10,825	921	749	(12,495)	–
Transfer to non-current assets held for sale (Note 25)	(12,374)	–	–	–	–	(12,374)
Transfer to inventories	–	–	–	(245)	(474)	(719)
Transfer to intangible assets (Note 17)	–	–	–	–	(2,890)	(2,890)
Write-offs	–	–	–	(31)	(7)	(38)
Exchange differences	–	(28)	–	(295)	(107)	(430)
Other transfers	–	–	–	–	–	–
At 31 December 2023	**90,119**	**3,022,695**	**17,946**	**40,363**	**482,782**	**3,653,905**

Notes to the consolidated financial statements continued

for the year ended 31 December 2023

14 Property, plant and equipment continued

Material accounting policies continued

Depreciation continued

	Land and building $ 000	Satellite systems $ 000	Plant and machinery $ 000	Other equipment $ 000	Capital work in progress $ 000	Total $ 000
Depreciation						
At 1 January 2023	30,693	2,122,949	9,174	34,190	–	2,197,006
Charge for the year	2,459	144,593	1,871	2,699	–	151,622
Transfer to inventories	–	–	–	(230)	–	(230)
Transfer to non-current assets held for sale (Note 25)	(1,283)	–	–	–	–	(1,283)
Write-offs	–	–	–	(31)	–	(31)
Exchange differences	–	(4)	–	(121)	–	(125)
Transfer to intangible assets (Note 17)	–	–	–	–	–	–
Other transfers	–	–	–	–	–	–
At 31 December 2023	**31,869**	**2,267,538**	**11,045**	**36,507**	**–**	**2,346,959**
Impairment						
At 1 January 2023	5,272	184,064	–	–	–	189,336
Transfer to non-current assets held for sale (Note 25)	(5,089)	–	–	–	–	(5,089)
At 31 December 2023	**183**	**184,064**	–	–	–	**184,247**
Net book value	**58,067**	**571,093**	**6,901**	**3,856**	**482,782**	**1,122,699**

On 16 June 2023, the Group signed an Authorisation-To-Proceed (ATP) with Airbus Defence and Space SAS to commence initial activities in relation to the Al Yah 4 and Al Yah 5 satellite programme. The ATP preserves the programme schedule, pending execution of the satellite procurement contract (Contract), with the commencement of initial activities such as system requirements review, design work and procurement activities for long-lead items (ATP activities).

An initial payment of $15.3 million was made in respect of the first ATP on 5 July 2023. The Group exercised the option to extend the ATP by making a second payment of $28.1 million on 6 September 2023. Both payments will be adjusted against the purchase price of the satellite programme upon execution of the Contract and are currently recorded under capital work in progress as at 31 December 2023.

Following the expiration of the ATP on 31 December 2023 it was further extended until 29 February 2024, by which time management believes the Contract will be signed, failing which a further extension will be sought.

Capital work in progress as of the end of the reporting period comprise mainly of satellite systems of which $430.2 million (31 December 2022: $349.7 million) relates to the Thuraya-4 satellite (Thuraya-4-NGS) under construction. Additions during the year relating to Thuraya-4-NGS amounted to $80.5 million (2022: $131.3 million). Other equipment includes furniture and fixtures, office equipment vehicles and computers.

Borrowing costs capitalised during the year amounted to $11.6 million at a capitalisation rate of 2.6% per annum (2022: $9.1 million at a capitalisation rate of 2.7% per annum) (refer Note 12).

During the year, the Group submitted an insurance claim as a result of certain anomalies impacting the estimated useful life of the Al Yah 3 satellite (AY 3) updated the remaining useful life of the satellite and related ground assets prospectively from 1 April 2023 to reflect the change in estimate (refer Note 3).

During the prior year, the Group received a government grant relating to the Thuraya-4-NGS and has accounted for such grant as a grant related to an asset (Note 30).

15 Investment property

Material accounting policies

Investment properties are properties which are held to earn rentals and/or for capital appreciation.

Investment properties are measured initially at cost including transaction costs and for properties under development all direct costs attributable to the design and construction including related staff costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains or losses arising from changes in the fair value of investment properties are included in the statement of profit or loss in the period in which they arise.

Transfers between investment property and owner-occupied property are made only when there is a change in use. A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use.

In case of transfer to investment property, the Group depreciates the owner-occupied property up to the date when the property becomes an investment property carried at fair value and recognises any impairment losses that have occurred relating to the property transferred.

In case of transfer to owner-occupied property, the fair value of the property units on the date of the transfer becomes the carrying value of the owner-occupied property unit, and are depreciated over the remaining useful life of the property.

	Notes	Land $ 000	Building $ 000	Total $ 000
Investment property accounted at fair value		15,465	4,766	20,231
At 1 January 2022		(1,244)	(590)	(1,834)
Transfer to property, plant and equipment		937	647	1,584
Net gain from fair value adjustment		15,158	4,823	19,981
At 31 December 2022		**15,158**	**4,823**	**19,981**
At 1 January 2023		(15,158)	4,823	19,981
Transfer to non-current assets held for sale	**25**	(15,158)	(4,823)	(19,981)
At 31 December 2023		–	–	–

On 3 April 2023, the Board of Directors approved a proposal to initiate sale of Thuraya's property located in Dubai and appointed a committee to manage the sale process. Consequent to the Board approval effective from that date, the property, a non-current asset under Mobility solutions segment, meets the criteria for classification as held for sale on the basis that its carrying amount is expected to be recovered principally through a sale transaction. As per the requirements of IFRS-5 'Non-current Assets Held for Sale and Discontinued Operations' the property has been classified as held for sale (refer Note 25).

Leasing arrangements

The majority of the property is leased to tenants under operating leases with rents payable periodically. Lease payments for some contracts include CPI increases, but there are no other variable lease payments that depend on an index or rate. Where considered necessary to reduce credit risk, the Group may obtain bank guarantees for the term of the lease. Although the Group is exposed to changes in the residual value at the end of the current leases, the Group typically enters into new operating leases and therefore will not immediately realise any reduction in residual value at the end of these leases. Expectations about the future residual values are reflected in the fair value of the properties.

Rental income from the property is recognised in other income (Note 9). Direct operating expenses incurred on the property during the year amounted to $676 thousand (2022: $585 thousand).

	2023 $ 000	2022 $ 000
Minimum lease income receivable on leases of the property are as follows:		
Year 1	**1,794**	1,676
Year 2	**1,199**	1,067
Year 3	**776**	847
Year 4	**263**	678
Year 5	**–**	262
	4,032	**4,530**

16 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 policies

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

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

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

Notes to the consolidated financial statements continued

for the year ended 31 December 2023

16 Leases – Group as a Lessee continued

Material accounting policies continued

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

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

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

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

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

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

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

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

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

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

Asset category	Years
Right-of-use assets – buildings	4-10
Right-of-use assets – satellite capacity	3.5

A) Right-of-use assets

	Satellite capacity $ 000	Buildings $ 000	Total $ 000
Carrying amounts and movements during the year			
At 1 January 2022	3,644	11,644	15,288
Additions	–	5,886	5,886
Retirement	–	(9,710)	(9,710)
Depreciation expense	(3,644)	(1,967)	(5,611)
Exchange differences	–	(1)	(1)
At 31 December 2022	**–**	**5,852**	**5,852**
At 1 January 2023	–	5,852	5,852
Retirement	–	(13)	(13)
Depreciation expense	–	(688)	(688)
Exchange differences	–	(2)	(2)
At 31 December 2023	**–**	**5,149**	**5,149**

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	2023 $ 000	2023 $ 000
Lease liabilities			
At 1 January		**7,165**	16,536
Additions		**–**	5,886
Accretion of interest	12	**221**	836
Termination		**(15)**	(11,258)
Payments		**(1,271)**	(4,824)
Exchange differences		**(10)**	(11)
At 31 December	27	**6,090**	**7,165**
of which current		**1,426**	2,001
of which non-current		**4,664**	5,164
Amounts recognised in profit or loss in relation to leases			
Depreciation expense of right-of-use assets		**688**	5,611
Interest expense on lease liabilities		**221**	836
Expense relating to of low-value assets (included in other operating expenses)		**235**	256
Total		**1,144**	**6,704**
Cash flow information			
Total cash outflows for leases		**1,463**	4,824

The Group leases premises to host its satellite gateway equipment and leases satellite capacity assets. Rental contracts are typically made for fixed periods of 3 years to 10 years, but may have extension options.

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

During the prior year, the property lease relating to one of the Group's gateway premises in UAE, which was previously expected to renew, expired as the Group entered into a new lease agreement for the same premises directly from the main lessor for a 10-year period. Accordingly, the Group:

a) derecognised the carrying amounts of the right of use asset and the lease liability relating to the expired lease and recognised a gain of $1,548 thousand in other income (Note 9); and
b) recognised a new right of use asset and lease liability in respect of the 10-year lease at the lease commencement date.

During the prior year, the lease relating to satellite systems (satellite capacity) expired at the end of the term.

17 Intangible assets

Material accounting policies

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

Expenditure on research activities is recognised in profit or loss as incurred. Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset.

Otherwise, it is recognised in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortisation and any accumulated impairment losses.

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss.

Refer Note 39 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

Notes to the consolidated financial statements continued

for the year ended 31 December 2023

17 Intangible assets continued

	Development costs $ 000	Licenses $ 000	Software $ 000	Goodwill $ 000	Capital work in progress $ 000	Total $ 000
Cost						
At 1 January 2022	72,569	180	16,032	3,745	–	92,526
Additions	609	–	397	–	–	1,006
Exchange differences	–	–	(5)	–	–	(5)
At 31 December 2022	**73,178**	**180**	**16,424**	**3,745**	**–**	**93,527**
Amortisation						
At 1 January 2022	69,807	180	12,711	–	–	82,698
Charge for the year	2,413	–	1,209	–	–	3,622
Exchange differences	–	–	(3)	–	–	(3)
At 31 December 2022	**72,220**	**180**	**13,917**	**–**	**–**	**86,317**
Net book value at 31 December 2022	**958**	**–**	**2,507**	**3,745**	**–**	**7,210**
Cost						
At 1 January 2023	73,178	180	16,424	3,745	–	93,527
Additions	644	–	748	–	5,550	6,942
Transfer from property, plant and equipment (Note 14)	–	–	–	–	2,890	2,890
Transfers	–	–	8,440	–	(8,440)	–
Exchange differences	–	–	(6)	–	–	(6)
At 31 December 2023	**73,822**	**180**	**25,606**	**3,745**	**–**	**103,353**
Amortisation						
At 1 January 2023	72,220	180	13,917	–	–	86,317
Charge for the year	740	–	1,462	–	–	2,202
Exchange differences	–	–	(6)	–	–	(6)
At 31 December 2023	**72,960**	**180**	**15,373**	**–**	**–**	**88,513**
Net book value at 31 December 2023	**862**	**–**	**10,233**	**3,745**	**–**	**14,840**

18 Group information

A) Subsidiaries

Material accounting policies

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

Transactions eliminated on consolidation

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

The consolidated financial statements of the Group include:

Name	Principal activities	Country	Equity % 2023	Equity % 2022
Al Yah Advanced Satellite Communication Services PJSC (Al Yah Advanced)	Leasing of satellite communication capacity	UAE	**100%**	100%
Star Satellite Communications Company PJSC (Star)	Telecommunication services via satellite and integrated satellite communication and managed services	UAE	**100%**	100%
Yahsat Treasury Sole Proprietorship LLC	Group corporate treasury	UAE	**100%**	100%
Thuraya Telecommunications Company PJSC (Thuraya)	Mobile telecommunication services via satellite	UAE	**89.83%**	89.83%
Thuraya Telecommunications Japan Co. Ltd.	Mobile telecommunication services via satellite	Japan	**89.83%**	89.83%
BCS Group (BCS)				
Broadband Connectivity Solutions (Restricted) Limited (BCS Holdco)	Holding company	UAE	**80%**	80%
BCS Investments LLC (BCS Opco)	Telecommunication services via satellite	UAE	**80%**	80%
Star Network Marketing Services Company (Proprietary) Limited (SNMS)	Marketing support office	South Africa	**80%**	80%
Al Najm Communications Company LLC (Al Najm)	Telecommunication services via satellite	UAE	**80%**	80%
Yala B.V. (Yala)	Telecommunication services via satellite	Netherlands	**80%**	80%
Broadband Connectivity Solutions Limited (BCS Nigeria)	Telecommunication services via satellite	Nigeria	**80%**	80%
YahClick – Prestação de Serviços, (SU), LDA (BCS Angola)	Telecommunication services via satellite	Angola	**80%**	80%

Notes to the consolidated financial statements continued

for the year ended 31 December 2023

18 Group information continued

B) Material partly-owned subsidiaries

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

	31 December 2023		31 December 2022	
	Thuraya $ 000	BCS $ 000	Thuraya $ 000	BCS $ 000
Proportion of equity interest held by non-controlling interests	10.17%	20.00%	10.17%	20.00%
Non-controlling interests	13,606	49,452	14,028	57,321
(Loss) profit attributable to non-controlling interests	(410)	(7,792)	884	(6,231)

The summarised financial information of these subsidiaries is provided below. This information is based on amounts before inter-company eliminations.

	31 December 2023		31 December 2022	
Summarised statement of profit or loss:	Thuraya $ 000	BCS $ 000	Thuraya $ 000	BCS $ 000
Revenue	100,218	25,300	81,237	24,057
Adjusted EBITDA	25,166	2,065	**27,243**	**810**
Depreciation, amortisation and impairment	(17,389)	(44,684)	(19,585)	(33,445)
Fair value (losses) gains	(12,533)	–	1,584	–
Operating (loss) profit	(4,756)	(42,619)	**9,242**	**(32,635)**
Net finance income (cost)	735	3,898	(542)	1,651
Income tax expense	(12)	(237)	(4)	(170)
(Loss) profit for the year	(4,033)	(38,958)	**8,696**	**(31,154)**
Other comprehensive (loss) income	(128)	(381)	314	(193)
Total comprehensive (loss) income	(4,161)	(39,339)	**9,010**	**(31,347)**
Attributable to:				
The Shareholders	(3,738)	(31,471)	8,094	(25,078)
Non-controlling interests	(423)	(7,868)	916	(6,269)

	31 December 2023		31 December 2022	
Summarised statement of financial position:	Thuraya $ 000	BCS $ 000	Thuraya $ 000	BCS $ 000
Current assets (Inventories, receivables and cash balances)	77,317	138,380	94,062	136,070
Non-current assets (Property, plant and equipment and other assets)	99,781	118,817	91,905	163,225
Current liabilities (Trade and other payables, deferred revenue and borrowings)	(37,548)	(9,828)	(41,369)	(12,279)
Non-current liabilities (Borrowings and other liabilities)	(5,769)	(102)	(6,658)	(410)
Net assets/Total equity	133,781	247,267	**137,940**	**286,606**
Attributable to:				
The Shareholders	120,175	197,815	123,912	229,285
Non-controlling interests	13,606	49,452	14,028	57,321
Summarised cash flow information:	Thuraya $ 000	BCS $ 000	Thuraya $ 000	BCS $ 000
Operating	(10,588)	(6,013)	23,574	(3,207)
Investing	(9,322)	(3,605)	(29,759)	16,080
Financing	(1,271)	–	(1,630)	(3,195)
Net (decrease) increase in cash and cash equivalents	(21,181)	(9,618)	**(7,815)**	**9,678**

19 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 associate, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

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

Transactions eliminated on consolidation

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

Please refer to Note 39 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 % 2023	Equity % 2022
Al Maisan Satellite Communication Company LLC (Al Maisan)	Leasing of satellite capacity primarily for broadcasting customers	UAE	**65%**	65%
HNS Participações Empreendimentos S.A. (HPE; Brazil JV Co)	Telecommunication services via satellite	Brazil	**20%**	20%

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

Movement in the investments in associates:	2023 $ 000	2022 $ 000
At 1 January	**64,054**	116,203
Return of investment from Al Maisan	**(7,501)**	(4,225)
Share of results for the year	**(9,914)**	(53,303)
Exchange differences	**3,273**	5,379
At 31 December	**49,912**	**64,054**

Share of results from Al Maisan:	2023 $ 000	2022 $ 000
Share of results of equity-accounted investee	**1,089**	1,297
Share of total comprehensive income of equity-accounted investee	**1,089**	1,297

Aggregate financial information of HPE:	2023 $ 000	2022 $ 000
Statement of comprehensive income (100%)		
Revenue	**107,210**	106,605
Loss for the year	**(55,016)**	(70,124)
Other comprehensive income	**–**	–
Total comprehensive loss	**(55,016)**	**(70,124)**
Group's share of total comprehensive loss (20%)	**(11,003)**	(14,025)
Impairment loss during the year (i)	**–**	(40,575)
Group's share of results in HPE after impairment	**(11,003)**	**(54,600)**
Statement of financial position (100%)		
Current assets	55,097	54,149
Non-current assets	169,586	209,535
Current liabilities	(22,735)	(22,792)
Non-current liabilities	(7,815)	(8,110)
Net assets 100%	**194,133**	**232,782**
Group's share in net assets (20%)	38,827	46,557
Other costs relating to the investment	239	239
Carrying amount of the investment in HPE	**39,066**	**46,796**

(i) During the prior year, the Group identified indicators that its investment in HPE ('HPE cash generating unit' or "HPE CGU"), which is an operating segment included in 'Others' (refer Note 4), may be impaired due to a rapid deterioration in the global macro-economic environment which primarily impacted the discount rate used in assessing the recoverable amount of this investment. This impairment assessment resulted in a (non-cash) impairment loss of $40,575 thousand which was recorded within the share of results of equity accounted investments (see Note 3 for significant accounting estimates used in the impairment assessment).

At the end of the year, management has neither identified any indicator that suggests that the Group's investment in HPE or Al Maisan is impaired nor any indicator of reversal of impairment of investment in HPE.

Notes to the consolidated financial statements continued

for the year ended 31 December 2023

20 Other financial assets

	2023 $ 000	2022 $ 000
Preference shares (i)	**2,955**	2,950
Convertible loan (ii)	**2,910**	–
	5,865	**2,950**

Movement in the other financial assets:	Notes	2023 $ 000	2022 $ 000
At 1 January		**2,950**	–
Additions during the year – preference shares (cash)		**1,050**	2,950
Conversion of trade receivables to convertible loan (non-cash)		**17,500**	–
Fair value changes	**11**	**(15,635)**	–
At 31 December		**5,865**	**2,950**

i) In 2022, the Group invested 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) are non-cumulative, carry an option to convert into common stock and carry certain preferential rights upon dissolution. As the preferred stock does not carry any residual interest, the Group accounts for the investment at fair value through profit or loss. Based on an independent valuation exercise, the Group determined that the fair value of the preferred stock was $2,955 thousand thereby recording a loss of $1,045 thousand during the year ended 31 December 2023 reported in the consolidated statement of profit or loss under 'Fair value (losses) gains'.

ii) During the year, the Group entered into a Convertible Loan Agreement ("CLA") with a customer for a total Convertible Loan ("Loan") amount of $17,500 thousand. At the date of signing the CLA, trade receivable balances amounting to $15,750 thousand due from the customer were settled through conversion to the Loan and the remaining amount of $1,750 thousand was converted to CLA after it became due on 1 October 2023. The key terms of the CLA are as follows:

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

The conversion option meets the definition of a derivative since the Loan (which has a fixed value) may be settled by the customer in the future, by exchanging it for a variable number of its shares whose value may change according to the underlying performance of its business. Therefore, the CLA is classified as a Hybrid contract with an embedded derivative which comprises both a host asset (the Loan) and a derivative (the conversion option), and accordingly measured at fair value through profit or loss in accordance with the requirements of IFRS 9 'Financial Instruments'. As at 31 December 2023, Management determined the fair value of the Loan as $2,910 thousand (against the carrying amount of $17,500 thousand) and accordingly recognised a fair value loss of $14,590 thousand in the consolidated statement of profit or loss under 'Fair value (losses) gains' during the year ended 31 December 2023 (2022: nil).

21 Inventories

Material accounting policies

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

Inventories	2023 $ 000	2022 $ 000
Equipment and accessories – satellite services	**24,021**	16,597
Ground operations spares	**1,538**	1,589
	25,559	**18,186**
Loss allowance	**(11,202)**	(10,954)
	14,357	**7,232**
Movement in loss allowance for inventories:		
At 1 January	**10,954**	10,821
Charge during the year	**248**	168
Write-off	**–**	(35)
At 31 December	**11,202**	**10,954**

During the year, $34,436 thousand (2022: $23,904 thousand) of inventories were recognised as cost of equipment and accessories sold (Note 6).

22 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.

a) Related party transactions:

Transaction with key management personnel	2023 $ 000	2022 $ 000
Key management personnel compensation:		
Short term employment benefits	4,411	4,630
Post-employment benefits	344	396

Board of directors and committee fees charged to profit or loss during the year were $1,770 thousand (2022: $2,473 thousand) (Note 8).

Transaction with other related parties	Notes	2023 $ 000	2022 $ 000
Revenue			
Entities under common control *		310,632	314,833
Associate		1,539	1,471
Total		312,171	316,304

* Revenue from entities under common control includes US$ 300 million (2022: US$ 305 million) from a single customer (refer to Note 22 b)(i) below). Revenue from such customer is recorded under infrastructure, managed solutions and mobility solutions segments. There are no revenues from an individual customer, except as disclosed above, that represent 10 percent or more of the Group's total revenue.

	Notes	2023 $ 000	2022 $ 000
Interest income on short term deposits – with banks			
Entities under common control	12	20,257	4,899
Interest on term loans from banks, net of hedges			
Entities under common control		(15,002)	(584)
Interest on contract liability			
Entities under common control	12	7,021	2,096
Outsourced expenses, office lease rent, systems support			
Entities under common control		1,057	1,152
Cost of sales			
Entities under common control		271	132
Associate		1,548	1,271
Total		1,819	1,403

b) Related party balances

	Notes	2023 $ 000	2022 $ 000
Trade and other receivables due from related parties			
Entities under common control		42,052	82,745
Associates		30	214
Parent Company		5	5
Total	23	42,087	82,964
Short-term deposits with related party banks			
Entities under common control	24	248,356	266,172
Current account balances with related party banks			
Entities under common control	24	227,736	125,620
Trade and other payables due to related parties			
Entities under common control		2,970	4,860
Associate		119	242
Total	26	3,089	5,102
Deferred revenue			
Entities under common control		2,016	2,677
Associate		195	189
Total	29	2,211	2,866
Advances from related parties			
Entities under common control	26	524,721	443,115

(i) Transactions with an entity under common control

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

In terms of the CSA, an aggregate amount of $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. As at 31 December 2023, the advance attributable to the lease element is $120.8 million (2022: $163 million), and to service element (contract with customers) is $94.8 million (2022: US$ 128 million).

Notes to the consolidated financial statements continued

for the year ended 31 December 2023

22 Related party transactions and balances continued

Identity of related parties continued

b) Related party balances continued

(i) Transactions with an entity under common control continued

On 17 June 2021, the Group signed the Thuraya-4-NGS capacity services agreement with a government entity (Thuraya-4-NGSA) for a total contract value of $708.4 million. The term of the Thuraya-4-NGSA is 15 years from the date of commencement of Operational services of Thuraya-4-NGS which is expected in the first half of 2025. Pursuant to the terms of Thuraya-4-NGSA, the Group is entitled to receive an aggregate amount of $300 million as "Advance Payment" in two equal instalments starting from June 2022. Accordingly, the Group received the two instalments of $150 million each during July 2022 and June 2023, respectively. The Advance Payment will be offset against the quarterly payments for satellite services in equal instalments starting from the date of commencement of Operational services. Management has determined that the contract contains a significant financing component (see Note 5).

b) The Group has entered into various contracts with the government entity for the provision of end-to-end integrated satellite communication and managed services which include operation, maintenance, system capability management and technology refresh services. Revenue from such contracts are reported under managed services. The balance due from the government entity at the reporting date, includes amounts invoiced to date in relation to the afore-mentioned contracts.

c) The Government has allocated a plot of land (Secondary site in the emirate of Abu Dhabi) to the Company and has granted permission to the Company to construct and access a Satellite Ground Control Station on the plot. Title to the plot of land has not been transferred to the Company and accordingly the plot has not been recognised in the consolidated financial statements. In addition, refer to note 30 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	2023 $ 000	2022 $ 000
Year 1	**128,184**	128,184
Year 2	**128,184**	128,184
Year 3	**109,723**	128,184
Year 4	**–**	109,723
At 31 December	**366,091**	494,275

(ii) Transactions with other entities under common control

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

(iii) Transactions with associates

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

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

The outstanding amounts at year end, except for advance from related parties which carry specific repayment terms as specified above, are expected to be settled in cash. No significant expected credit loss has been recognised during the year in respect of amounts owed by related parties.

Also refer Note 27 for other related party transactions.

23 Trade and other receivables

	Reference	Notes	2023 $ 000	2022 $ 000
Trade receivables – third parties			**89,216**	76,639
Trade receivables – related parties*			**20,248**	27,187
Sub total	a		**109,464**	**103,826**
Allowance for expected credit losses	b		**(22,651)**	(16,242)
Trade receivables, net of allowance	c		**86,813**	**87,584**
Accrued income – third parties			**1,078**	2,368
Accrued income – related parties*			**20,558**	52,964
Contract assets	d		**21,636**	**55,332**
Prepayments – orbital services			**10,270**	10,000
Prepayments – others			**2,094**	1,936
Advances to suppliers – third parties			**18,016**	13,354
Advances to suppliers – related parties*			**30**	30
Other receivables – third parties			**10,021**	7,622
Other receivables – related parties*			**1,251**	2,783
Sub total	e		**41,682**	35,725
Total trade and other receivables	c+d+e		**150,131**	**178,641**
of which non-current			**10,610**	10,382
of which current			**139,521**	168,259
Additional information:				
*Total due from related parties	y	22	**42,087**	82,964
Total contract balances, net of allowance	c+d		**108,449**	142,916
Total contract balances, excluding allowance	a+d		**131,100**	159,158

	2023 Gross carrying amount $ 000	2023 Loss allowance $ 000	2022 Gross carrying amount $ 000	2022 Loss allowance $ 000
Categories of trade receivables and contract assets				
Managed solutions, government customers	35,373	(100)	73,890	(611)
Managed solutions, general category	6,975	(205)	2,825	(428)
Infrastructure services, government customers	6,376	–	5,957	–
Infrastructure services, general category	13	–	26	–
Data solutions, general category	19,761	(6,674)	19,481	(8,979)
Data solutions, high risk category	4,112	(3,107)	888	(888)
Mobility solutions, general category	56,392	(10,467)	53,998	(3,243)
Mobility solutions, high risk category	2,098	(2,098)	2,093	(2,093)
	131,100	(22,651)	159,158	(16,242)

	2023 $ 000	2022 $ 000
Movement in the allowance for expected credit losses:		
At 1 January	16,242	21,192
Allowance (reversal of allowance) for expected credit losses, net	7,187	(859)
Written off during the year as uncollectible	(762)	(4,088)
Exchange differences	(16)	(3)
At 31 December	**22,651**	**16,242**

	2023 $ 000	2022 $ 000
The ageing of trade receivables is as follows:		
Not past due	49,156	30,844
Past due 0 to 90 days	18,505	19,421
Past due 91 to 180 days	10,317	10,522
Past due above 180 days	31,486	43,039
	109,464	103,826

The Group's exposure to credit risk is disclosed in Note 38.

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

Other receivables include staff-related receivables of US$ 6 million (2022: US$ 5.4 million).

24 Cash and short-term deposits

	Notes	2023 $ 000	2022 $ 000
Cash on hand and in banks		9,170	27,222
Cash at banks – related parties	22	227,736	125,620
Short-term deposits with banks – others		76,818	125,685
Short-term deposits with banks – related parties	22	248,356	266,172
Cash and short-term deposits		**562,080**	**544,699**
Less: Short-term deposits with original maturities of over three months		(298,382)	(330,705)
Cash and cash equivalents		**263,698**	**213,994**

During the year, the Group a) placed short term deposits with banks (related parties $774,682 thousand and others $154,360 thousand) and b) received maturity proceeds on short term deposits (related parties $819,727 thousand and others $173,995 thousand). These deposits carry interest rates ranging from 1.95% to 10.00% per annum (2022: 1.95% to 9.00%).

For purposes of the consolidated statement of cash flows, changes in lease liabilities and borrowings arising from financing activities are disclosed in notes 16(B) and 27, respectively.

25 Non-current assets classified as held for sale

Material accounting policies

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 to the consolidated financial statements continued

for the year ended 31 December 2023

25 Non-current assets classified as held for sale continued

	Notes	2023 $ 000	2022 $ 000
Investment property		**22,038**	–
Property, plant and equipment	14	**6,002**	–
		28,040	–

On 3 April 2023, the Board of Directors approved a proposal to initiate sale of Thuraya's property located in Dubai and appointed a committee to manage the sale process. The majority of the property was on lease or available for lease, hence was classified as an investment property, with the remainder of the property self-occupied by Thuraya and accounted under Property, Plant and Equipment at historical cost depreciated over its remaining useful life. Consequent to the Board approval effective from that date, the property, a non-current asset under Mobility solutions segment, meets the criteria for classification as held for sale on the basis that its carrying amount is expected to be recovered principally through a sale transaction. As per the requirements of IFRS-5 'Non-current Assets Held for Sale and Discontinued Operations' the property has been classified as held for sale. During the year, Management recognised a gain of $2,057 thousand (2022: $1,584 thousand) resulting from the fair valuation of investment property determined by an external valuer based on transactions observable in the market.

The disposal group comprising of the investment property and property, plant and equipment is carried at the lower of its carrying amount and fair value less costs to sell. Since the fair value less costs to sell of the property exceed the carrying amount of $28,040 thousand, no further adjustments have been made.

26 Trade and other payables

	Notes	2023 $ 000	2022 $ 000
Trade payables – third parties		**22,093**	47,980
Trade payables – related parties*		**243**	650
Accruals		**49,750**	35,699
Other payables – third parties		**6,437**	5,484
Other payables – related parties*		**2,846**	4,452
Advances from customers – related parties	22	**524,721**	443,115
Advances from customers – others		**2,104**	1,460
Total trade and other payables		**608,194**	**538,840**
of which non-current		**449,077**	367,679
of which current		**159,117**	171,161
*Trade and other payables due to related parties	22	**3,089**	5,102
Contract liability:			
Included in advances from customers – related parties		**404,006**	280,157
Included in advances from customers – others		**2,104**	1,460

Accruals include employee-related accruals of US$ 10,734 thousand (2022: US$ 9,235 thousand).

27 Borrowings

	Notes	2023 $ 000	2022 $ 000
The carrying amount of borrowings are as follows:			
A) Term loans			
Principal amounts		**446,657**	535,208
Unamortised transaction costs		**(12,038)**	(14,045)
Term loans – net of unamortised transaction costs		**434,619**	521,163
B) Lease liabilities	16	**6,090**	7,165
Total borrowings		**440,709**	528,328
of which current		**62,753**	121,077
of which non-current		**377,956**	407,251

A) Term loans

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

	Repayment tenor Years	Principal amount $ 000	Unamortised transaction costs $ 000	Carrying amount $ 000
At 31 December 2023				
Term loan 5	2022-2026	220,000	(2,287)	217,713
Term loan 6	2024-2032	226,657	(9,751)	216,906
		446,657	**(12,038)**	**434,619**
At 31 December 2022				
Term loan 5	2022-2026	340,000	(3,210)	336,790
Term loan 6	2024-2032	195,208	(10,835)	184,373
		535,208	**(14,045)**	**521,163**

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

	2023 $ 000	2022 $ 000
At 1 January	**521,163**	515,701
Additions (cash)	**21,438**	61,687
Additions (interest capitalised)	**10,011**	1,671
Refund of transaction costs	**–**	969
Amortisation of transaction costs (non-cash)	**2,007**	2,104
Repayments (cash)	**(120,000)**	(60,969)
At 31 December	**434,619**	**521,163**

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

	Term loan 5 $ 000	Term loan 6 $ 000	Total $ 000
At 31 December 2023			
Within one year	50,000	13,333	63,333
1 – 2 years	110,000	26,666	136,666
2 – 5 years	60,000	79,998	139,998
Beyond 5 years	–	106,660	106,660
	220,000	**226,657**	**446,657**
At 31 December 2022			
Within one year	120,000	–	120,000
1 – 2 years	50,000	11,483	61,483
2 – 5 years	170,000	68,897	238,897
Beyond 5 years	–	114,828	114,828
	340,000	**195,208**	**535,208**

Term loan 5: On 14 June 2021, the Group entered into a Term Facility Agreement for a facility amount of $400 million (Term loan 5 or 2021 Term Loan $400m Facility). Term loan 5 has a tenor of five years and is repayable in eight semi-annual instalments starting from 14 December 2022. Term loan 5 bears interest at compounded reference rate plus margin of 1.30% (previously, LIBOR plus margin of 1.30% per annum before IBOR reform, see Note 38). The compounded reference rate is based on Secured Overnight Financing Rate (SOFR) and credit adjustment spread. During the year, the Group repaid two instalments of $60,000 thousand each.

Term loan 6: On 14 June 2021, the Group entered into an export credit agency facility through a BPIFAE Facility Agreement (Term loan 6 or ECA Facility) to partly fund the capital expenditure relating to the Thuraya-4-NGS. The total facility amount is $300.5 million with a tenor of 8.5 years and an availability period starting from 14 June 2021 until the date falling 5 months after the starting point of credit. On 19 August 2022, the ECA Facility was amended to reduce the total facility amount from $300.5 million to $273 million as a result of reduction in the purchase price of the Thuraya-4-NGS satellite by way of government grant of $30 million (Note 30). The amendment was subject to completion of certain conditions precedent which were satisfied on 10 November 2022 being the effective date of the amendment. During the prior year, the Group repaid an amount of $969 thousand against the loan.

The ECA Facility bears interest at compounded reference rate plus margin of 0.60%% (previously, LIBOR plus margin of 0.60% per annum before IBOR reform, see Note 38). During the year, an amount of $31,449 thousand was drawn from this facility including interest capitalisation of 10,011 thousand. As of 31 December 2023, the unutilised facility amounted to $45,393 thousand (2022: $76,842 thousand).

Both Term loan 5 and Term loan 6 contain customary representations, warranties, covenants and undertakings including limitations on incurrence of financial indebtedness, mergers, acquisitions, disposals and negative pledge in relation to certain assets of the Group save, in each case, as permitted under the terms of the facility documents. In both facilities, the Group is required to maintain an interest cover ratio of not less than 4.00:1 and a net leverage ratio of no more than 3.00:1, in each case on a calculation date (which occurs on 30 June and 31 December in each financial year).

On 18 December 2023, the Group entered into a short-term Bridge Facility Agreement (Bridge Facility) to finance the capital expenditure relating to AY 4/5 Satellite Programme. 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 2023, the entire Bridge Facility remains undrawn.

The Bridge Facility contains customary representations, warranties, covenants and undertakings. 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 $63,250 thousand (2022: $97,750 thousand). The net interest on loans from related party banks was negative (net credit) of $15,002 thousand as a result of significant increase in fair value of derivative financial assets (2022: $584 thousand).

B) Lease liabilities – Refer to Note 16 B.

28 Derivative financial instruments

Material accounting policies

Derivative financial instruments including hedge accounting

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

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

Notes to the consolidated financial statements continued

for the year ended 31 December 2023

28 Derivative financial instruments continued

Material accounting policies continued

Derivative financial instruments including hedge accounting continued

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.

On 15 June 2021, the Group entered into interest rate swap (IRS) agreements to hedge the variability in interest rates with respect to Term loan 5 and the ECA Facility (Note 27 A). The effective date for both IRS agreements is 14 July 2021.

Effective from 3 October 2023, the Group has amended its IRS agreements to effect transition from US$ LIBOR to SOFR from the US$ LIBOR Index Cessation Effective Date (Note 38).

Interest rate swaps – fair value	2023 $ 000	2022 $ 000
A) Derivative financial assets	**34,964**	49,416
of which current	**12,574**	17,202
of which non-current	**22,390**	32,214
B) Hedge reserve	**34,055**	48,405

A) Derivative financial assets

Contractual maturities	2023 $ 000	2022 $ 000
Within one year	**12,574**	17,202
1 – 2 years	**8,845**	11,286
2 – 5 years	**9,455**	14,879
After 5 years	**4,090**	6,049
	34,964	49,416
Notional amount outstanding	**414,404**	**490,801**

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 38.

29 Deferred revenue

	Notes	2023 $ 000	2022 $ 000
Unutilised airtime balances from prepaid scratch cards and SIM cards		**13,816**	14,149
Others *		**10,761**	10,660
Total deferred revenue		**24,577**	**24,809**
of which contract liabilities – related parties	22	**2,211**	2,866

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

30 Government grants

Material accounting policies

As the Government of the Emirate of Abu Dhabi is the ultimate parent of the Parent Company of the Company, on receipt of any assistance from the Government of Abu Dhabi, the Group evaluates the assistance to determine if the transaction is a transaction with the Government in their capacity as the ultimate parent and therefore treated as equity contribution, or if not, then as a government grant. This determination is done after considering various factors not limited to the following:

- if the purpose of the assistance was a restricted purpose;
- are there conditions associated with the receipt of the assistance;
- is there evidence of an equity transaction;
- the legal form and documentation of assistance; and
- would similar support or assistance be given by the Government to an entity not owned by the Government.

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

Non-monetary government grants

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

Monetary government grants

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

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.

During 2009, the Company received a plot of land (Primary site) from the Urban Planning Council, of the Government of Abu Dhabi as a government grant. The plot of land has been used to construct the Satellite Ground Control Station, which forms an integral part of the satellite system. Accordingly, the plot of land has been classified as property, plant and equipment. Both the grant and the land have been recorded at nominal value in the consolidated financial statements.

During the prior year, the Group signed a commitment letter with the Government, whereby the Group was awarded $30 million as a grant in relation to the procurement of Thuraya-4-NGS programme, in the form of reduction in the purchase price of the Thuraya-4-NGS satellite (Note 13). The supplier has adjusted the future milestone payments in respect of the satellite by the grant amount. The grant is in recognition of the Group signing the Thuraya-4-NGS capacity services agreement with a government entity at an agreed discounted price of $708.4 million included in the contract value. The grant is also subject to few conditions including the completion of the Thuraya-4-NGS programme and the training of UAE National trainees in the Thuraya-4-NGS design and manufacturing process. As of the reporting date, management believes that the conditions to the grant will be met and accordingly, the Group eligible for the grant. As the grant is in the form of a purchase credit, reducing the total purchase price of the satellite, no separate grant receivable was required to be recognised. The future milestone payments to the satellite will be recorded, as incurred, as capital-work-in-progress at the reduced purchase price. Accordingly, as at 31 December 2022, the capital commitments under the Thuraya-4-NGS procurement contract were reduced by $30 million (Note 35).

Notes to the consolidated financial statements continued

for the year ended 31 December 2023

31 Defined benefit obligations

Material accounting policies

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

The Group provides end of service benefits (defined benefit obligations) to its eligible employees. An actuarial valuation is performed by engaging an independent actuarial valuation specialist. The present value of defined benefit obligations and the related current and past service cost, are measured using the Projected Unit Credit Method.

	2023 $ 000	2022 $ 000
Unfunded plan		
Present value of defined benefit obligation	**8,929**	9,897

The movement in defined benefit obligation is as follows:	2023 $ 000	2022 $ 000
At 1 January	**9,897**	11,238
Current service cost	**1,151**	1,757
Interest cost	**430**	416
Benefits paid	**(2,924)**	(1,612)
Other movements	**20**	31
Actuarial loss (gain)	**355**	(1,929)
Exchange differences	**–**	(4)
At 31 December	**8,929**	9,897

The amounts recognised in the consolidated statement of profit or loss are as follows:	2023 $ 000	2022 $ 000
Current service cost	**1,151**	1,757
Interest cost	**430**	416
	1,581	2,173

Following are the significant assumptions used in the actuarial valuation:	2023 %	2022 %
Discount rate	**5.07**	4.64
Price inflation	**2.00**	2.00
Salary growth rate	**2.25**	2.25

Sensitivity analysis

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

Impact on defined benefit obligation

	2023 $ 000	2022 $ 000
Discount rate		
0.5% increase	**-3.70%**	-4.10%
0.5% decrease	**3.90%**	4.40%
Salary growth rate		
0.5% increase	**4.30%**	4.80%
0.5% decrease	**-4.00%**	-4.50%

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 2023, the weighted average duration of the defined benefit obligation was 7.91 years (2022: 8.72 years).

32 Share capital

The movement in the share capital is as follows:

	2023		2022	
	Shares (000)	$ 000	Shares (000)	$ 000
At 1 January and 31 December	**2,439,770**	**664,334**	2,439,770	664,334

On 17 June 2021, the Company's share capital increased from AED 10,000,000 to AED 2,439,770,265 by conversion of additional paid-in capital into share capital. Share capital is converted into US$ at the rate of AED 3.6725 to US$ 1.

On 14 July 2021, the Parent Company completed the secondary offering to the public of 975,908,106 shares representing 40% of the Company's share capital, upon which all of the Company's shares were listed on the Abu Dhabi Securities Exchange. As of 31 December 2023, the Parent Company owns 62.98% of the Company's share capital.

33 Dividends

	2023 $ 000	2022 $ 000
Cash dividends declared and paid:		
Final dividend for 2022: 2.19 cents (8.06 fils) per share	**53,545**	–
Interim dividend for 2023: 2.24 cents (8.23 fils) per share	**54,675**	–
Final dividend for 2021: 2.15 cents (7.90 fils) per share	**–**	52,482
Interim dividend for 2022: 2.19 cents (8.06 fils) per share	**–**	53,545
	108,220	106,027
Proposed dividend:		
Final dividend for 2023: 2.24 cents (8.23 fils) per share (2022: 2.19 cents (8.06 fils) per share)	**54,675**	53,500

The proposed dividend for 2023 is subject to approval of the shareholders at the annual general assembly.

34 Statutory reserve

The UAE Federal Decree-Law No.32 of 2021 requires that 10% of the Company's profit (5% of the Limited Liability Companies' profit) be transferred to a non-distributable statutory reserve until the amount of the statutory reserve becomes equal to 50% of the paid-up share capital. The consolidated financial statements include statutory reserve of the Company and of its subsidiaries.

35 Capital commitments and contingent liabilities

	Note	2023 $ 000	2022 $ 000
Capital commitments – committed and contracted		**248,431**	157,836
Contingent liabilities – performance bonds provided by banks in the normal course of business		**31,041**	36,439

Capital commitments mainly relate to Thuraya-4-NGS project and AY 4/5 Satellite Programme. During the prior year, the Group received a grant of $30 million in the form of reduction in the purchase price of Thuraya-4-NGS. Accordingly, capital commitments as of 31 December 2022 were reduced by $30 million (Note 30).

36 Leases – Group as a Lessor

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

	Note	2023 $ 000	2022 $ 000
Satellite capacity leases – related party	**22 (i)**	**366,091**	494,275
Investment property leases – third parties	**15/25**	**4,032**	4,530
Other leases: *			
Satellite capacity leases – third parties		**254**	340
Gateway hosting – third parties		**1,344**	3,108
At 31 December		**371,721**	**502,253**

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

	2023	2022
Year 1	**926**	2,104
Year 2	**672**	672
Year 3	**–**	672
At 31 December	**1,598**	**3,448**

37 Earnings per share

	2023	2022
Profit for the period attributable to the shareholders of the Company (in $'000)	**110,368**	65,564
Weighted average number of ordinary shares outstanding ('000)	**2,439,770**	2,439,770
Basic and diluted earnings per share (cents)	**4.524**	2.687
Basic and diluted earnings per share (fils)	**16.613**	9.869

38 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.

Notes to the consolidated financial statements continued

for the year ended 31 December 2023

38 Financial risk management continued

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	2023 $ 000	2022 $ 000
Derivative financial assets	28	34,964	49,416
Other financial assets	20	5,865	2,950
Trade receivables and contract assets	23	108,449	142,916
Other receivables	23	11,272	10,405
Cash and short-term deposits	24	562,080	544,699
		722,630	750,386

Trade receivables and contract assets

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

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

The Group does not hold collateral as security. The Group considers the risk of concentration as low, with respect to trade receivables and contract assets, since credit risk is mitigated by the financial stability of its customers of which approximately 32% (2022: 52%) are related parties or government related entities. Moreover, a substantial portion of the remaining customers are located in several jurisdictions and industries and operate in largely independent markets.

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
2023					
Term loans	86,413	151,837	160,871	117,461	516,582
Lease liabilities	1,628	633	2,110	2,743	7,114
Trade and other payables (excluding advances from customers)	81,369	–	–	–	81,369
At 31 December 2023	**169,410**	**152,470**	**162,981**	**120,204**	**605,065**
2022					
Term loans	139,236	76,796	268,677	136,594	621,303
Lease liabilities	2,223	679	1,911	3,588	8,401
Trade and other payables (excluding advances from customers)	94,265	–	–	–	94,265
At 31 December 2022	**235,724**	**77,475**	**270,588**	**140,182**	**723,969**

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

Market risk

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

i) Currency risk

The Group is exposed to currency risk in respect of transactions denominated in currencies other than US$. In respect of transactions denominated in the UAE Dirham ("AED"), the Group is currently not exposed to currency risk as the AED is pegged to US$. For significant transactions denominated in currency other than US$ and AED the Group utilises forward exchange contracts to reduce its currency risk exposure.

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

ii) Interest rate risk

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

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.

	2023 $ 000	2022 $ 000
Interest expense		
– 25 basis points	**52**	64
+ 25 basis points	**(52)**	(64)

Managing interest rate benchmark reform and associated risks

A fundamental reform of major interest rate benchmarks is being undertaken globally, including replacement of some interbank offered rates (IBORS) with alternative nearly risk-free rates (referred to as "IBOR reform"). The Group finished the process of implementing appropriate fallback clauses for all US Dollar LIBOR indexed exposures, in accordance with clause 22.7 (replacement of Screen Rate) and 22.8 (Replacement of Benchmark) under the Common Term Agreement. These clauses automatically switch the instrument from US$ LIBOR to SOFR as and when US Dollar LIBOR ceases. As announced by Financial Conduct Authority (FCA) in early 2022, the panel bank submissions for the overnight and 12-month US Dollar LIBOR ceased on 30 June 2023. In addition, the FCA announced in early 2023 that one, three and six-month synthetic US dollar LIBOR settings will cease on 30 September 2024.

The Group engaged and worked closely with the Global Agent and the counterparties to mitigate the risk arising from the transition and executed the options of adoption of the replacement benchmark (SOFR). The Group received a confirmation from the Global Agent that all the condition precedents regarding the Amended and Restated Loan Agreement ("ARA") are met effective from 26 September 2023 in relation to the Term Loan 5, although the ARA was signed on 5 July 2023. The Group is working with the Global Agent to complete the conditions precedent in relation to Term Loan 6 to effect transition to SOFR.

The Group has also amended its IRS agreements to effect transition from US$ LIBOR to SOFR from the US$ LIBOR Index Cessation Effective Date which is 30 September 2024 as announced by FTA. The Group has updated the hedge documentation in response to the changes in the hedging instruments and hedged items as a result of IBOR reform and concluded that the hedge remains effective.

The carrying amounts of Term loan 5 and Term loan 6 are disclosed in Note 27 while the fair value and notional amounts of the IRS are disclosed in Note 28.

Fair values

Investment property

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

Other financial assets

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

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

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 2023 and 2022.

Notes to the consolidated financial statements continued

for the year ended 31 December 2023

38 Financial risk management continued

Non-derivative financial liabilities continued

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	2023 $ 000	2022 $ 000
Interest bearing borrowings (excluding unamortised transaction costs)	27	452,747	542,373
Less: cash and short-term deposits	24	(562,080)	(544,699)
Net cash		(109,333)	(2,326)
Total equity		904,768	922,484
Total equity and net debt		**795,435**	**920,158**
Gearing ratio (%)		N/A	N/A

39 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.

There were no significant changes to the group structure in the current year and prior year.

Material accounting policies

Business combinations

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

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

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

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

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

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

Transfer of entities under common control
Transfers giving rise to transfer of interests in entities that are under the common control of the shareholders are accounted for at the date that transfer occurred, without restatement of prior periods. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the books of transferor entity. The components of equity of the acquired entities are added to the same components within Group entity. Any cash paid for the acquisition is recognised directly in equity.

Loss of control of subsidiary
When the Group loses control of a subsidiary, the Group:
a) derecognises the assets and liabilities of the former subsidiary at the carrying amounts at the date when control is lost;
b) recognise the fair value of the consideration received from the event or transaction that resulted in the loss of control and recognise any interest retained in the former subsidiary at its fair value when the control is lost;
c) reclassify to profit or loss the amounts recognised in other comprehensive income (OCI), including any cumulative exchange differences previously recognised in OCI, in relation to the subsidiary; and
d) recognise any resulting difference as a gain or loss in profit or loss.

The fair value at the date that control is lost in b) above shall be regarded as the fair value on initial recognition of a financial asset in accordance with IFRS 9 or the deemed cost on initial recognition of an investment in an associate or joint venture, if applicable.

Discontinued operation
A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:
a) represents a separate major line of business or geographical area of operations;
b) is part of a single co-ordinated plan to dispose of a separate major line of business, 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.

Acquisition of an associate
On acquisition of an associate, the Group undertakes a notional purchase price allocation (PPA), identifying and valuing assets and liabilities of the associate, as if it had acquired a business. These fair value adjustments are not recorded separately, because the investment itself is a single line item. However, the fair values identified form the basis for additional depreciation, amortisation and similar adjustments that are reflected in the investor's share of the results in subsequent years. Adjustments in the notional purchase price allocation include assets not recognised by the associate or joint venture (such as internally developed intangible assets, reserves of natural resources and similar assets). Adjustments might also be made to recognise the fair value of assets carried by the investee at cost (such as property, plant and equipment) and to recognise liabilities at appropriate values.

Where the Group acquires an associate, it might be necessary to use provisional figures to undertake a provisional PPA to report the acquisition at the reporting date. Within one-year from the date of acquisition, the Group finalises the fair values and PPA, and reports in the following reporting period.

On acquisition of the investment, any difference between the cost of the investment and the entity's share of the net fair value of the investee's identifiable assets and liabilities is accounted for as follows:
a) Goodwill relating to an associate is included in the carrying amount of the investment.
b) Any excess of the entity's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associate or joint venture's profit or loss in the period in which the investment is acquired.

Appropriate adjustments to the entity's share of the associate's or joint venture's profit or loss after acquisition are made in order to account, for example, for depreciation of the depreciable assets based on their fair values at the acquisition date. Similarly, appropriate adjustments to the entity's share of the associate's profit or loss after acquisition are made for impairment losses such as for goodwill or property, plant and equipment.

Supplemental information to the consolidated financial statements

for the year ended 31 December 2023

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

i) Consolidated statement of profit or loss

	2023 AED 000	2022 AED 000
Revenue	**1,677,370**	1,588,503
Cost of revenue	**(207,985)**	(177,367)
Staff costs	**(310,190)**	(313,903)
Other operating expenses [(1)]	**(198,267)**	(165,167)
Other income	**16,343**	14,264
Adjusted EBITDA [(2)]	**977,271**	**946,330**
Depreciation, amortisation and impairment	**(567,445)**	(530,570)
Fair value (losses) gains [(3)]	**(49,865)**	5,817
Operating profit	**359,961**	**421,577**
Finance income	**98,339**	31,205
Finance costs	**(42,230)**	(35,238)
Net finance income (costs)	**56,109**	**(4,033)**
Share of results of equity-accounted investments [(4)]	**(36,409)**	(195,755)
Profit before income tax	**379,661**	**221,789**
Income tax expense	**(4,455)**	(643)
Profit for the year	**375,206**	**221,146**
Loss for the year attributable to non-controlling interests	**(30,122)**	(19,637)
Profit for the year attributable to the Shareholders	**405,328**	**240,783**
Earnings per share		
Basic and diluted (fils per share)	**16.61**	9.87

(1) Other operating expenses include expected credit losses on trade receivables and contract assets. For the year ended 31 December 2023, there was a net charge of expected credit losses of AED 26,394 thousand (2022: net reversal of AED 3,155 thousand).

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

(3) Fair value (losses) gains include fair value changes on other financial assets (Note 20) and investment property which is now classified as held for sale (Note 25). During the year, fair value gain of AED 7,554 thousand was recorded in respect of investment property (2022: AED 5,817 thousand) whereas fair value losses of AED 57,420 thousand were recorded in respect of other financial assets (2022: nil).

(4) Share of results of equity-accounted investments for the prior year include impairment loss of AED 149,012 thousand in respect of the Group's investment in HPE Brazil.

ii) Consolidated statement of comprehensive income

	2023 AED 000	2022 AED 000
Profit for the year	**375,206**	221,146
Other comprehensive (loss) income:		
Items that may be reclassified subsequently to profit or loss:		
Cash flow hedge – effective portion of changes in fair value	**23,093**	170,437
Cash flow hedge – gain reclassified to profit or loss	**(75,793)**	(12,597)
Foreign operations – currency translation differences	**11,175**	19,464
Items that may not be reclassified subsequently to profit or loss:		
Remeasurement of defined benefit obligation	**(1,304)**	7,084
Other comprehensive (loss) income for the year	**(42,829)**	**184,388**
Total comprehensive income for the year	**332,377**	**405,534**
Total comprehensive loss attributable to non-controlling interests	**(30,449)**	(19,659)
Total comprehensive income attributable to the Shareholders	**362,826**	**425,193**

iii) Consolidated statement of financial position

	2023 AED 000	2022 AED 000
Assets		
Property, plant and equipment	**4,123,112**	4,202,163
Investment property	**–**	73,380
Right-of-use assets	**18,910**	21,491
Intangible assets	**54,500**	26,479
Equity-accounted investments	**183,302**	235,238
Trade and other receivables	**38,965**	38,128
Derivative financial instruments	**82,227**	118,306
Other financial assets	**21,539**	10,834
Deferred income tax assets	**731**	485
Total non-current assets	**4,523,286**	**4,726,504**
Inventories	**52,726**	26,560
Trade and other receivables	**512,391**	617,931
Derivative financial instruments	**46,178**	63,174
Income tax assets	**668**	668
Cash and short-term deposits*	**2,064,239**	2,000,407
	2,676,202	2,708,740
Non-current assets classified as held for sale	**102,977**	–
Total current assets	**2,779,179**	**2,708,740**
Total assets	**7,302,465**	**7,435,244**

	2023 AED 000	2022 AED 000
Liabilities		
Trade and other payables	**584,358**	628,590
Borrowings	**230,460**	444,655
Deferred revenue	**90,259**	91,111
Income tax liabilities	**1,014**	790
Total current liabilities	**906,091**	**1,165,146**
Trade and other payables	**1,649,235**	1,350,301
Borrowings	**1,388,043**	1,495,629
Defined benefit obligations	**32,792**	36,347
Deferred income tax liabilities	**3,544**	–
Total non-current liabilities	**3,073,614**	**2,882,277**
Total liabilities	**3,979,705**	**4,047,423**
Net assets	**3,322,760**	**3,387,821**
Equity		
Share capital	**2,439,770**	2,439,770
Hedging reserve	**125,067**	177,767
Statutory reserve	**110,355**	76,862
Translation reserve	**(78,063)**	(89,440)
Remeasurement reserve	**5,677**	6,981
Retained earnings	**488,249**	513,852
Equity attributable to the Shareholders	**3,091,055**	**3,125,792**
Non-controlling interests	**231,705**	262,029
Total equity	**3,322,760**	**3,387,821**

* Cash and short term deposits include cash and cash equivalents of AED 968,431 thousand (31 December 2022: AED 785,893 thousand).

Supplemental information to the consolidated financial statements continued

for the year ended 31 December 2023

iv) Consolidated statement of changes in equity

	Attributable to the Shareholders						
	Share capital AED'000	Hedging reserve AED'000	Other Reserves [1] AED'000	Retained earnings AED'000	Total AED'000	Non-controlling interests AED'000	Total equity AED'000
At 1 January 2022	**2,439,770**	**19,927**	**(73,894)**	**704,180**	**3,089,983**	**281,688**	**3,371,671**
Profit for the year	–	–	–	240,783	240,783	(19,637)	221,146
Other comprehensive income:							
Currency translation differences	–	–	19,589	–	19,589	(125)	19,464
Cash flow hedge – effective portion of changes in fair value	–	170,437	–	–	170,437	–	170,437
Cash flow hedge – net gain reclassified to profit or loss	–	(12,597)	–	–	(12,597)	–	(12,597)
Remeasurement of defined benefit obligation (Note 31)	–	–	6,981	–	6,981	103	7,084
Other comprehensive income (loss) for the year	**–**	**157,840**	**26,570**	**–**	**184,410**	**(22)**	**184,388**
Total comprehensive income (loss) for the year	**–**	**157,840**	**26,570**	**240,783**	**425,193**	**(19,659)**	**405,534**
Transfer to statutory reserve			41,727	(41,727)	–	–	–
Transactions with the Shareholders:							
Dividends	–	–	–	(389,384)	(389,384)	–	(389,384)
At 31 December 2022	**2,439,770**	**177,767**	**(5,597)**	**513,852**	**3,125,792**	**262,029**	**3,387,821**
At 1 January 2023	**2,439,770**	**177,767**	**(5,597)**	**513,852**	**3,125,792**	**262,029**	**3,387,821**
Profit for the year	–	–	–	405,328	405,328	(30,122)	375,206
Other comprehensive income:							
Currency translation differences	–	–	11,377	–	11,377	(202)	11,175
Cash flow hedge – effective portion of changes in fair value	–	23,093	–	–	23,093	–	23,093
Cash flow hedge – net gain reclassified to profit or loss	–	(75,793)	–	–	(75,793)	–	(75,793)
Remeasurement of defined benefit obligation (Note 31)	–	–	(1,304)	–	(1,304)	–	(1,304)
Other comprehensive (loss) income for the year	**–**	**(52,700)**	**10,073**	**–**	**(42,627)**	**(202)**	**(42,829)**
Total comprehensive (loss) income for the year	**–**	**(52,700)**	**10,073**	**405,328**	**362,701**	**(30,324)**	**332,377**
Transfer to statutory reserve	–	–	33,493	(33,493)	–	–	–
Transactions with the Shareholders:							
Dividends	–	–	–	(397,438)	(397,438)	–	(397,438)
At 31 December 2023	**2,439,770**	**125,067**	**37,969**	**488,249**	**3,091,055**	**231,705**	**3,322,760**

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

v) Consolidated statement of cash flows

	2023 AED 000	2022 AED 000
Operating activities		
Profit before income tax	**379,661**	221,789
Adjustments for:		
Share of results of equity-accounted investments	**36,409**	195,755
Depreciation and amortisation	**567,445**	530,570
Allowance (reversal of allowance) for expected credit losses	**26,394**	(3,155)
Allowance for inventories	**911**	617
Fair value losses (gains)	**49,865**	(5,817)
Finance income	**(98,339)**	(31,205)
Finance costs	**42,230**	35,238
Gain on termination of lease	**–**	(5,685)
Current service cost	**4,227**	6,453
Write-off of property, plant and equipment	**26**	62
Operating profit before working capital changes	**1,008,829**	**944,622**
Working capital changes:		
Trade and other receivables	**14,330**	(72,624)
Inventories	**(25,281)**	(5,645)
Trade and other payables (1)	**232,785**	568,558
Deferred revenue	**(852)**	(8,002)
Payments for defined benefit obligations	**(10,738)**	(5,920)
Income tax paid	**(970)**	(444)
Net cash from operating activities	**1,218,103**	**1,420,545**
Investing activities		
Purchases of property, plant and equipment	**(496,709)**	(481,700)
Additions to intangible assets	**(25,494)**	(3,695)
Return of investment in an associate	**27,547**	15,516
Acquisition of other financial assets	**(3,856)**	(10,834)
Receipts of short-term deposits with original maturity of over three months	**2,423,582**	1,057,790
Investments in short-term deposits with original maturity of over three months	**(2,318,945)**	(1,822,291)
Interest received	**98,041**	31,205
Net cash used in investing activities	**(295,834)**	**(1,214,009)**

	2023 AED 000	2022 AED 000
Financing activities		
Proceeds from term loans	**78,731**	226,546
Repayment of term loans	**(440,700)**	(223,909)
Payment of lease liabilities	**(4,668)**	(17,716)
Interest received (paid), net of derivative settlements	**10,000**	(40,067)
Refund of transaction costs on borrowings	**–**	3,559
Dividends paid to the Shareholders	**(397,438)**	(389,384)
Net cash used in financing activities	**(754,075)**	**(440,971)**
Net increase (decrease) in cash and cash equivalents	**168,194**	**(234,435)**
Net foreign exchange difference	**14,344**	335
Cash and cash equivalents at 1 January	**785,893**	1,019,993
Cash and cash equivalents as at 31 December	**968,431**	**785,893**

(1) Includes receipt of the first and second instalments of the Thuraya-4-NGSA Advance Payment of AED 550.95 million each in 2023 and 2022.

Glossary of Financial Terms

The following glossary of financial terms applies to the Annual Report and the Consolidated Financial Statements.

Financial Term	Definition
Adjusted EBITDA	Earnings from continuing operations before interest, tax, depreciation, amortisation, impairment, fair value adjustments on investment property and share of results of equity-accounted investments
Cash Conversion Ratio	Operating Free Cash Flow divided by Normalised Adjusted EBITDA
Contracted Future Revenues	Remaining performance obligations from contracts with customers and future minimum lease rental receivables under non-cancellable operating leases, where Group is a lessor (excluding investment property)
Discretionary Free Cash Flow ("DFCF")	Net cash-flow from operations less (a) advances from customers on long-term capacity contracts (e.g., Thuraya-4), (b) development and maintenance capital expenditure, including additions to intangible assets but excluding additions to satellite-related capital work in progress, (c) investments in associates net of any dividends received and capital returned, (d) net finance costs, and plus (e) proceeds from disposals of assets
Equity	Equity attributable to the shareholders
Investments	Investments in associates, net of any dividends received and capital returned
Net Debt	Gross debt (Principal amounts outstanding on Term Loans and Lease Liabilities) less cash and short-term deposits
Net Income margin	Net Income (profit attributable to shareholders) divided by Revenue
Net Income or Profit	Profit for the year attributable to the shareholders
Net Leverage	Net Debt divided by Adjusted EBITDA
Normalised Adjusted EBITDA	Adjusted EBITDA excluding material one-off items recorded during the current and comparative periods that would otherwise distort the underlying, like-for-like performance of the business
Normalised Adjusted EBITDA Margin	Normalised Adjusted EBITDA divided by Revenue
Normalised Net Income	Profit attributable to the shareholders, adjusted for material one-off items recorded during the current and comparative periods that would otherwise distort the underlying, like-for-like performance of the business
Normalised Net Income margin	Normalised Net Income divided by Revenue
Operating Free Cash Flow	Normalised EBITDA minus additions to intangible assets, development and maintenance related capital expenditure, excluding additions to satellite related capital work in progress
Revenue or Gross Revenue	Revenue from contracts with customers
Total Assets	Sum of total non-current assets and total current assets

Designed and produced by **emperor**
Visit us at **emperor.works**

Yahsat HQ,
Sweihan Road,
Abu Dhabi, UAE
+971 2 510 000

yahsat.com