Third Quarter and Nine-Month 2022 Results

Management Discussion & Analysis Report

8 November 2022

Al Yah Satellite Communications Company PJSC (“Yahsat”)

Management’s Discussion and Analysis (for the period ended 30 September 2022)

This document should be read in conjunction with Yahsat’s unaudited consolidated financial statements for the period ended 30 September 2022. Within the MD&A, we use the terms “the Group”, “Company”, “we”, and “our” to refer to Yahsat.

1. Highlights: exceptional third quarter performance

(USD millions)	Q3 2022	Q3 2021	Q3 y/y[1]	9M 2022	9M 2021	9M y/y	∆
Revenue	**109**	**94**	***16%***	**315**	**284**	***11%***	***30***
Adjusted EBITDA	**67**	**55**	***21%***	**189**	**171**	***10%***	***18***
Margin	*61.4%*	*58.7%*	*2.8%*	*60.1%*	*60.2%*		*(0.1%)*
Operating profit	**31**	**17**	***83%***	**82**	**59**	***38%***	***23***
Net finance (costs)/income	1	(2)	*(130%)*	(1)	(15)	*(90%)*	*13*
Net income	**(10)**	**13**	***(177%)***	**35**	**43**	***(19%)***	***(8)***
Margin	*(9.4%)*	*14.0%*	*(23.4%)*	*11.2%*	*15.2%*		*(4.1%)*
Normalised results							
Normalised Adj. EBITDA	**67**	**59**	***13%***	**189**	**175**	***8%***	***14***
Margin	*61.4%*	*63.1%*	*(1.7%)*	*60.1%*	*61.6%*	*–*	*(1.6%)*
Normalised net income	**30**	**17**	***75%***	**76**	**54**	***39%***	***21***
Margin	*27.8%*	*18.4%*	*9.4%*	*24.1%*	*19.2%*	*–*	*4.9%*

Yahsat delivered another set of exceptional results with third quarter revenues and EBITDA soaring by 16% and 21% respectively year-on-year, underpinned by a stellar performance in its Managed Solutions business. This business, together with the stable, long-term contracted Infrastructure business, serves the requirements of the UAE Government (the “Government”, see *“Alternative performance measures and terms used”*) for secure satellite communications capacity and end-to-end managed services.

Highlights for the nine-month period include:

- **Revenue** of USD 315 million, up 11% year-on-year, underpinned by double-digit growth in Managed Solutions and Mobility Solutions.

- **Adjusted EBITDA** of USD 189 million, up 10% year-on-year, delivering a superior margin of over 60%.

[1] *Shows percentage changes for monetary amounts; percentage-point and multiple-amount changes for percentages and multiples*

- **Net finance costs** of USD 1 million, a 90% reduction versus the prior year, reflecting significantly higher finance income on over USD 500 million of cash placed in short term deposits (as at the end of the period) and lower finance costs following the refinancing in June 2021 of the Group's debt.

- **Normalised Net Income** of USD 76 million, up 39% year-on-year, achieving a strong margin of 24%.

- Net Income is normalised by adjusting 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. 9M 2022 Normalised Net Income of USD 76 million has been adjusted for a non-cash impairment of USD 41 million in the Group's equity-accounted joint-venture in HPE Brazil, in which the Group owns a non-controlling 20% stake. This reflected a rapid deterioration in the global macro-economic environment, which significantly increased the discount rate used in assessing the recoverable amount of this investment. Similarly, the 9M 2021 Normalised Net Income of USD 54 million has been adjusted for one-off costs relating to the prior year debt refinancing (USD 7 million) and IPO related costs (USD 4 million).

- **Contracted future revenue** of USD 2.1 billion, equivalent to more than 5 times annual revenue for the full year 2021.

- **Robust financial position** with negative net debt and high visibility on future cash flows underpins ability to invest in growth and sustain attractive dividend policy.

- **On track to grow full year 2022 dividend** by at least 2% to USD 4.39 cents per share or USD 107 million – 50% of this amount was recently paid as an interim dividend.

- Full year revenue, Adjusted EBITDA and Discretionary Free Cash Flow guidance remains unchanged.

Ali Al Hashemi, Group Chief Executive Officer of Yahsat, commented on the Group's latest financial results:

"Yahsat has delivered another excellent performance with third quarter revenue and EBITDA growth accelerating compared to the first half of 2022. Our core Government business has performed particularly well with quarterly revenues in our Managed Solutions business more than doubling year-on-year. Through the procurement of the T4-NGS satellite, which we expect to launch in the first half of 2024 and enter operations in the first half of 2025, we remain well positioned to meet the Government's increasing demand for advanced satellite communication solutions. T4-NGS will also strongly support our commercial operations in Mobility Solutions, which achieved double digit revenue growth during the first nine months of the year.

The potential procurement of two new satellites, Al Yah 4 and Al Yah 5, remains under consideration for launch in 2026, which will secure continuity of service well beyond the lifetime of our existing fleet.

Our industry is witnessing an exciting period of significant innovation and investment. Yahsat is in a strong financial position with a robust balance sheet and a large and visible backlog of contracted future revenues, providing it with the capacity to invest and pursue future growth opportunities. Our recent investment and commercial agreement with eSAT Global to develop a platform for low and very low data rate IoT sensing and tracking devices is an example of the proactive role that Yahsat is playing in shaping the industry's future development."

2. Results of operations by segment

Infrastructure

(USD millions)	Q3 2022	Q3 2021	Q3 y/y*	9M 2022	9M 2021	9M y/y	Δ
Revenue (external)	59	59	*0%*	178	179	*(1%)*	*(1)*
Adjusted EBITDA	43	43	*1%*	135	137	*(1%)*	*(2)*
Margin	*72.8%*	*72.3%*	*0.6%*	*76.0%*	*76.6%*		*(0.5%)*

The Infrastructure segment is the Group's largest, contributing 57% of revenue and 72% of Adjusted EBITDA for the nine-month period (9M 2021: 63% of revenue and 80% of Adjusted EBITDA). The segment benefits from a key Capacity Services Agreement ("CSA") with the Government, which underpins the stable and predictable revenue and adjusted EBITDA contributions to the Group from period to period.

Revenue for the nine-month period decreased by USD 1 million or 1%, reflecting a reallocation of C-band contract revenue to the Managed Solutions and Data Solutions segments, from Q4 2021 onwards. Adjusted EBITDA was largely unchanged for both the nine-month and third quarter period, with margin stable at 76%.

The segment boasts contracted future revenue of approximately USD 1.7 billion as of the end of Q3 2022, including a 15-year contract with the Government for the provision of capacity and associated services on Thuraya 4 Next Generation System ("T4-NGS"; see *"Outlook–T4-NGS update"*). The T4-NGS Government contract is worth USD 708 million[2], which will support revenue growth from 2025 onwards (USD 50 million[2] annually; see *"Outlook–Strong growth prospects"* on contracted future revenue backlog).

Managed Solutions

(USD millions)	Q3 2022	Q3 2021	Q3 y/y*	9M 2022	9M 2021	9M y/y	Δ
Revenue (external)	27	13	*112%*	67	42	*59%*	*25*
Adjusted EBITDA	20	5	*nm*	40	19	*108%*	*21*
Margin	*72.4%*	*42.2%*	*30.2%*	*60.0%*	*45.7%*		*14.3%*

The Managed Solutions segment, contributing 21% of revenue and 21% of Adjusted EBITDA for the nine-month period (9M 2021: 15% of revenue and 11% of Adjusted EBITDA), delivers critical, secure, value-added solutions primarily to the Government and other UAE and international governmental entities. This also includes operation and maintenance (O&M) services to the Government, related to supporting the infrastructure capacity contracted to the Government, which is based on multi-year engagements.

Strong momentum continued in this segment with revenues up USD 25 million or 59% versus the prior-year nine-month period and Q3 revenues more than doubling year-on-year. Adjusted EBITDA more than doubled to USD 40 million over the nine-month period. This reflected the new Managed Services Mandate awarded by the Government earlier this year, valued at USD 247.5 million, with service revenue recognised equally over the next 5 years at USD 47.5 million per year

[2] *Under the contract, the Group is entitled to receive USD 300 million in advance payments, to be offset over the contract period against invoices for capacity services. The Group received USD 150 million advance in Q3. 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 USD 46.3 million (imputed finance cost relating to the USD 150 million), bringing the total transaction price to $754.7 million as of the end of Q3 2022 and future annual revenue of USD 50.3 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.*

and a USD 10 million component recognised in the first half of 2022. This Mandate replaces and augments the previous contract, which included only the operations & maintenance (O&M) services for USD 32 million of revenue per year, and which expired at the end of 2021. The new mandate includes technology management services in addition to O&M and is the primary driver for most of the variance in revenues and Adjusted EBITDA. Adjusted EBITDA margin increased to 60%, materially higher than previous margins of 40-50%, reflecting the timing of related costs associated with this Mandate.

Mobility Solutions

(USD millions)	Q3 2022	Q3 2021	Q3 y/y*	9M 2022	9M 2021	9M y/y	Δ
Revenue (external)	16	17	*(2%)*	53	46	*15%*	*7*
Adjusted EBITDA	5	9	*(47%)*	15	17	*(12%)*	*(2)*
Margin	*28.4%*	*52.3%*	*(23.9%)*	*28.8%*	*37.7%*		*(8.9%)*

The Mobility Solutions segment, contributing 17% of revenue and 8% of Adjusted EBITDA for the nine-month period (9M 2021: 16% of revenue and 10% of Adjusted EBITDA), provides Mobile Satellite Services ("MSS") through its approximately 90%-owned subsidiary, Thuraya, using L-band capacity on two satellites, Thuraya-2 and Thuraya-3.

Despite a slightly weaker third quarter, in which revenue fell by 2% reflecting the phasing of equipment sales, the business overall maintained double digit revenue growth of 15% versus the prior-year for the nine-month period. Increases were seen in both Service and Equipment revenue, the former driven by strong growth in Voice (+9%) and Data services (+15%). Equipment revenue increased by 46% for the nine-month period, driven by a new three-year distribution agreement secured in Q4 2021.

Adjusted EBITDA for the nine-month period decreased by USD 2 million or 12% versus the same period last year reflecting higher operating costs as a result of provision releases made in the prior year.

Data Solutions

(USD millions)	Q3 2022	Q3 2021	Q3 y/y*	9M 2022	9M 2021	9M y/y	Δ
Revenue (external)	6	5	*11%*	17	17	*0%*	*0*
Adjusted EBITDA	(1)	(2)	*(58%)*	(1)	(3)	*(43%)*	*1*
Margin	*(12.0%)*	*(32.0%)*	*20.0%*	*(8.4%)*	*(14.9%)*		*6.5%*

The Data Solutions segment offers satellite-based broadband data solutions using Ka-band to end-users including consumers, enterprises and government customers, as well as high-speed data links for use by telecommunications companies, internet service providers and other satellite service providers. Note that the financials of this segment do not include the performance of a 20% minority equity partnership with Hughes, a subsidiary of Echostar, in Brazil.

This segment, contributing 6% of revenue (9M 2021: 6% of revenue), recorded a strong recovery in Q3 2022 with growth of 11% versus the same period last year. As a result, Data Solutions has now fully absorbed the impact of a capacity leasing contract to Eutelsat which ended in Q3 2021 and recorded revenues for the nine-month period in line with prior year. Profitability continues to improve, as the business takes measures to optimize its cost base.

The momentum in the Consumer Broadband business is strong with the subscriber base continuing to ramp up, increasing 19% year-on-year driven by expansion across Africa region.

3. Cash flows, liquidity and capital structure

(USD millions)	Sep-22	Dec-21	9M YTD	Δ
Cash and short-term deposits	631	400	*58%*	*231*
Undrawn ECA facility[3]	111	168	*(34%)*	*(57)*
Total liquidity	**742**	**568**	***31%***	***174***
Gross debt	602	549	*10%*	*52*
Net debt	(30)	149	*(120%)*	*(179)*
Total equity (excl. minorities)	818	841	*(3%)*	*(24)*
Gearing Ratio (net debt / capital)	***(4%)***	***15%***		***(19%)***
Net debt / normalised adj. EBITDA (LTM)	***(0.1x)***	***0.6x***		***(0.7x)***
	9M 2022	**9M 2021**	**9M y/y**	**Δ**
Normalised adjusted EBITDA	189	175	*8%*	*14*
Operating FCF (excl. capital WIP)	**180**	**168**	***7%***	***11***
Cash conversion ratio	***95.1%***	***96.1%***	**–**	***(1.0%)***
Net cash from operations	194	201	*(4%)*	*(8)*
Discretionary FCF	**182**	**158**	***15%***	***24***

High liquidity

The Group's total available liquidity as at the end of Q3 2022 was USD 742 million, an increase of USD 174 million on the position at the end of 2021. This was largely due to the receipt of USD 150 million in advance payments from the Government under the terms of the T4-NGS contract.

Total available liquidity was made up of USD 631 million of cash and short term deposits (including short term deposits with maturities greater than three months but less than one year) and USD 111 million in undrawn credit facilities, available to the Group during an availability period ending in November 2024 and for specific uses related to the procurement of the T4-NGS satellite (see *"Cash flows, liquidity and capital structure–Low leverage capital structure"*).

The Group's high liquidity and low leverage metrics place it in a strong position to capitalise on key growth opportunities (see *"Outlook–Al Yah 4 and 5 update"*), including inorganic acquisitions that support Yahsat's strategy (see *"Outlook–Other exciting growth opportunities"*).

As of the end of Q3 2022, 20% of the Group's total debt is classified as current (YE 2021: 11%), based on principal amounts repayable within one year (see *"Cash flows, liquidity and capital structure–Debt maturity profile"*).

Strong cash flow generation

The Group enjoys an efficient business model enabling strong cash generation that includes a) robust Adjusted EBITDA margins, b) low levels of unfunded capital expenditure, c) negligible cash taxes, and d) very low leverage.

This results in high levels of Cash Conversion Ratio of 95.1% for the nine-month period of 2022 (9M 2021: 96.1%) and a high level of Discretionary Free Cash Flow ("DFCF") available to meet the Group's dividend policy commitments.

[3] *Includes Term Loan 6 (ECA), which can only be drawn during an availability period ending November 2024 for specific uses related to the procurement of the T4-NGS satellite*

DFCF for the nine month period reached USD 182 million, a 15% increase versus the prior year period (9M 2021: USD 158 million) and already equivalent to 1.7x total dividends expected for the full year of 2022 of USD 107.1 million (see *“Outlook–Attractive dividend policy”* and *“Outlook–Guidance for full year 2022”*).

Low leverage capital structure

Yahsat’s capital structure is completely funded by equity with a Gearing Ratio of negative 4% as at the end of Q3 2022 (YE 2021: 15%). This reflects the receipt of USD 150 million in advanced payments from the Government under the terms of the T4-NGS programme, resulting in negative net debt of USD 30 million as at the end of Q3 2022 (YE 2021: USD 149 million).

The Group’s debt funding includes two term loans:

- USD 400 million 5-year term loan (“Term Loan 5”), fully drawn, and repayable in eight semi-annual instalments starting from 14 December 2022. The borrowing bears interest at LIBOR plus a margin of 1.30% per annum and is hedged using an interest rate swap with a fixed swap rate set at 0.7785%. The proceeds of the borrowing were partially used in June 2021 to pay down USD 251 million in outstanding amounts of an earlier USD 1.2 billion credit facility used to fund the development and construction of Al Yah 1 and Al Yah 2 satellites during the 2008-2012 period.

  The outstanding principal amount at the end of Q3 2022 was unchanged at USD 400 million as the facility remained fully drawn (YE 2021: USD 400 million).

- USD 300.5 million export credit agency facility (“Term Loan 6”) with a tenor of 8.5 years and bearing interest at LIBOR plus a margin of 0.60% per annum for drawn amounts. The loan is being used to partly fund the capital expenditure relating to the T4-NGS satellite programme and is directly guaranteed by the French State (Airbus is the contractor for the construction and supply of the T4-NGS satellite). The facility can only be drawn down during a specific period and for specific uses relating to the procurement of the T4-NGS satellite, particularly upon the achievement of certain construction milestones by the contractor. The interest rate applied to any drawn amounts is hedged using an interest rate swap with a fixed swap rate set at 1.589%. Interest incurred is capitalised and expensed over the accounting useful life of the satellite once operational.

  The outstanding principal amount at the end of Q3 2022 was USD 190 million, an increase of USD 57 million over the nine-month period (YE 2021: USD 133 million) reflecting the completion of construction milestones and other permitted uses of borrowing under the facility.

- Both term loans require the Group to maintain an interest cover ratio[4] of not less than 4.00:1 and a net leverage ratio[4] of no more than 3.00:1. They also contain a change of control clause that requires the mandatory prepayment of outstanding borrowings if the Government of Abu Dhabi ceases to control directly or indirectly 50.1% or more of the share capital of Yahsat.

The Group’s credit facilities provide significant liquidity whilst debt covenants offer significant headroom for further borrowing as and if required to pursue Yahsat’s growth strategy (see *“Outlook”*).

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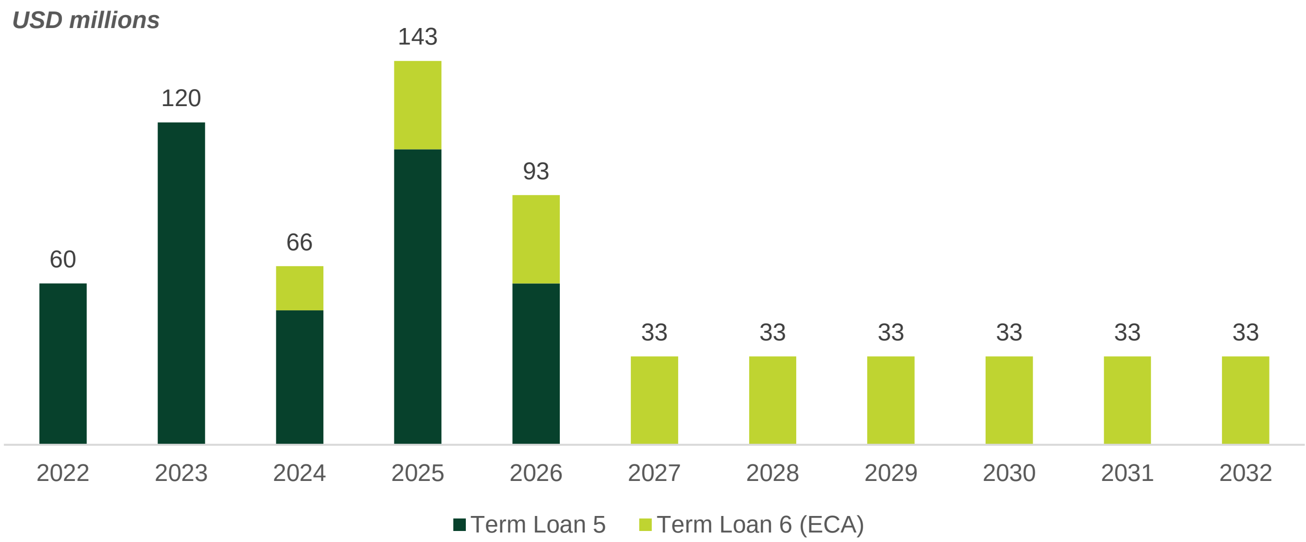
[4] *Calculation of these ratios is defined in the term loan documentation and calculation of the net leverage ratio does not match the Net Debt-to-Normalised Adjusted EBITDA figure presented in this report.*

Debt maturity profile

The Group's financial liabilities repayment schedule as at the end of Q3 2022 based on contractual undiscounted payments is as follows. It should be noted that the repayment schedule shown for Term Loan 6 is based on the current forecast of future drawdowns and may change slightly depending on the actual drawdown schedule that materialises.



As of the end of Q3 2022, the Group's total Gross Debt stood at USD 602 million, an increase of USD 52 million or 10% during the first nine months of the year (YE 2021: USD 549 million).

This increase represents the continued drawdown on Term Loan 6 upon completion of construction milestones and other permitted borrowing pursuant to the T4-NGS procurement programme and terms of the loan.

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4. Capital expenditure

(USD millions)	Q3 2022	Q3 2021	Q3 y/y*	9M 2022	9M 2021	9M y/y	Δ
Total capex	13	28	*(55%)*	101	106	*(5%)*	*(5)*

The Group's total capital expenditure for the first nine months of 2022 was USD 101 million, a 5% decrease versus the prior-year period.

Over 90% of year-to-date capital expenditure relates to the T4-NGS satellite construction programme and related new product development. Design and construction costs of the satellite are more than fully funded by both Term Loan 6 (the ECA facility) and a USD 150 million advance payment from the Government received in July 2022.

Further capital expenditure of approximately USD 9 million, reflects projects for the development and upgrade of certain systems to cater for new services that will be offered on both the Group's existing MSS satellites Thuraya 2 and Thuraya 3 as well as the new T4-NGS satellite.

See *"Outlook–Strong growth prospects–T4-NGS update"* for an update on the T4-NGS programme and *"Outlook–Guidance for full year 2022"* on guidance for the Group's capital expenditure for the full year 2022.

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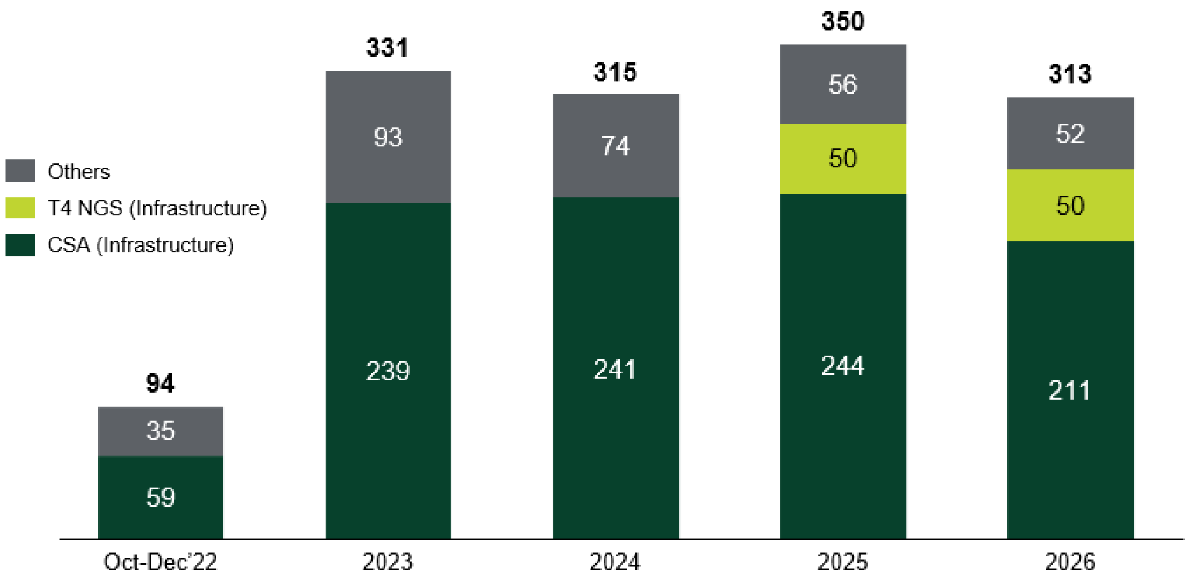
5. Outlook

Strong growth prospects

Yahsat's business benefits from predictable contracted future revenues amounting to 5.1x full year 2021 revenues for the Group as at the end of Q3 2022. Two contracts with the Government (rated Aa2 by Moody's and AA- by Fitch) make up over 90% of contracted future revenues.

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

Roll out of contracted future revenue backlog over next 5 years and beyond[5]
(all figures in USD millions)



T4-NGS update

In 2021, the Group entered a 15-year contract with the Government worth USD 708 million[6] for capacity and associated services on the T4-NGS satellite, the Group's sixth and forthcoming fleet addition. T4-NGS will be an MSS satellite placed in Geostationary Earth Orbit ("GEO") offering advanced capabilities such as higher capacity and terminal data rates above 1 Mbps (versus approximately 0.4 Mbps available in the current system). Many of the new products being developed to take advantage of the satellite's new advanced capabilities will be offered to the Government as well as other governmental and commercial customers, driving further growth across several Group segments, including Infrastructure, Managed Solutions and Mobility Solutions.

[5] *Future contracted revenues in 2027 and beyond are USD 656 million*
[6] *See earlier footnote 2 on calculation of future contracted revenue related to the T4-NGS contract*

T4-NGS was originally expected to launch in the second half of 2023 and start services in the second half of 2024. The Group now expects there to be a delay of up to six months in the delivery of the satellite by the contractor under the T4-NGS programme, Airbus Defense and Space SAS ("Airbus"). As a result, the launch of the satellite is now expected to take place in the first half of 2024 and to start services in the first half of 2025. Whilst the Group and Airbus continue to work closely together to improve the delivery schedule, Yahsat does not currently anticipate any material financial impact due to this delay.

During the period, the Group also signed a commitment letter with the Government, whereby the Group was awarded USD 30 million as a grant in relation to the procurement of T4-NGS programme, in the form of a reduction in the purchase price of the T4-NGS satellite (refer to note 5 of *the Group's financial statements for the period ended 30 September 2022*).

Al Yah 4 and 5 update

The Group is currently in the discussion and planning stages with the Government regarding the potential launch of two new Fixed Satellite Services ("FSS") satellites, Al Yah 4 and Al Yah 5, in the medium term. The new satellites would augment and ultimately replace the capacity currently provided to the Government under the CSA due to expire November 2026, which utilises the existing FSS satellites, Al Yah 1 and Al Yah 2. The new satellites would benefit from new coverage, capabilities and higher capacities to meet the next generation demands of the Government. Al Yah 1 and Al Yah 2 are estimated to reach end of life[7] in 2029 and 2030, respectively, and the current CSA may be extended to run in parallel with the procurement and initial deployment phases of the new satellites.

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

Other exciting growth opportunities

The Group sees promising growth opportunities in the space industry that play to its strengths, including its robust balance sheet, knowledge, infrastructure, footprint and spectrum rights:

- **Value added SatCom solutions:** The Group is committed to moving further down the value chain and offering differentiated satellite solutions and services to strategic industries (e.g., maritime, oil and gas, telecom).

- **Direct to device:** Direct satellite-to-device connectivity offers the opportunity to reach billions of mainstream devices and is attracting significant interest from phone manufacturers and telecom operators, who wish to offer more value-added services to their customers, as well as from satellite operators, given the potential to significantly increase their addressable market. Yahsat is uniquely positioned to play a key role with its valuable L-band spectrum rights covering approximately two-thirds of the globe.

[7] *Estimated based on the latest health reports and estimated remaining fuel life, assuming typical degradation in coming years and no significant anomalies occur.*

- **Internet of things ("IoT"):** A global shift to connecting "things" is boosting the demand for IoT and machine-to-machine ("M2M") applications using satellite systems that can provide ubiquitous coverage and enable key plays such as mass asset tracking, monitoring and agriculture uses. The Group's recent investment in eSAT Global and procurement of the T4-NGS satellite, currently under construction, will enable numerous new applications in this space.

- **Mergers and acquisitions:** The Group is continuously exploring inorganic growth opportunities to support its strategic ambitions.

- **Earth observation ("EO") and remote sensing:** In July 2022, the UAE Space Agency announced a new US$ 800 million national investment and development fund for the space sector. Amongst the fund's planned projects is the development and launch of a constellation of advanced earth observation satellites that deploy various radar technologies to provide high resolution 'imaging' capabilities with a wide range of scientific, civil and commercial applications. The Group is well positioned to play an important role in this national initiative by further developing its EO and remote sensing capabilities.

- **UAE partnerships:** The UAE's National Space Strategy 2030 is a testament to the UAE's long track record of, and continued future ambitions for, a leading role in the global space industry. The UAE is currently shaping a competitive, diversified and flexible knowledge-based economy that is powered by skilled Emiratis and effective partnerships between public, private and technology entities. Innovation, research, science and technology are key elements in this highly dynamic and futuristic economy. Yahsat is playing a key role in developing the UAE space sector and plans to continue being a cornerstone of this development, including upstream expansion within the satellite industry value chain.

Given the dynamics of the industry and the opportunities arising, the Group's management and Board regularly review Yahsat's business strategy to capitalise on key opportunities and maximise value for its stakeholders, including shareholders and the UAE.

Guidance for full year 2022

(USD millions)	FY 2022 Guidance		
Financial KPI	**8 Nov '22 (updated)**	**9 Aug '22 (previous)**	**1 Mar '22 (previous)**
Gross revenue	420-440 (unchanged)	**420-440 (narrowed)**	415-440
Adjusted EBITDA	Stable (unchanged)	Stable (unchanged)	Stable
Discretionary Free Cash Flow ('DFCF')	210-240 (unchanged)	210-240 (unchanged)	210-240
Capex and investments[8]	**150-170 (reduced)**	210-230 (unchanged)	210-230

Guidance has been reduced for Capex and Investments, partly due to the delay in the T4-NGS programme but also due to reductions in the overall programme cost (see *"Outlook–T4-NGS update"*) and capital returned during the period from one of the Group's associates (Yahlive). Approximately 90% of 2022 projected Capex and Investments is related to the T4-NGS programme, for which funding arrangements are already in place.

DFCF for the full year period is expected to reach at least USD 210 million, equivalent to 2.0x total dividends expected for the full year of 2022 of USD 107.1 million.

[8] *'Investments' refer to investments in associates, net of any dividends received and capital returned.*

Attractive dividend policy

During the Annual General Assembly on 11 April 2022, the Company's shareholders approved a cash dividend equivalent to USD 52.5 million (AED 7.90 fils/share) for the second half of the financial year 2021 (paid in May 2022). Together with a cash dividend of an equal amount previously paid to Mamoura Diversified Global Holding PJSC (a subsidiary of Mubadala Investment Company PJSC and sole selling shareholder during the Company's initial public offering in July 2021), total dividends for the financial year 2021 reached USD 105.0 million (AED 15.80 fils/share). At the meeting, the Board reaffirmed its prior commitment to increase dividends by at least 2% per annum.

On 20 September 2022, the Board declared the Company's first interim cash dividend for the first half of 2022, in an amount equivalent to USD 53.5 million (AED 8.06 fils/share, paid in October 2022). The Company expects to pay a total dividend of USD 107.1 million (AED 16.12 fils/share) for the financial year 2022.

Based on the Company's closing share price as at the end of Q3 2022 of AED 2.71, **this implies an annualised dividend yield of 5.95% - amongst the highest offered by corporates listed in the UAE.**

See *"Cautionary statement regarding forward-looking statements"* for full disclaimer.

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6. Earnings webcast

The Group will host a conference call in English for investors and analysts on Tuesday, 8 November 2022 at 16:00 UAE / 15:00 KSA / 12:00 UK / 07:00 NY time.

The Group's results will be presented by Ali Al Hashemi, Group CEO and Andrew Cole, CFO.

The webcast will be conducted via Zoom Webinars – please register ahead of time using this link:
https://zoom.us/webinar/register/WN_Kpj9JYD_QjaW8bRevK45hQ

After registering, you will receive a confirmation email containing information about joining the webinar.

A replay will be made available following the event, accessible from the Investor Relations section of Yahsat's corporate website.

7. Next reporting date

The Group expects to announce fourth quarter and full year 2022 results on or around 28 February 2023.

8. Contacts

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Al Yah Satellite Communications Company PJSC

About Yahsat

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

Yahsat's fleet of 5 satellites reaches more than 80% of the world's population, enabling critical communications including broadband, broadcasting, backhauling and mobility solutions. Based out of Abu Dhabi in the UAE, Yahsat provides C, Ku, Ka and L-band satellite communications solutions for land, maritime and aero platforms to consumers, governments and enterprises. Its businesses consist of Yahsat Government Solutions, Thuraya, YahClick (powered by Hughes) and YahLink. Yahsat also participates in Hughes do Brasil, an equity partnership with Hughes, and Yahlive, an equity partnership with SES. In 2020, Yahsat commenced construction of Thuraya 4-NGS, the next generation telecommunications system for Thuraya, which is due to be in service during 2025.

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9. Alternative performance measures and terms used

Yahsat regularly uses alternative performance measures which are relevant to enhance the understanding of the financial performance and financial position of the Group. These measures may not be comparable to similar measures used by other companies; they are neither measurements under IFRS nor any other body of generally accepted accounting principles and thus should not be considered as substitutes for the information contained in the Group's financial statements.

Alternative performance measure or term used	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
Adjusted EBITDA Margin	Adjusted EBITDA divided by Revenue
Cash Conversion Ratio	Operating Free Cash Flow divided by Adjusted EBITDA
Discretionary Free Cash Flow ('DFCF')	Net cashflow from operations less (a) additions to intangible assets, (b) development and maintenance capital expenditure, excluding additions to satellite related capital work-in-progress, (c) net investments in associates, and (d) net finance costs.
Gearing Ratio	Net Debt divided by equity capital attributable to the Group's shareholders plus Net Debt (see definition below). Capital includes share capital, additional paid-in capital, reserves and retained earnings, and excludes non-controlling interests.
Government	Unless otherwise specified, Government shall mean the Federal Government of the UAE, the Government of Abu Dhabi and any instrumentality or body of either of them, including the General Headquarters of the UAE Armed Forces
Gross Debt	Interest bearing borrowings excluding unamortised transaction costs
Net Debt	Gross Debt minus cash and short-term deposits
Net Income	Profit attributable to the shareholders
Net Income margin	Net Income (profit attributable to the shareholders) divided by Revenue
Normalised Adjusted EBITDA	Adjusted EBITDA 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. There were no one-off items for 9M 2022 whilst 9M 2021 Normalised Adjusted EBITDA of USD 175 million adjusts for IPO related costs (USD 4 million).
Normalised Net Income	Profit attributable to the Group's 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. 9M 2022 Normalised Net Income of USD 76 million adjusts for one-off impairment expenses relating to the Group's equity-accounted joint-venture in Brazil

	(USD 41 million). 9M 2021 Normalised Net Income of USD 54 million has been adjusted for one-off costs relating to the prior year debt refinancing (USD 7 million) and IPO related costs (USD 4 million).
Normalized Net Income margin	Normalized Net Income divided by Revenue
Operating Free Cash Flow	Adjusted EBITDA minus (a) additions to intangible assets and (b) development and maintenance capital expenditure, excluding additions to satellite related capital work-in-progress

Financial numbers presented in millions are rounded to whole numbers while those presented in billions are rounded to one decimal place. All percentages are rounded to one decimal place. Financial numbers and percentages have been derived from underlying numbers. Due to rounding, numbers presented may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

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10. Cautionary statement regarding forward-looking statements

This announcement includes forward-looking statements, which are based on current expectations and projections about future events. These statements may include, without limitation, words such as "expect", "will", "looking ahead" and any other words and terms of similar meaning. These forward-looking statements are subject to risks, uncertainties and assumptions about the Company and its subsidiaries and its investments, and speak only as at the date of this announcement. Forward-looking statements are based on assumptions of future events and information currently available to the Company which may not prove to be accurate and the Company does not accept any responsibility for the accuracy or fairness thereof and expressly disclaims any obligation to update any such forward looking statement. No representation or warranty is made that any forward-looking statement will come to pass. You are therefore cautioned not to place any undue reliance on forward-looking statements. For further information regarding forward-looking statements, and the factors that may cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements please refer to the Company's Annual Report for 2021, which is available on its corporate website at https://www.yahsat.com/Reports/2021/index.html

The amount and payment of dividends by the Group is subject to consideration by the Board of Directors of the cash management requirements of the Group for operating expenses, interest expense, and anticipated capital expenditures, and market conditions, the then current operating environment in its markets, and the Board of Directors' outlook for the business of the Company. In addition, any level or payment of dividends will depend on, among other things, future profits and the business plan of the Company, as determined at the discretion of the Board of Directors.

Neither this announcement nor anything contained herein constitutes a financial promotion, or an invitation or inducement to acquire or sell securities in any jurisdiction.

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