First Quarter 2023 Results

Management Discussion & Analysis Report

8 May 2023

Al Yah Satellite Communications Company PJSC ("Yahsat")

Management's Discussion and Analysis (for the quarter ended 31 March 2023)

This document should be read in conjunction with Yahsat's consolidated interim financial statements for the three months ended 31 March 2023. Within the MD&A, we use the terms "the Group", "Company", "we", and "our" to refer to Yahsat. Due to rounding, numbers presented may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

1. Highlights: a strong start to the year with highest ever Q1 revenues

(USD millions)	3m 2023	3m 2022	3m y/y	Δ
Revenue	**100**	**99**	***2%***	***2***
Adjusted EBITDA	**61**	**58**	***4%***	***3***
Margin (%)	*60%*	*59%*		*2%*
Operating profit	**25**	**22**	***12%***	***3***
Net finance costs	3	(1)	*nm*	*4*
Net income (Yahsat-share)	**27**	**20**	***35%***	***7***
Margin (%)	*27%*	*20%*		*7%*
Normalised results				
Normalised Adj. EBITDA	**63**	**58**	***8%***	***5***
Margin (%)	*63%*	*59%*	*–*	*4%*
Normalised Net Income	**29**	**20**	***46%***	***9***
Margin (%)	*29%*	*20%*	*–*	*9%*

Yahsat continued to deliver year-on-year growth in revenue, Adjusted EBITDA and net income, which increased 2%, 4% and 35% respectively during the quarter. On a normalised basis Adjusted EBITDA and net income surged by 8% and 46% respectively.

First quarter revenues exceeded USD 100 million for the first time in Yahsat's history with the strong performance primarily driven by the Managed Solutions segment, which saw revenue increase significantly by 29% year-on-year to USD 20 million. Infrastructure, the Group's largest business segment, continued to deliver stable and predictable returns, reporting USD 60 million in revenue for the period, 1% higher than the prior year. Together, both segments serve 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. Financial guidance targets last set upon release of full year 2022 results were maintained (see *"Outlook–Guidance for full year 2023"*).

Highlights for the quarter include:

- **Revenue** of USD 100 million, up 2% year-on-year, driven by strong growth of 29% in Managed Solutions, and further growth in the Infrastructure and Data Solutions businesses.

- **Normalised Adjusted EBITDA** of USD 63 million, up 8% year-on-year, delivering a superior margin of 63%.

  Adjusted EBITDA is 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. Q1 2023 Normalised Adjusted EBTIDA of USD 63 million reflects an adjustment for one-off redundancy costs (USD 2 million) whilst there were no adjustments made to Q1 2022 Adjusted EBITDA of USD 58 million.

- **Net finance costs** were negative, boosting net income as finance income exceeded costs on higher cash balances benefiting from higher interest rates versus the prior period.

- **Normalised Net Income** of USD 29 million up 46% year-on-year, generating a strong margin of 29%.

  Q1 2023 Normalised Net Income reflects adjustments made to derive Normalised Adjusted EBITDA whilst there were no adjustments made to Q1 2022 net income of USD 20 million.

- **Contracted future revenue** of USD 1.9 billion, equivalent to 4.4 times last-twelve-month revenue.

- **Robust balance sheet** with negative Net Debt, strong cash position and long-term visibility of future cash flows, continues to support Yahsat's investment in organic growth as well as opportunistic acquisitions, without impacting its progressive dividend policy.

- **On track to grow full year 2023 dividend** by at least 2% to AED 16.46 fils per share or USD 109 million – based on the last closing share price, this implies an annualised dividend yield of over 6%, amongst the highest offered by UAE listed stocks.

- **Guidance** for full year revenue, Adjusted EBITDA, Discretionary Free Cash Flow and cash capex and investments remains unchanged.

Ali Al Hashemi, Group Chief Executive Officer of Yahsat, commented:

"Yahsat had a strong start to the year with continued focus on growing both our core government business and commercial segments, whilst optimising costs across the Group. The upcoming Thuraya-4 NGS satellite due to be launched in 2024 followed by two potential new satellites, Al Yah 4 and Al Yah 5, reinforce this direction and present unique growth opportunities.

"We are also working to progress previously announced initiatives with local and international partners that would see us target areas including satellite-enabled internet of things, vertical value-chain integration, satellite direct-to-device and earth observation.

"The satellite industry is witnessing substantial investments as exciting new products and applications are brought to the market whilst the largest satellite operators consolidate to confront the transforming competitive landscape. Our unique backlog of future revenues reaching AED 7.0 billion [USD 1.9 billion] or 4.4 times last twelve-month revenues as well as a robust balance sheet place us in a strong position to drive our future ambitions and continue delivering sustainable long-term growth."

The full set of first quarter financial disclosures can be found within the Investor Relations section on Yahsat's website.

2. Results of operations by segment

Infrastructure

(USD millions)	3m 2023	3m 2022	3m y/y	Δ
Revenue (external)	60	59	1%	1
Adjusted EBITDA	45	46	(3%)	(2)
Margin	*74%*	*78%*		*(4%)*

The Infrastructure segment is the Group's largest, contributing 60% of revenue and 74% of Adjusted EBITDA for the quarter (Q1 2022: 60% and 80% respectively). 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. Group financing activities and the majority of corporate costs are accounted for within this segment.

Revenue for the period increased by USD 1 million or 1%, reflecting an increase in CSA revenue as per the contractual indexation clause. Adjusted EBITDA fell for the quarter mainly reflecting a portion of redundancy costs related to the segment as well as lower chargebacks to the Data Solutions segment on outsourced services provided. The margin for the segment fell to 74% from 78% as a result.

The segment boasts contracted future revenue of more than USD 1.6 billion as of the end Q1 2023, 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[1], which will support revenue growth from 2025 onwards (USD 50 million[1] annually; see *"Outlook–Strong growth prospects"* on contracted future revenue backlog).

Managed Solutions

(USD millions)	3m 2023	3m 2022	3m y/y	Δ
Revenue (external)	20	15	29%	4
Adjusted EBITDA	12	6	84%	5
Margin	*59%*	*41%*		*18%*

The Managed Solutions segment, contributing 19% of revenue and 19% of Adjusted EBITDA for the quarter (Q1 2022: 15% and 11% respectively), 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 based on multi-year engagements, related to supporting the infrastructure capacity contracted to the Government.

Strong momentum continued in this segment with quarterly revenues up USD 4 million or 29% versus the prior year. Adjusted EBITDA increased to USD 12 million or 84% for the same period reflecting revenues relating to the technology management element of the Managed Services Mandate (the "Mandate") awarded by the Government in Q1 2022, which

[1] 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 2022. Under IFRS 15, as a significant part of the contract price is received years ahead of service provision, the contract is deemed to contain a significant financing component and requires the contract value to be adjusted to include the imputed finance cost relating to the advance payments. Accordingly, the future revenue is adjusted to include 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 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.

could not be recognised in the prior year until Q3 2022, when the revenue recognition criteria under IFRS were met. The Mandate is valued at USD 247.5 million, with service revenue recognised from 1 January 2022 over the following 5 years at USD 47.5 million per year and a USD 10 million turnkey component recognised in Q2 2022. The segment also benefited from increased revenue from the Oil & Gas vertical, particularly correlated with an increase in the number of remote drilling rigs activated with voice and data connectivity. Adjusted EBITDA margin increased to 59%, materially higher than previous margins of 40-50%.

Mobility Solutions

(USD millions)	3m 2023	3m 2022	3m y/y	Δ
Revenue (external)	15	18	*(20%)*	*(4)*
Adjusted EBITDA	4	6	*(34%)*	*(2)*
Margin	*26%*	*32%*		*(5%)*

The Mobility Solutions segment, contributing 15% of revenue and 6% of Adjusted EBITDA for the quarter (Q1 2022: 19% and 10% respectively), provides Mobile Satellite Services ("MSS") through its approximately 90%-owned subsidiary, Thuraya, using L-band capacity on two satellites, Thuraya-2 and Thuraya-3.

Whilst first quarter revenues fell by 20%, reflecting the phasing of equipment sales, which were more evenly spread across the prior year to form a high comparative first quarter base, the business overall maintained service revenue growth (+4%).

Adjusted EBITDA for the period decreased USD 2 million or 34% versus the same period last year and margin contracted to 26%.

Data Solutions

(USD millions)	3m 2023	3m 2022	3m y/y	Δ
Revenue (external)	6	6	*6%*	*0.3*
Adjusted EBITDA	1	(0.3)	*nm*	*1*
Margin	*9%*	*(5%)*		*14%*

The Data Solutions segment offers satellite-based broadband data solutions using Ka-band to end-users including subscribers and enterprise customers who respectively purchase broadband subscription packages or lease capacity to operate virtual networks. 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 (Q1 2022: 6%), recorded revenue growth of 6% for the quarter. This mainly reflected the addition of a new enterprise customer (contract value USD 15 million over six years), whilst subscriber revenues remained broadly stable with the exposure to weakening African currencies largely offset by a continued increase in subscribers (up more than 17% over the past 12 months). Profitability improved with the business staying EBITDA positive for the second consecutive quarter, reflecting improved cost controls.

3. Cash flows, liquidity and capital structure

(USD millions)	Mar-23	Dec-22	3m YTD	Δ
Cash and short-term deposits	555	545	*2%*	*10*
Undrawn ECA facility[2]	67	78	*(14%)*	*(11)*
Total liquidity	**622**	**622**	***(0.2%)***	***(1)***
Gross Debt[3]	554	542	*2%*	*11*
Net Debt[3]	(1)	(2)	*(42%)*	*1*
Total equity (excl. minorities)	872	851	*2%*	*21*
Gearing Ratio[3] (net debt / capital)	***(0.1%)***	***(0.3%)***		***0.1%***
Net Debt / Normalised Adj. EBITDA (LTM)	***(0.01x)***	***(0.01x)***		***0.004x***
	3m 2023	**3m 2022**	**3m y/y**	**Δ**
Normalised Adjusted EBITDA[3]	63	58	*8%*	*5*
Operating FCF[3] (excl. capital WIP)	**58**	**54**	***7%***	***4***
Cash Conversion Ratio[3]	***92%***	***94%***		***(1%)***
Net cash from operations (CFO)	33	95	*(65%)*	*(62)*
Discretionary FCF[3]	**33**	**91**	***(63%)***	***(57)***

High liquidity

The Group's total available liquidity as at the end of Q1 2023 was USD 622 million, flat to the position at the end of 2022. This included a further drawdown of the ECA facility by USD 11 million as T4-NGS construction milestones were achieved (see *"Cash flows, liquidity and capital structure–Low leverage capital structure"*).

Total available liquidity was made up of USD 555 million of cash and short term deposits (including short term deposits with maturities greater than three months but less than one year) and USD 67 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 Q1 2023, 20% of the Group's total debt is classified as current (YE 2022: 20%), 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 (until end of 2023), and d) very low leverage.

This results in high levels of Cash Conversion Ratio of 92% for Q1 2023 (Q1 2022: 94%) and a high level of Discretionary Free Cash Flow ("DFCF") available to meet the Group's dividend policy commitments. DFCF for the quarter reached USD 33 million, a 63% reduction versus the prior year (Q1 2022: USD 91 million), reflecting the linear amortisation over the period January 2023 to November 2026 of USD 291 million in advance payments previously received during the

[2] 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.

[3] See "Alternative performance measures and terms used" for definitions and calculation methodology used in this report.

construction phase of the Al Yah 1 and Al Yah 2 satellites (approx. USD 75 million per annum typically split equally in the first and third quarters of each year). Based on our guidance, DFCF for the full year of 2023 is expected to be at least USD 130 million, which would comfortably exceed total expected dividends for full year 2023 of USD 109 million by 1.2 times (see *"Outlook–Attractive dividend policy"* and *"Outlook–Guidance for full year 2023"*).

Low leverage capital structure

Yahsat's capital structure is effectively funded completely by equity with a Gearing Ratio of negative 0.1% as at the end of Q1 2023 (YE 2022: -0.3%).

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 stands at USD 340 million at the end of Q1 2023 following a first principal repayment of USD 60 million in Q4 2022 as per the terms and amortisation schedule of Term Loan 5 (YE 2022: USD 340 million). Two further principal repayment amounts of USD 60 million each are due in June and December of 2023.

- USD 273 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 Q1 2023 was USD 206 million, an increase of USD 11 million during the quarter (YE 2022: USD 195 million) reflecting the completion of construction milestones and other permitted uses of borrowing under the facility such as capitalised interest.

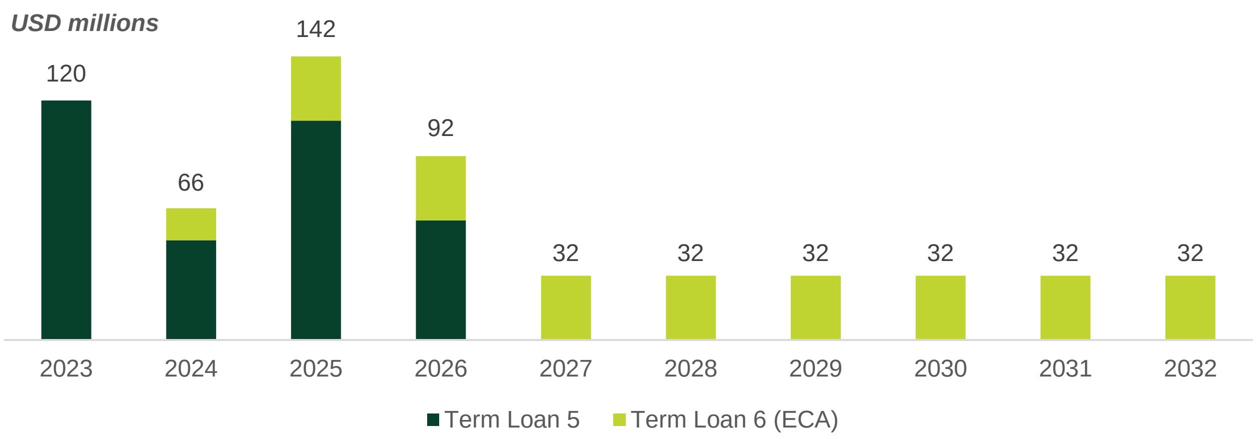
- Both term loans require the Group to maintain an interest cover ratio[4] of not less than 4.00:1 and a net leverage ratio[4] of no more than 3.00:1. They also contain a change of control clause that requires the mandatory prepayment of outstanding borrowings if the Government of Abu Dhabi ceases to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

[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 Q1 2023, based on the contractual undiscounted payments, is as follows. It should be noted that the repayment schedule shown for Term Loan 6 (the ECA facility) 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 Q1 2023, the Group's total Gross Debt stood at USD 554 million, an increase of USD 11 million or 2% during the quarter (YE 2022: USD 542 million).

This increase reflects the cash drawdown of USD 7 million of Term Loan 6 upon completion of construction milestones related to the T4-NGS procurement programme and USD 4 million in interest capitalised into the principal amount of the loan.

[this section deliberately left blank]

4. Capital expenditure

(USD millions)	3m 2023	3m 2022	3m y/y	Δ
Cash CAPEX and investments[5]	31	49	*(37%)*	*(18)*

The Group's total cash capital expenditure for Q1 2023 was USD 31 million, a 37% decrease versus the prior year. Part of the decrease relates to a high comparative base in the prior-year period with capex spending concentrated in H1 2022 and reflecting construction milestones of the T4-NGS programme (see *"Outlook–Strong growth prospects–T4-NGS update")* whilst the remainder of the reduction is largely due to a higher return of capital to the Group in Q1 2023 totalling USD 5 million by Al Maisan, Yahsat's broadcast joint venture with SES, branded as Yahlive (Q1 2022: zero).

Further capital expenditure of approximately USD 5 million, reflects projects for the development and upgrade of certain products and ground systems to cater for new services that will be offered across the fleet of satellites, including the new T4-NGS satellite.

Over 90% of the quarter's cash 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 the USD 150 million advance payment from the Government received in July 2022. A further USD 150 million advance payment from the Government is expected in July 2023.

See *"Outlook–Guidance for full year 2023"* on guidance for the Group's capital expenditure for the full year 2023.

[this section deliberately left blank]

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

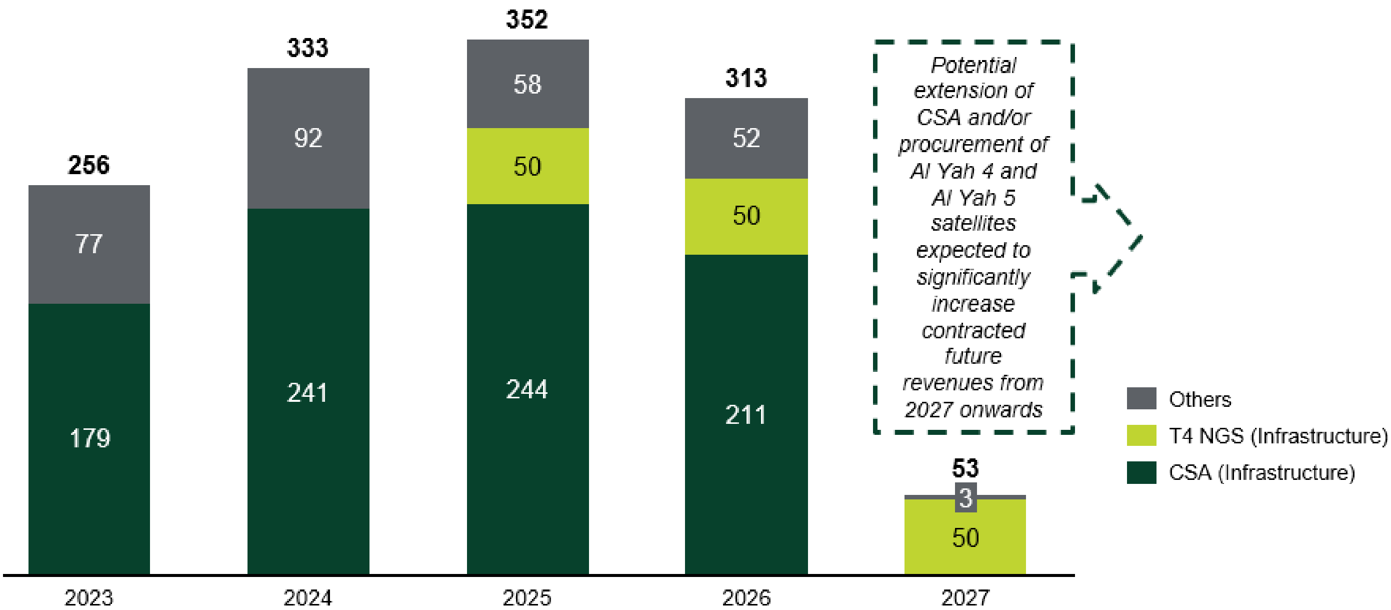
5. Outlook

Strong growth prospects

One of Yahsat's unique strengths is its predictable contracted future revenues amounting to USD 1.9 billion or 4.4x last-twelve-month revenues for the Group as at the end of Q1 2023. Two contracts with the Government (with a credit rating of 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 opportunities 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[6]
(all figures in USD millions)



T4-NGS update

In 2021, the Group entered a 15-year contract with the Government worth USD 708 million[7] 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 under 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.

[6] *Future contracted revenues in 2028 and beyond are USD 607 million*
[7] *See earlier footnote 1 on calculation of future contracted revenue related to the T4-NGS contract*

T4-NGS is expected to launch in the first half of 2024 and to start services in the first half of 2025. The full cost of the procurement programme is expected to reach USD 550 million and related capital expenditure capitalised thus far reached USD 386 million as of the end of Q1 2023 (YE 2022: USD 350 million).

Al Yah 4 and 5 update

The Group is 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 in 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[8] 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 two 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 Board undertook a strategic review in late 2022 to identify promising growth opportunities in the space industry that play to the Group's strengths, including its robust balance sheet, knowledge, infrastructure, footprint and spectrum rights, which comprise the following:

- **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.

- **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, Astrocast and the procurement of the T4-NGS satellite, currently under construction, will enable numerous new applications in this space.

---

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

- **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 USD 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. 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 satellites. The Group is well positioned to play an important role in these initiatives by partnering on the development of 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.

  In late 2021, Yahsat established a joint-venture with Tawazun Economic Council ("Tawazun"), the defence and security acquisitions authority for the Government and Abu Dhabi Police, for engineering, designing and manufacturing, in-country, of customized hardware and software, including advanced satellite modems, small form factor antennas, and tracking solutions.

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 2023

(USD millions)	FY 2023 guidance date	
Financial KPI	**28 Feb '23**	**9 May '23 (new)**
Gross revenue	435-455	Unchanged
Adjusted EBITDA	240-260	Unchanged
Discretionary Free Cash Flow ('DFCF')	130-150 (205-225 excl. CSA amort.)	Unchanged
Cash CAPEX and investments [9]	155-175	Unchanged

Guidance for 2023 continues to reflect management's expectations for:

- Up to mid-single digit revenue growth following Managed Solution's exceptionally strong performance in 2022, which included USD 10 million in revenue for a turnkey component of the new Mandate that will not repeat this

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

year. Revenue growth is expected to be driven by the commercial segments, which contribute approximately a quarter of the Group’s total.

- Adjusted EBITDA to reflect increased costs in Managed Solutions, partly due to a shift from the prior year of higher costs related to the technology management component of the new Mandate’s expanded scope, as well as higher operating expenses. Group margins are expected to moderate as a result but remain in the 55-60% range, with cost control and optimisation a key management focus.

- Discretionary Free Cash Flow to fall from 2022 levels reflecting the linear amortisation over the following four years (January 2023 to November 2026) of USD 291 million previously received during the construction phase of the Al Yah 1 and Al Yah 2 satellites (approx. USD 75 million per annum). DFCF of at least USD 130 million would comfortably cover total expected dividends for full year 2023 of USD 109 million by 1.2 times.

- Cash capital expenditure to reflect higher non-satellite capital expenditure mainly related to special projects (modem development) and facilities upgrades.

Guidance will continue to be re-evaluated by Yahsat’s management on a quarterly basis and an update provided to the market.

Attractive dividend policy

The Company distributes dividends semi-annually and aims to indefinitely grow them by at least two percent per annum.

Dividends for full year 2023 are expected to reach at least AED 16.46 fils per share or a total of USD 109.3 million. Based on the last closing share price, this implies an **annualised dividend yield of over 6% – amongst the highest offered by listed UAE stocks –** and compares favourably to an expected Discretionary Free Cash Flow yield of 7.7% (see *“Guidance for full year 2023” for target range*).

See *“Cautionary statement regarding forward-looking statements”* for a full disclaimer.

6. Earnings webcast

The Group will host a conference call in English for investors and analysts on Tuesday, 9 May 2023 at 16:00 UAE / 15:00 KSA / 13:00 UK / 08:00 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_zvGGMqQMQr61MTDWFHK0iA

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

A replay and transcript 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 second quarter and first half 2023 results on or around 8 August 2023.

8. Contacts

Investor Relations
Tel.: +971-2-507-6318
Email: ir@yahsat.ae

Shadi Salman, CFA
VP, Investor Relations
Email: csalman@yahsat.ae

8 May 2023
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 enter service during 2025.

[this section deliberately left blank]

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 Normalised Adjusted EBITDA
Discretionary Free Cash Flow ('DFCF')	Net cashflow from operations less (a) advances from customers on long-term capacity contracts (e.g., T4-NGS), (b) development and maintenance capital expenditure, including additions to intangible assets but excluding additions to satellite related capital work-in-progress, (c) investments in associates net of any dividends received and capital returned, (d) net finance costs, and plus (e) proceeds from disposals of assets.
Gearing Ratio	Net Debt divided by total equity capital plus Net Debt (see definition below). Capital includes share capital, additional paid-in capital, reserves and retained earnings and includes 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. Q1 2023 Normalised Adjusted EBTIDA of USD 63 million reflects an adjustment for one-off redundancy costs (USD 2 million) whilst there were no adjustments made to Q1 2022 Adjusted EBITDA of USD 58 million.
Normalised Adjusted EBITDA margin	Normalised Adjusted EBITDA divided by revenue

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. Q1 2023 Normalised Net Income of USD 29 million reflects adjustments made to Normalised Adjusted EBITDA whilst there were no adjustments made to Q1 2022 net income of USD 20 million.
Normalized Net Income margin	Normalized Net Income divided by revenue
Operating Free Cash Flow	Normalized 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 whole numbers. 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.

[this section deliberately left blank]

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 2022, which is available on its corporate website at https://www.yahsat.com/Reports/2022/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.

[this section deliberately left blank]