Annual Report 2021

Satellite Technology.
Critical Communications.
Human Progress.

yahsat الياه سات

Yahsat provides multi-purpose satellite solutions

We use best-in-class technology that enables solutions for critical defence connectivity, innovative communications networks, reliable and affordable broadband access and high-quality video broadcast to governments, enterprises, communities and individuals across Europe, the Middle East, Africa, South America, Asia and Australasia.

Based in Abu Dhabi, UAE, and a subsidiary of Mubadala Investment Company, Yahsat is the first public entity in the Middle East and Africa to offer multi-purpose satellite services.

www.yahsat.com

2021 Highlights

Revenue
US$ 407.6m

Net income
US$ 69.8m

Total assets
US$ 1,862.2m

Equity attributable to the shareholders
US$ 841.4m

Adjusted EBITDA
US$ 240.5m

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

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

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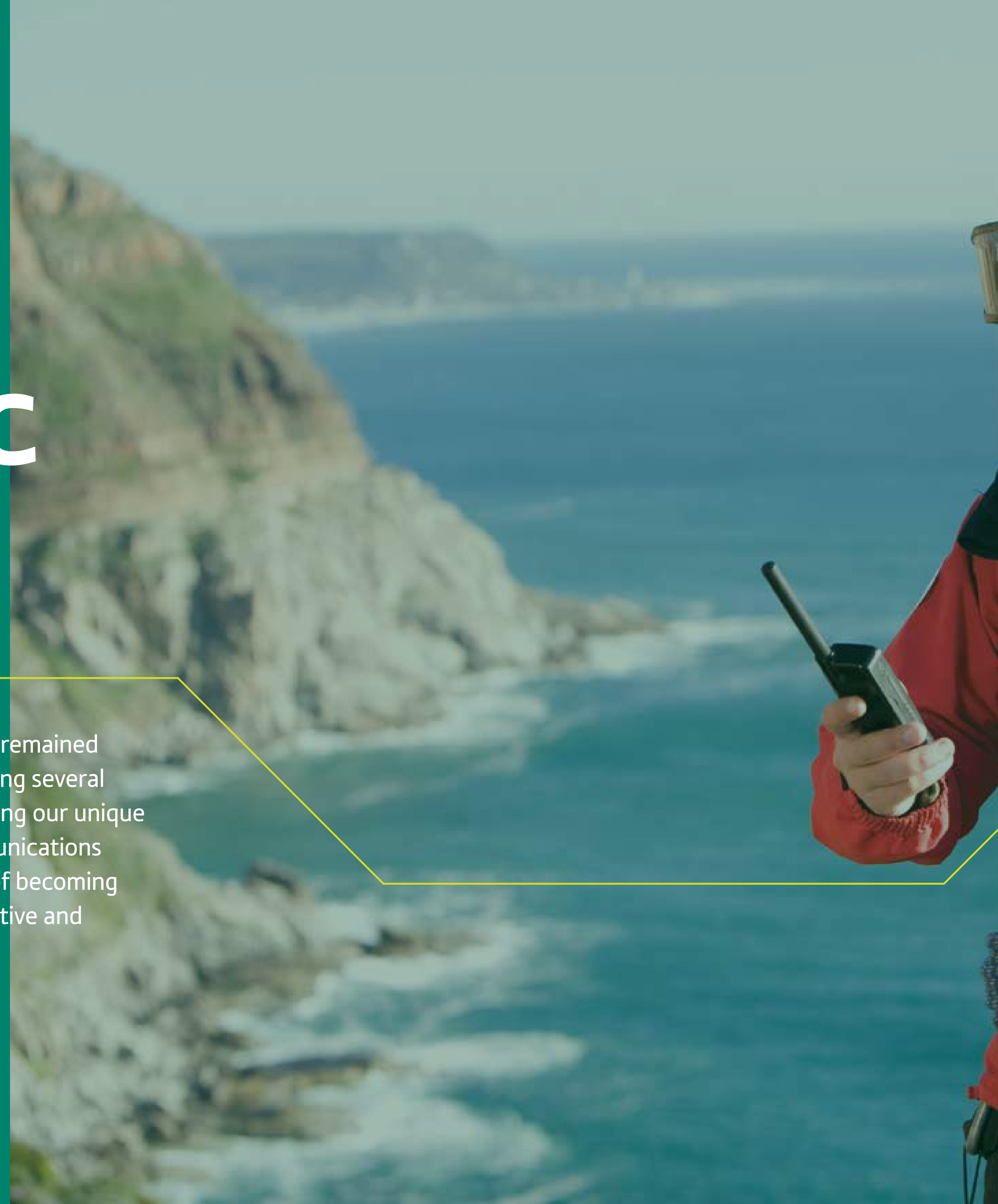
Strategic Report

With great purpose, pride and precision, Yahsat remained focussed on driving forward its strategy, achieving several important milestones across our businesses. Using our unique satellite technology, we delivered critical communications that drive human progress and fulfil our vision of becoming 'The global partner of choice for reliable, innovative and affordable satellite solutions'.



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Yahsat at a glance

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Chairman's Statement

Satellite Technology. Critical Communications. Human Progress.

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.

Satellite Technology

As a trailblazer for our region and a flag carrier for our nation's accelerating ambitions in space, we bring together the best talent and technologies to push the boundaries of what is possible, delivering on the dream of the transformational power that satellite technology brings and working with purpose and passion to make it a reality.

Read our case study on pages **42 and 43**.

Critical Communications

By enabling solutions for governments seeking to protect and promote progress, companies driving change in remote areas, and the millions of people that depend on our secure and reliable technologies for their livelihoods everyday, we go where others can't to provide critical communications that make all the difference.

Read our case study on pages **44 and 45**.

Human Progress

In countless communities across our ever-expanding footprint, we provide access, we spark knowledge, we drive innovation, communication and collaboration, putting the power of connectivity in the hands of partners, communities and people to accelerate rapid progress.

Read our case study on pages **46 and 47**.

Who We Are

Based in Abu Dhabi, UAE, and a subsidiary of Mubadala Investment Company, Yahsat offers multi-mission satellite services through our integrated business units – Yahsat Government Solutions, Thuraya, YahClick (powered by Hughes), YahLink and Yahlive.

What We Offer

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 NGS, the next generation telecommunications system, which is due to enter service in 2024.

Our Business Lines

- Infrastructure
- Managed Solutions
- Data Solutions
- Mobility Solutions
- Broadcast Solutions

These go to market under the following brands:

Yahsat Government Solutions

Managed end-to-end secure communication solutions and government capacity

Thuraya

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

YahClick

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

YahLink

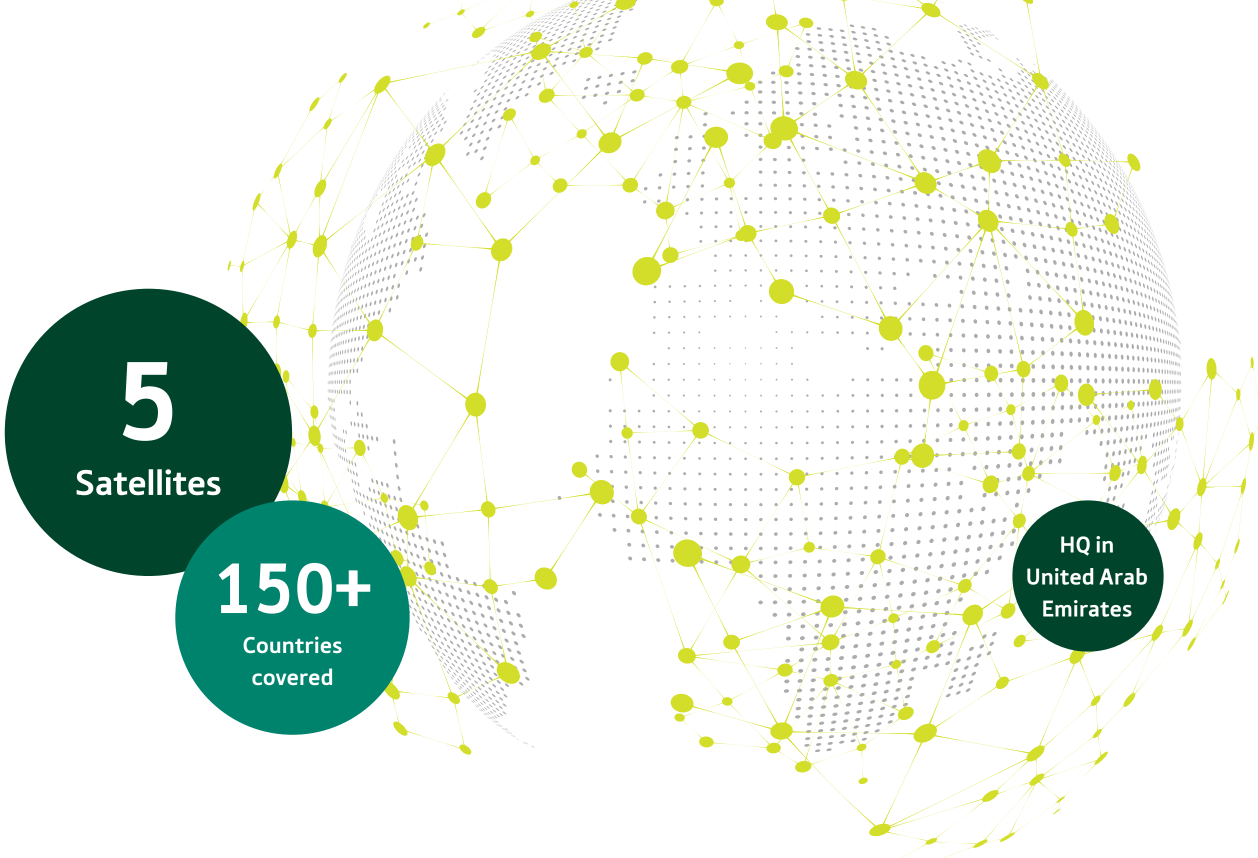
IP trunking solutions, corporate networking and backhauling capacity

Yahlive

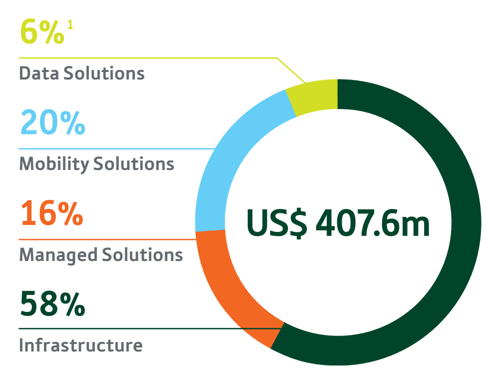
Premium services for broadcasters and a select choice of TV channels

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.



Revenue Breakdown



1 12% of 2021 consolidated revenues when incorporating Yahsat's 20% share of Hughes do Brasil (HdB)

Our journey and year in review

Strong foundation for future growth and diversification

2011-2012

Yahsat's first and second satellites Al Yah 1 and Al Yah 2 launched

YahClick launched for broadband across Africa, the Middle East and Asia

2007

Yahsat established

2008

UAE Government signed as Yahsat's anchor customer

2009

Established broadcast JV with Yahlive (SES)

2015

Space Systems and Technology Programme – Cubesat (Khalifa University, UAE Space Agency, Northrop Grumman)

2019

Established JV with Hughes (HdB) for Brazil

Thuraya-4 NGS

to commence commercial operations in 2024

2021

- Initial Public Offering on ADX
- Appointed by UAE Government to assess fleet expansion
- Launched Star Technologies JV
- Contracted SpaceX to launch Thuraya-4 NGS
- Partnered with Cobham SATCOM for Thuraya-4 NGS platform and products
- Launched nextgen mobility platforms
- Raised over US$ 700 million Term loan and ECA financing
- Signed several multi-year commercial contracts for both fixed and mobile solutions

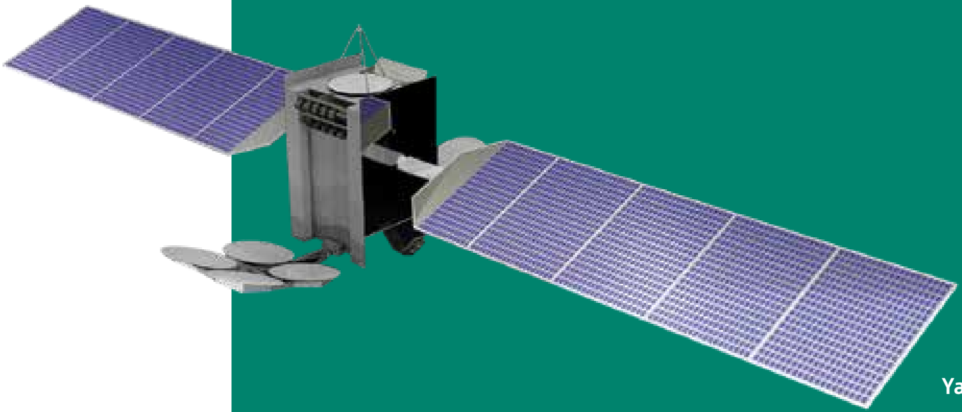
2020

Thuraya-4 NGS ordered, with 15-year UAE Government contract

2018

- Al Yah 3 launched, expanding YahClick further (Africa and Brazil)
- Majority acquisition of Thuraya, adding mobile satellite solutions to Yahsat portfolio
- Established JV with Hughes (BCS) for Africa and West Asia using Al Yah 2 / Al Yah 3

Al Yah 3 launched



Chairman's Statement

Contracted future revenues
+US$ 2b

Thuraya-4 NGS UAE Government contract
+US$ 700m

Thuraya 3-year distribution agreement
+US$ 86m

YahClick's Enterprise contracted future revenues
+US$ 20m

In 2021, Yahsat demonstrated sustained strength and resilience amidst continued economic disruption, laying strong foundations for growth in 2022 and beyond, as it continues to provide critical connectivity to government and commercial customers in the UAE and beyond.

It is my great pleasure, as the Yahsat Chairman, to be able to share my thoughts with you in our first Annual Report following the listing of our shares on the Abu Dhabi Securities Exchange (ADX) in July 2021.

I am truly privileged to be involved in a business that plays such a critical role in connecting governments, enterprises, communities and individuals here in the UAE and across the globe. Connectivity is taken for granted by most of us – but for many, these needs cannot be served without the support of satellite-based connectivity and solutions. With one of the most technologically and geographically diverse portfolios, Yahsat is a leader in the satellite industry and is well positioned to capitalise on the domestic and international growth anticipated in years to come as satellite technology is embraced even more as a critical component in the global connectivity conundrum.

While the global economy continued to face several headwinds in 2021, the business performed well, increasing revenue and net income compared with the prior year and strengthening our balance sheet. Whilst this strong performance was made possible due to the overall operational strength of the Company and the team, it is also a result of the strategically blended and diversified portfolio and adaptive business model that Yahsat has firmly in place, spanning several continents, multiple technologies, serving both government and commercial needs, nationally and internationally. This unique overall proposition not only allowed Yahsat to weather the storm much better than many industry peers, but also positions Yahsat extremely well for an acceleration in performance and growth in 2022 and beyond.

As at 31 December 2021 the Group's contracted future revenues exceed US$ 2 billion – roughly five times its consolidated 2021 revenues, having increased by more than 35% during the year. This not only provides visibility and security of future cash flows but also provides the platform to continue to strengthen and grow our Company. A testament to this is the 15-year capacity services contract secured with the UAE Government in June 2021, worth more than US$ 700 million for services to be provided on our forthcoming Thuraya 4 Next Generation Satellite (Thuraya-4 NGS), expected to launch in late 2023 and to drive revenues based on a start of commercial operations in 2024. Other significant new contracts have been signed during the year across all of our business segments, including Data Solutions and Mobility Solutions.

We continue to see a strong sales pipeline in place across all of our businesses and regions and expect to conclude many more agreements in the coming year which will add to our contracted future revenues.

A Strategy Fit for the Future

Yahsat's strategic trajectory remains firmly in place.

Having provided critical infrastructure and solutions for around a decade to the UAE Government, we continue to build on this unique relationship. Subsequent to entering into the 15-year Thuraya-4 NGS capacity services contract with the UAE Government in June 2021, Yahsat has also been appointed to assess the expansion of our existing fleet with two further next generation satellites, to be leased by the UAE Government for their lifetime, with an intention to launch in 2026. While clearly a significant growth opportunity to further bolster our contracted future revenues and secure the longer-term financial outlook, it underscores our position as one of the world's leading providers of secure communications to Government and defence customers. This proven track record has allowed us to enter into several strategic partnerships to expand our scope and overall value proposition to the UAE Government.

In parallel to our focus on government solutions, we continue to diversify and expand our commercial business lines. Thuraya, our mobility services arm, delivered a resilient performance with full year revenues increasing year-on-year, including the securing of a three-year distribution agreement worth more than US$ 86 million. This business is set to accelerate further as it continues to implement next generation platforms to drive strategic segments such as maritime, IoT and mobile data. Our satellite broadband business, YahClick, continued to expand its customer base in Africa and the Middle East. During the period the contracted future revenues across its Enterprise business dramatically increased to over US$ 22 million whilst its consumer subscriber base, driven by direct-to-market rollouts, grew by 20%.

We continue to build on our position as the UAE's flagship satellite operator, as we lead the evolution of the national space industry.

Robust Governance and Risk Management

Significant changes were made to our Board preceding Yahsat's IPO in 2021, adopting a more commercial composition and focus to reflect our strategy, with new appointments bringing strength and depth through the addition of extensive industry expertise.

Corporate Governance has long been a core strength of Yahsat, and we continued to develop this year, in alignment with leading practices and standards. Our risk mitigation continues to be guided by robust Enterprise Risk Management (ERM), driven by our strong expertise, agility and forward-looking mindset, and our sustained focus on business diversification.

Supporting our Communities

Yahsat recognises its role and responsibilities towards contributing to the sustainable development goals defined in international, national and local ambitions. The United Nation's Sustainable Development Goals continue to drive the development of a better future for current and future generations, and both Abu Dhabi and the UAE are playing their part too. The National Space Strategy 2030, which was developed in coordination with Yahsat, other local entities and reputable experts in the space domain, has strategic goals with multiple sustainable development-related elements. Locally, Yahsat is pleased to continue promoting and contributing towards the Abu Dhabi Economic Vision 2030, which is fundamentally supported by several sustainable development-related pillars.

As an integrated satellite communications solutions provider, the opportunities for Yahsat to facilitate sustainable development activities are numerous. For example, we continue to help organisations and communities around the world in gaining internet access, remote communication capabilities and the ability to effectively coordinate humanitarian crisis activities. Additional Environmental, Social and Governance (ESG) areas that Yahsat focusses its efforts towards include establishing reliable corporate governance, serving our customers and communities, investing in our people, the promotion of environmental protection and appropriately developing our business partnerships. Detailed information on our activities in each of these ESG areas can be found beyond this report in Yahsat's inaugural 2021 ESG Report.

Our strategy

Expand core government business in infrastructure and managed solutions

Diversify and expand commercial business

Invest and partner to diversify and grow

Build on position as the UAE's flagship satellite operator

Delivering on our Promises

In summary, 2021 has been an important year for Yahsat. We will enter 2022 with strong momentum across the business and solid foundations to drive growth. Our cash flow and balance sheet remain robust. This allows us to fulfil our commitment to delivering highly attractive and growing dividends well into the future, while in parallel pursuing significant new avenues for growth across our businesses, capturing promising new opportunities on both the government and commercial fronts.

Acknowledgements

On behalf of the Board, I would like to express my thanks to the UAE and Abu Dhabi Governments for their continued support and enduring partnerships with Yahsat and to all our global customers and partners who have put their trust in us, not only in 2021 but for many years past.

I would also like to take this opportunity to acknowledge the great work of our experienced and highly capable management team and dedicated employees, who have overcome significant challenges to deliver a transformative and highly memorable year for Yahsat.

Musabbeh Al Kaabi
Chairman

Revenue
US$ 407.6m

Net Income
US$ 69.8m

Adjusted EBITDA
US$ 240.5m

Net debt to EBITDA ratio
0.6 times

CEO's Message

Yahsat delivered a strong financial performance in 2021, laying solid foundations for growth in 2022 as we continue to expand both our government and commercial businesses, and strengthen our leadership in the global satellite industry.

Yahsat delivered strong financial results in 2021, supported by an exceptional Q4 performance with full year revenues increasing compared with 2020. These full year results show encouraging momentum as the economic recovery gathers pace. Our successful IPO in 2021, led by our founding shareholder, Mubadala, has provided an opportunity to share Yahsat's success with national, regional and global investors, and to take part in our exciting journey as we reaffirm our position as a top-ten leading player in a growing global satellite industry.

In contrast to many of our peers, Yahsat's revenues and cash flows remained largely secure in 2021, reflecting the stability that the provision of critical satellite connectivity solutions to the UAE Government brings to the business, complemented by strengthening commercial businesses across the EMEA and APAC regions.

In total, the Group generated revenues of US$ 407.6 million in 2021 compared with US$ 407.5 million in 2020. While recognising that Q4 is typically the strongest quarter for our business, Q4 2021 performance was particularly impressive with revenues growing 7.9% relative to Q4 2020 and 31% relative to Q3 2021, demonstrating the strength of the underlying business and the sustained momentum that has been evident since Q1 2021. This positions us well for growth in 2022 and to meet our financial guidance.

Adjusted EBITDA of US$ 240.5 million was US$ 6.4 million lower than 2020, although the margin remained healthy at 59%. Net Income of US$ 69.8 million, the highest ever in Yahsat's history, was US$ 0.9 million higher than 2020 generating a margin of 17.1% (compared with 16.9% in 2020). After taking into account the impact of one-off items in both periods, normalised EBITDA of US$ 244.6 million exceeded the prior year by US$ 11.7 million (or 5%), achieving a margin of 60% compared with 57.2% in 2020. Normalised Net Income of US$ 80.9 million exceeded the prior year by US$ 26 million (or 47.4%) and generated a margin of 19.9% compared with 13.5% in prior year.

Meanwhile the Group's balance sheet has remained healthy with low levels of debt and a strong cash position. At 31 December 2021, the Group's Net debt to EBITDA ratio stood at 0.6 times, with cash and short-term deposits of over US$ 400 million, up 78% compared with 2020. This strong cash position not only supports our targeted dividend payments of 15.96 Fils (US Cents 4.34) per share during 2022, but also contributes towards current and upcoming capital expenditure requirements.

Expanding our Core Business Lines

I am pleased to report that we maintained strong momentum during 2021 across all our businesses.

Leveraging the resurgence in government projects supported by the economic recovery and a raft of new partnerships with key national stakeholders, our Managed Solutions business performed strongly in Q4 with full year revenues of US$ 64.2 million, 1.6% higher than the prior year (US$ 63.2 million) and contributing 16% to overall Group revenue.

Several important new opportunities were advanced throughout the year not only to support revenue growth in our current businesses, but also to create new platforms and drive additional revenues streams in the future.

Supporting the diversification of our customer base and offerings, we established new customer relationships in several sectors where satellite connectivity solutions add significant value. Examples include NIMR, the UAE's military automotive specialist, the UAE Red Crescent, Mubadala Petroleum and ADNOC, where Yahsat is now positioned as the preferred satellite solutions provider for this strategic partner.

Our Mobility Solutions business, Thuraya, accounted for 20% of Group revenue in 2021, with a notable increase in EBITDA compared with the prior year to reach US$ 27.5 million and a gross revenue of over US$ 80.3 million. The business continued to diversify its product portfolio and maintained a healthy subscriber base across the land voice, land data and maritime sectors in 2021. Furthermore, it signed a long-term distribution agreement worth more than US$ 86 million in revenue over three years with a long-standing service partner. Overall, the Mobility Services business signed eight new services and distribution partnership agreements, which we see as an excellent indicator of the overall strength of that business.

The construction of our Thuraya-4 Next Generation Satellite (NGS) remains on track to commence commercial operations in 2024 and will be enabled by the market-leading platform from Cobham and other key complementary technology partners, such as Ericsson. This advanced space and ground segment combination will support both the long-term agreement with the UAE Government and a next generation of Mobility Solutions services, with a strong focus on the fast growing mobile data, maritime and IoT segments.

Our Data Solutions business, YahClick, recorded a strong set of results despite COVID-19 related challenges in several of its core markets, with a year-on-year increase in consumer broadband subscribers of 20%, primarily driven by the direct-to-market (D2M) model introduced in South Africa the previous year. This growth is set to accelerate in 2022 following the introduction of a new D2M partnership in Nigeria in Q4 2021.

YahClick has over 20 multi-year wholesale and virtual network operator (VNO) capacity contracts in place, including the provision of cellular backhaul services to mobile network operators across Africa. During the course of the year, the contracted future revenues more than doubled to over US$ 22 million. This is set to grow further with an extensive pipeline of new capacity contracts currently under negotiation.

We must also pay tribute to our equity partnerships, which continue to perform well. Our Broadcast Solutions venture with SES, Yahlive, delivered a strong performance in 2021, characterised by a return to profitability following three years of losses, countering headwinds experienced by the broadcast sector during the year. By 31 December 2021, active consumer broadband subscribers at our Brazilian venture with Hughes, Hughes do Brasil, exceeded 220,000 whilst its Enterprise business continued to enjoy a strong pipeline of new orders and contract renewals.

Accelerating Growth in 2022 and Beyond

The satellite industry is set for significant growth both nationally and internationally and we are well positioned to capitalise on this growth. According to industry analysts, data carried over satellite is expected to increase 14 times over the next ten years, with Fixed Satellite Services (FSS) service revenues growing from US$ 19.1 billion in 2020 to US$ 30.8 billion in 2029. Over the same period, Mobile Satellite Services (MSS) service revenues are also expected to grow from US$ 4.4 billion in 2020 to US$ 5.7 billion in 2029. Overall this translates to an average growth of 5.7% per year across the FSS and MSS sectors we serve. In particular, government investment into the space sector is at a record high having grown 8% last year globally.

At Yahsat, we are a strong believer in strategy in motion. Our business is diverse with opportunities presenting themselves regularly, where we must remain agile enough to explore and capture the opportunities presented to us. Our industry, technology and customer needs will continue to change, and we will continue to adapt our business model, portfolio and market focus to convert such progress to opportunity and value for Yahsat and our shareholders. New opportunities will come, some requiring new investments, and we are well positioned financially to pursue those, given our healthy balance sheet. However, at a fundamental level, our strategy remains a hybrid one, centred around a solid and expanding UAE Government business and complemented by a highly synergistic commercial business spanning multiple technologies, geographies, customer segments and business models. We maintain our strong culture of partnership that has proven so successful over the years and, together with existing and new partners, we are perfectly poised to capitalise on new opportunities as satellite connectivity plays an ever-increasing role in society.

Our infrastructure business is already set to grow as the Thuraya-4 NGS capacity comes on line and is leased to the UAE Government, contributing an additional US$ 47 million in revenues per year from mid-2024. Additionally, we have been appointed by the UAE Government to commence a detailed assessment for two new satellites, Al Yah 4 and Al Yah 5, ensuring the continuity of current capacity services under a 15-year extension to Yahsat's contract with our anchor customer. These new satellites, to be delivered by 2026, will address the future capacity, coverage and capability needs of the UAE Government and will add to our exceptionally strong contracted future revenues which exceeded US$ 2 billion at 31 December 2021.

Most recently, in February 2022, Yahsat was awarded a US$ 247.5 million five-year mandate to provide enhanced managed services to the UAE Government for its satellite communications capabilities, further increasing our contracted future revenues.

Complementing the services we provide to our anchor government customers in the UAE, we have driven partnerships with key UAE entities to create new opportunities for diversification across the value chain. To highlight just a couple of these:

- A new joint venture was established to create a UAE-based company, Star Technologies, with the capability to design, develop and manufacture advanced satcom equipment to better serve the needs of our UAE Government customers, as well as the potential to expand these offerings to international markets; and
- We are exploring a new collaboration with Group 42 to develop advanced remote sensing and AI geospatial capabilities in the country. This collaboration brings together a unique and powerful combination of advanced space technology and satellite communications expertise with AI and Big Data to develop and deploy best-in-class solutions.

With a solid and unwavering leadership position in voice solutions in the Middle East and Africa, Thuraya is well positioned to seize substantial new growth opportunities in many data-centric applications, including maritime, IoT and government solutions, which will be further enhanced by the advanced capabilities that the Thuraya-4 NGS system is set to deliver as it comes online. In particular, the Asian market offers significant upside in years to come, with strong projections for growth in the MSS space.

YahClick continues to target aggressive subscriber growth in its consumer broadband offering, aided by the expansion of the D2M model in Nigeria and the continued rollout of the model in South Africa, where it has already been successfully proven. The Enterprise business is also projected to grow as an increasing number of projects already contracted during 2021 begin to generate revenue, to be further bolstered by new contracts expected from a strengthening pipeline of new customers and projects.

We expect the momentum seen in the second half of 2021 to continue in 2022, with full year revenues expected to be in the range of US$ 415 to US$ 440 million, underpinning our commitment to an attractive and progressive dividend.

Acknowledgements

In what has been a landmark year for Yahsat, I would like to thank our Board for their exceptional oversight and stewardship throughout 2021, as well as the Senior Management team for their astute management as we position the Group for further growth and success in 2022. I also wish to thank our dedicated employees and our partners across Yahsat's footprint for their commitment to our strategic goals in what has been another challenging year. Their efforts are the key to our success and provide an inspiring backdrop for our combined success as a Group going forward.

Ali Al Hashemi
Chief Executive Officer

Leadership

Board of Directors

Full biographies can be found in the Corporate Governance section on pages 83 and 84.

Musabbeh Al Kaabi
Chairman

Musabbeh Al Kaabi is the Chief Executive Officer of Mubadala's UAE Investments platform. He is 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 Al Hosani
Vice Chairman

HE Tareq Abdulraheem Al Hosani is the Chief Executive Officer of Tawazun Economic Council. He is responsible for managing the procurement of UAE Armed Forces and Abu Dhabi Police while driving the strategic plans for the development of the UAE defence & security sector.

HE Maryam AlMheiri
Director

HE Maryam AlMheiri is a member of the Abu Dhabi Executive Committee, Director General of the Abu Dhabi Government Media Office (ADGMO), Vice Chairwoman of both the UAE Special Olympics and Abu Dhabi School of Government's Board of Trustees.

Peng Xiao
Director

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
Director

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.

Badr Al Olama
Director

Badr Al Olama is the Executive Director of the UAE Clusters unit within Mubadala's UAE Investments platform. He is the Chairman of Strata Manufacturing PrJSC and Sanad Service Group LLC. Badr is also a board member of Mubadala Health, Oumolat Security Printing and TASIAP GmbH.

HE Masood M. Sharif Mahmood
Director

HE Masood Mahmood is the CEO of Etisalat UAE. He was previously Director General at the Department of Finance of the Government of Abu Dhabi and was CEO of Yahsat for nearly nine years. He has over 20 years of experience in investment management, telecommunications and the space sector.

Adrian Steckel
Director

Adrian Steckel has been focussed 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.

Gaston Urda
Director

Gaston Urda is the Head of Investments and M&A of the UAE investment platform at Mubadala. Since Joining Mubadala in 2008, Gaston's primary responsibilities have been to oversee and manage investments across different geographies and sectors.

Senior Management

Full biographies can be found in the Corporate Governance section on pages 91 to 93.

Ali Al Hashemi
Chief Executive Officer,
Yahsat Group

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

Andrew Cole
Chief Financial Officer

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

Adnan Al Muhairi
Chief Technology Officer

In his role as Chief Technology Officer, Adnan Al Muhairi is committed to designing and developing technological solutions to better serve Yahsat and Thuraya customers. This includes addressing parts of the world that do not have access to communications and enabling robust, secure, government communication systems.

Muna Almheiri
Chief Human Capital and
Administration Officer

Muna Almheiri is the Chief Human Capital and Administration Officer, responsible for talent acquisition, learning and development, leadership, Emiratisation, organisational development, compensation and benefits, and employee relations and administration.

Amit Somani
Chief Strategy Officer

Amit Somani is the Chief Strategy Officer of Yahsat, responsible for guiding the Group's strategy and leading its key corporate and business development opportunities, while overseeing the Regulatory and Spectrum Management and Corporate Communications functions.

Khalid Al Kaf
Chief Operations Officer

Khalid Al Kaf is Yahsat's Chief Operations Officer. His focus is on addressing the strategic operational issues that influence business performance and efficiencies of cost. Khalid is committed to effecting major changes in the performance and efficiency of Yahsat's business as a whole.

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

Eisa 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.

Sulaiman Al Ali
Chief Executive Officer, Thuraya

Sulaiman Al Ali is the Chief Executive Officer of Thuraya, the Mobile Satellite Services subsidiary of Yahsat. As CEO, Sulaiman is focussed on improving operations and revenue growth through enhanced communication services for Thuraya and Yahsat customers.

Farhad Khan
Chief Commercial Officer and
Chief Executive Officer of YahClick

Farhad Khan is the Chief Commercial Officer of Yahsat. In this role, he is responsible for Yahsat's overall Business, Customer and Administrative Operations as well as Marketing and Sales Management activities.

Key differentiators

Our competitive advantage

Global connectivity enabler providing critical solutions

- Covering ›150 countries and potential to reach ›2/3 of world's population[1]
- Differentiated mobile and fixed satellite services in emerging and high-growth markets
- Deep, long-standing relationships with UAE Government and key partners across GCC, Africa, Asia and Brazil

High-quality, well-invested asset base

- Fleet of 5 active geostationary satellites with valuable orbital rights
- 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

Significant growth potential

- Innovation and diversification engrained across multiple lines of business
- Deepening participation across value chain to deliver integrated services and provide competitive advantage
- New partnerships, channels and products under development ahead of Thuraya-4 NGS' launch

Industry pioneer in fast-growing emerging markets

- Benefiting from first-mover advantage in high-growth, underserved markets
- Well-established distribution networks, with hundreds of channel partners and agreements with maximum reach
- Delivering pioneering technology with differentiated go-to-market model in the Middle East, Africa, Asia and Australasia

A highly attractive investment proposition with strong cash flow, a progressive dividend policy and significant growth potential.

Be part of the strategic growth and diversification journey of Yahsat, the region's leading satellite connectivity and solutions provider.

The UAE Government's preferred partner

- Provider of secure, mission critical connectivity services and solutions to the UAE Government
- Strong relationship dating back more than a decade and underpinned by significant long-term contracts that provide visibility and security of future cash flows
- Uniquely positioned to capitalise on upcoming growth opportunities

Highly attractive financial profile

~72%[2]

- of revenue driven by highly-rated UAE Government contracts under long-term commitments, underpinning contracted future revenues of more than US$ 2 billion, approximately five times 2021 revenues
- High-margin business, strong cash flow, well-funded balance sheet and low net debt/ EBITDA leverage
- Robust, growing dividend capacity and financial flexibility

Proven senior leadership and supportive shareholder

- Highly experienced management team with proven track record
- Board of Directors with diverse industry and functional expertise
- Mubadala retains a c.60% shareholding, supporting Yahsat as it looks to grow further

1 For mobility solutions (MSS)
2 For year 2021, from UAE Government and Government-related entities

A year of accelerating transformation

2021 was another year of accelerating transformation for the global, regional and national satcom sector, with increasing investment, the emergence of new business models, and growing need for connectivity across all segments and geographies.

Large and Growing Market Opportunity

- The **global space economy totalled US$ 370 billion** over 2021 (up 6% vs. 2020), including both private and public expenditure in the industry. The space economy is expected to grow by 74% by 2030 to reach US$ 642 billion (6.3% CAGR)[1]
- Space sector has received **record government investment, totalling more than US$ 92 billion** in 2021, an 8% increase compared to 2020[1]
- **Space data traffic is expected to increase 14x** over the next ten years[2]
- **Fixed Satellite Services (FSS) revenues are forecast to grow** from US$ 19.1 billion in 2020 to US$ 30.8 billion in 2029 (5.5% CAGR)[2]
- **Mobile Satellite Services (MSS) revenues are forecast to grow** from an estimated US$ 4.4 billion in 2020 to **US$ 5.7 billion in 2029** (2.9% CAGR)[2]

1 Euroconsult – Annual Space Economy Report
2 NSR (Northern Sky Research)

Key Satellite Industry Trends

Universalisation of data

- Global connectivity needs accentuated during pandemic
- Increase of mobility use cases (~185k vessels and airplanes requiring satellite connectivity)[2]
- IoT (Internet of Things) revolution gaining traction – need for ubiquitous coverage
- Decline in broadcast – shifting the industry's focus from linear to Over-the-Top (OTT)

Technological acceleration

- Technology evolution improving satellite economics, reducing overall CAPEX requirements
- Low Earth Orbit (LEO) constellations gaining traction
- Next generation satellites with more flexibility and reconfigurability

Space back on national agendas

- Governments increasing defence budgets and satcom expenditure
- Universal coverage ambitions and fight against digital divide
- Increased government collaboration with private sector

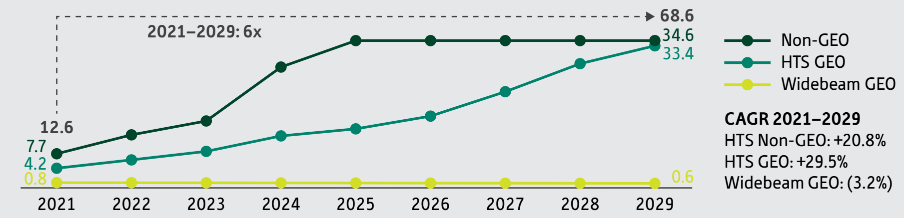
Shifting business landscape

- New applications and use-cases enabled: enterprise, tele-medicine, virtual education, etc.
- Consolidation and collaboration between industry players, both horizontally and vertically
- New business models emerging
- Growing interest and capital directed towards space sector (record +US$ 10 billion investment over 2021)

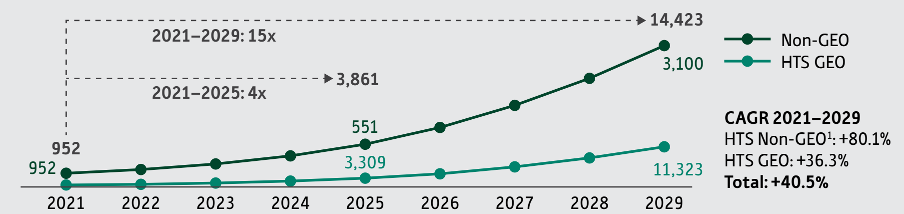
Industry outlook

FSS capacity supply and demand expected to greatly increase in the coming years

FSS Capacity Supply (Gbps ’000s)



FSS Capacity Demand (Gbps)



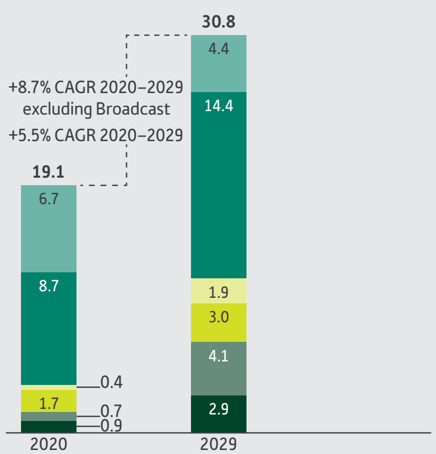
- Significant growth in new high-throughput capacity via GEO and non-GEO infrastructure
- Improved HTS economics stimulating uptake
- GEO HTS remains the dominant technology for the foreseeable future
- Government increasing the use of commercial satellite operator capacity given better economics
- Applications supported by FSS capacity diversifying from traditional uses

Source: NSR Industry Report
1 CAGR based on ’22-’29
HTS = High-throughput satellite
Gbps = Gigabits per second
Widebeam is traditional capacity, typically over C- and Ku-bands

More information on the **satellite industry** is available on page **26**.

FSS market expected to grow strongly over the coming years

FSS Service Capacity Revenue by Market (US$b)



CAGR 2021–2029 by Market[1]

- Broadcast (4.4%)
- Broadband & Enterprise Data +5.8%
- Land Mobility[3] +17.7%
- Maritime +6.3%
- Aero +21.8%
- Government +14.2%

CAGR 2021–2029 by Region[2]

Latin America 9.3%

Europe 8.5%

MEA 15.8%

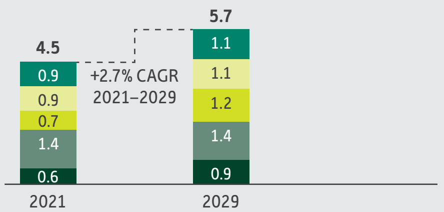
APAC 10.9%

- New connections and increased usage translating into strong growth of data service revenue, expected to grow at around 9% CAGR excluding broadcast (i.e. more than double) over 2020-2029
- Government revenues set to increase around three times over 2020-2029 driven by the fast development of data intensive applications
- Strong and sustained growth across B2C and B2B data verticals
- Particularly strong growth in emerging markets as HTS economics enable new verticals, in particular consumer broadband and hotspots
- Broadcast Service revenue expected to continue to decline around 4% per year due to continued shift towards IPTV and OTT

Note: Data not available for 2021.
Source: NSR Industry Report
1 CAGR based on FSS service capacity revenue
2 CAGR based on FSS service capacity revenue excluding Broadcast
3 Land mobility includes connected vehicles and temporary land-based locations (e.g. mining)

MSS markets continuing to grow healthily on the back of increasing mobility uses across markets

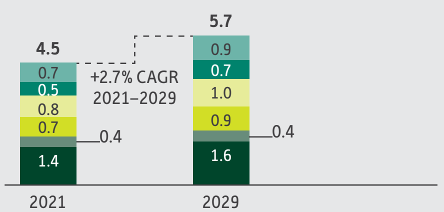
MSS Revenue by Market[1] (US$b)



CAGR 2021–2029 by Market[2]

- Land Mobility +1.8%
- Maritime +2.4%
- Aero +6.4%
- Government +0.3%
- M2M +4.4%

MSS Revenue by Geography (US$b)



CAGR 2021–2029 by Geography

- Other[4] +3.3%
- APAC +3.5%
- MEA +2.9%
- Europe +3.4%
- Latin America +2.6%
- North America +2.2%

- Government and Military, despite growing slower, remain the cornerstone end market for MSS operators
- Maritime growth spurred by offshore and smaller vessels (shipping, fishing, yachting)
- Regulations requiring usage of GMDSS[3] and cockpit safety services for more vessels and aircraft
- Continued strong growth of IoT and M2M (machine-to-machine) connected devices and revenue
- APAC and MEA, Yahsat's key regions of MSS operation, showing a stronger growth path

Source: NSR Industry Report
1 Including both MSS service and equipment revenue
2 CAGR based on MSS service capacity revenue
3 Global Maritime Distress and Safety System
4 Includes Arctic, Pacific Ocean Region, Indian Ocean Region, Atlantic Ocean Region

Our strengths enable...

Finance

- Sizeable contracted future revenues 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 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

- Well-invested infrastructure assets across space and ground
- Fleet of five satellites spanning five continents, with one more under construction
- Modern infrastructure spanning both FSS and MSS

Business and Relationships

- UAE's flagship satellite operator
- Recognised industry leader, nationally and internationally
- Strong distribution presence and partnerships
- Strong relationship as a trusted partner with the UAE Government
- 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 focussing on the following:

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:

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 a sixth under construction.

Al Yah 1 | **Al Yah 2** | **Al Yah 3** — Fixed Satellite Services

Thuraya-2 | **Thuraya-3** | **Thuraya-4 NGS** (under construction) — Mobile Satellite Services

yahsat GOVERNMENT SOLUTIONS	THURAYA	YahClick powered by HUGHES	YahLink	yahlive
Infrastructure (secured capacity) and Managed Solutions	Land mobile voice and data, IoT and M2M solutions, maritime and aero connectivity	Consumer broadband, enterprise connectivity, WiFi hotspot, backhaul solutions	IP trunking solutions, Corporate VSAT, carrier solutions using C-band	Broadcasting solutions

Respect | **Reliability** | **Agility** | **Customer Focus** | **Creativity**

for our stakeholders

Our Customers

(governments, enterprises, communities and individuals)

- Secured, reliable and multi-purpose connectivity solutions
- Affordable 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

42

Our Shareholders

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

Adjusted EBITDA

US$ 240.5m

Our Nation

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

Emiratisation[1]

52%

1 Emiratisation excluding third party contractors.

Our strategy

Strategic Pillars	Strategic Objectives	2021 Highlights
Expand core government business in infrastructure and managed solutions	• 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	• Entered into 15-year agreement with the UAE Government for services on upcoming satellite Thuraya-4 NGS • Entered into strategic partnerships to deploy mission-ready defence vehicular systems • Appointment by the UAE Government to assess fleet expansion for future defence capacity needs
Diversify and expand commercial business	• Differentiate through unique products and solutions, deeper distribution relationships and higher value add • Accelerate commercial business across Yahsat Government Solutions, Thuraya and YahClick • Expand market share in growing Fixed Satellite Services (FSS) and Mobile Satellite Services (MSS) markets and regions, by capitalising on unique relationships, technologies and business models	**Managed Solutions** • Accelerated commercial business lines and signed new customers for both FSS and MSS solutions • Signed MoU with Mubadala Petroleum to explore advanced satellite technologies **Mobility Solutions** • Secured long-term distribution agreement worth US$ 86 million with an existing global service partner • Evolved GTM with eight new distribution agreements and business models, 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) **Data Solutions** • More than doubled direct-to-market subscriber base in South Africa, while the overall YahClick subscriber base grew by 20% to over 18,000 • Signed pan-African agreement with iSat Africa for connectivity services • Signed multiple enterprise and wholesale deals, including for cellular backhaul, dramatically increasing the Data Solutions contracted future revenues to over US$ 22 million by 31 December 2021
Invest and partner to diversify and grow	• Capitalise on the increasingly critical role played by satellite in the global connectivity and applications ecosystem, including IoT • Drive strategic partnerships to invest and diversify into adjacent service areas to better serve customers	• Broadened participation in value chain with formation of JV to develop and manufacture satellite communications technology • Thuraya-4 NGS progressing and on track to commence commercial operations in 2024 • Selected Cobham as broadband platform provider on Thuraya-4 NGS to bring next generation and best-in-class product portfolio to both government and commercial customers
Build on position as the UAE's flagship satellite operator	• Create long-term value collaboration with other key players in the broad UAE space and technology ecosystem • Support UAE 2030 agenda by spurring new in-country development in space, technology and industrialisation	• Laid foundations for new strategic platforms to serve UAE and international governments and enterprises, including Group 42 for Situational Awareness, including remote sensing and AI-enabled geospatial analytics • Khalifa University's second CubeSat 'DhabiSat' launched to International Space Station (ISS) • Solidified position as a satellite centre of excellence through talent attraction and retention as well as development of national expertise

Future Focus

- Sustain core business by securing new long-term FSS capacity agreement with the UAE Government (on two potential new satellites, Al Yah 4 and Al Yah 5)
- Secure multi-year O&M extension with extended scope with the UAE Government
- Capture more value by deepening participation both up and down the value chain
- Become sole provider for all UAE satcom by expanding government offerings, and expand commercial base and reach to other regional governments

Managed Solutions

- Complete transition from previous project delivery function into higher value-add system integrator
- Continue expansion into adjacent government entities and international government customers

Mobility Solutions

- Enhance products and services portfolio, and expand solution and applications offering
- 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

Data Solutions

- Accelerate uptake in all segments and regions through targeted and customised GTM models, from D2M to VNO/Wholesale
- Push for selective geographic expansion, leveraging interim third party capacity in case current fleet does not have coverage
- Drive new segments and increase market share of cellular backhaul solutions for mobile network operators

- Seek new investment opportunities to build further across all platforms
- Embrace complementarity of newspace on Yahsat business to capture value and broaden scope
- Continue current trajectory of organic growth combined with strategic UAE partnerships, and consider potential horizontal or vertical M&A to build scale if value proposition is strong

- Deliver first phase of solutions from Star Technologies JV to UAE Government and expand scope to drive more products to more customers, including international
- Strengthen collaboration with G42 to create a UAE remote sensing industrial champion
- Continue focussing on national talent development and further nurture solid UAE G2G relationships

Corresponding Risks To Successful Execution

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

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

1 3 5 7 8 9 10
12 13 14 15

1 3 8 12 13 15

Find a summary of our principal risks on pages 48 and 49.

Key Performance Indicators

Revenue
US$ 407.6m

Adjusted EBITDA
US$ 240.5m

DFCF
US$ 179.5m

Net income
US$ 69.8m

Contracted future revenues
+US$ 2.0b

Commercial broadband users
18,300

Commercial narrowband users
231,000

Read our key performance indicators on pages 53 to 57.

Despite the global economic headwinds in the first half of the year, the business rebounded strongly with an exceptional performance in Q4 2021.

Andrew Cole
Chief Financial Officer

Chief Financial Officer's review

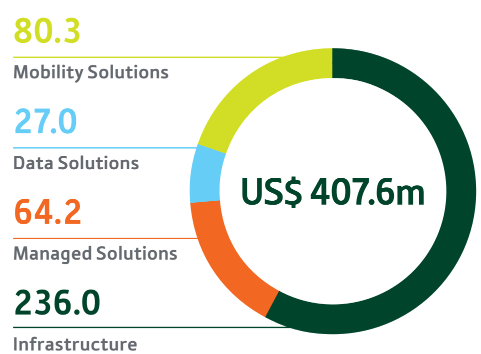
A Pivotal Year

In US$ million	2021	2020
Revenue	407.6	407.5
Adjusted EBITDA	240.5	246.9
Normalised EBITDA	244.6	232.9
Net Income	69.8	68.9
Normalised Net Income	80.9	54.9
Discretionary Free Cash Flow (DFCF)[1]	179.5	186.3

2021 was a significant year for Yahsat. Not only did we successfully list on the ADX stock exchange but, in parallel, we delivered a robust operational performance amidst challenging trading conditions. Despite the global economic headwinds in the first half of the year, the business rebounded strongly with an exceptional performance in Q4 2021, traditionally our strongest quarter, with revenues out-performing Q4 2020 and Q3 2021 by 7.9% and 31.0%, respectively. As a result, the 2021 full year revenues of US$ 407.6 million increased compared with the prior year (US$ 407.5 million), recovering from a Q1 2021 shortfall of -7.3% versus the prior year with a clear growth trajectory as we enter 2022.

1 Discretionary Free Cash Flow (DFCF) is defined as cash flow from operations less maintenance and development capital expenditure, investments, taxes and net finance costs.

Revenue (US$m)



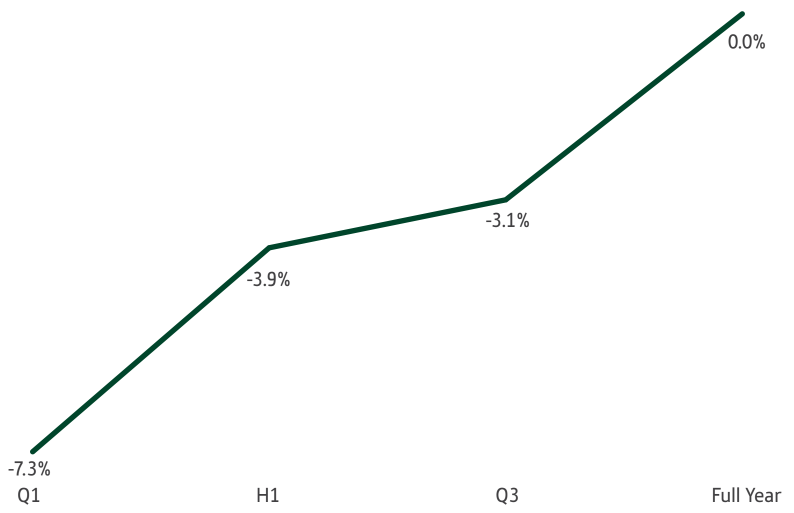
The Group's largest segment remained **Infrastructure** which generated revenues of US$ 236.0 million, broadly in line with 2020 (US$ 238.5 million) and accounting for approximately 58% of the Group's consolidated revenues. This mainly comprised the provision of satellite capacity to the UAE Government under an ongoing 15-year Capacity Services Agreement (CSA) in relation to services on our Al Yah 1 and Al Yah 2 satellites. These revenues are set to increase significantly following the launch of the Thuraya-4 NGS satellite, currently under construction, and the commencement of a further 15-year agreement with the UAE Government which will contribute additional annual revenues of US$ 47 million from mid-2024.

Managed Solutions also delivered a solid performance, contributing 16% to Group revenues with full year revenues of US$ 64.2 million, marginally above 2020 (US$ 63.2 million), a noteworthy performance after a challenging start to the year in which Q1 2021 revenues lagged prior year by 23.4%. Revenues from oil and gas customers were particularly strong, more than doubling year-on-year.

Mobility Solutions, which recorded Q1 2021 revenues 18.3% behind 2020, recovered strongly to close at US$ 80.3 million for the full year, up by 1.6%. This business, accounting for circa 20% of the Group's revenues, delivered growth in several key areas including Voice, Maritime and Equipment, the latter underpinned by a three-year deal commencing in Q4 2021 with a major distributor worth more than US$ 86 million.

Despite COVID-19 related challenges in several of its core markets, in particular South Africa, **Data Solutions** delivered revenues of US$ 27.0 million, broadly in line with 2020 (US$ 26.8 million), contributing approximately 6% to overall Group revenues. In 2021, it continued to grow its consumer subscriber base (by 20%) and notably more than doubled its contracted future revenues (amounting to more than US$ 22 million as at 31 December 2021). Given its extensive pipeline of Enterprise opportunities and the recent introduction of its direct-to-market consumer broadband model in Nigeria, the business is well positioned for continued growth in 2022 in both the Consumer and Enterprise segments.

Yahsat Group Gross Revenue – 2021 Cumulative Variance vs. 2020



Revenue
US$ 407.6m

Adjusted EBITDA
US$ 240.5m

Net Income
US$ 69.8m

Adjusted EBITDA reached US$ 240.5 million, generating a margin of 59%, slightly down by US$ 6.4 million on 2020 as a direct result of the effect of material one-off items that had a US$ 14 million positive impact in 2020 (relating to the transfer of orbital rights) and US$ 4.2 million of IPO-related costs in 2021. Staff costs and other operating expenses, in aggregate, fell by 9%, in part reflecting the release of provisions following the collection of certain long overdue receivables.

After taking into account the impact of these one-off items, normalised EBITDA of US$ 244.6 million exceeded prior year by US$ 11.7 million, or 5%, achieving a healthy margin of 60.0%.

Net Income increased by approximately 1.2% to US$ 69.8 million, the highest ever reported in Yahsat history, underpinned by a stronger performance of the Group's equity partnerships. This includes one-off costs of US$ 7 million related to the refinancing of existing debt and entering into a new term loan and export credit facility (ECA facility) totalling US$ 700.5 million. This refinancing has significantly reduced the Group's overall cost of finance going forward.

Adjusting for one-off items in both periods, Normalised Net Income of US$ 80.9 million exceeded the prior year by US$ 26 million or 47.4%, generating a margin of 19.9%.

Cash Flow and Balance Sheet

The Group's balance sheet remains strong. At the end of 2021, gross debt (including lease liabilities) stood at US$ 549.4 million, reflecting the completion of the refinancing exercise. Cash on balance sheet and short-term deposits exceeded US$ 400 million, resulting in a net debt of US$ 149.1 million. Our net leverage (net debt to adjusted EBITDA) stood at 0.6 times. Together with Discretionary Free Cash Flow for the year of approximately US$ 180 million and a cash conversion ratio of 97%, the Group is well positioned to meet its future dividend and capital expenditure commitments.

Capital Expenditure

Consolidated capital expenditure in 2021 was US$ 153.4 million, of which US$ 141.6 million related to the ongoing Thuraya-4 NGS programme, which is progressing according to schedule. Maintenance and Development capital expenditure of US$ 11.8 million accounted for the remainder.

Net Finance Costs

Net finance costs of US$ 17.3 million were broadly in line with prior year, notwithstanding the one-off costs totalling US$ 7 million relating to the refinancing exercise. Excluding these one-off costs, net finance costs were approximately 41% lower with the Group's 'all-in' cost of finance expected to reduce from 2022 onwards from around 6% in 2020 to below 2.5%.

Equity-accounted Investments

The Group's two equity partnerships, Yahlive and Hughes do Brasil (HdB), performed well in 2021. Yahlive returned to profitability after three consecutive years of losses. By 31 December 2021, HdB's active consumer broadband subscribers exceeded 220,000 whilst its Enterprise business continued to enjoy a strong pipeline of new orders and contract renewals.

Financial Outlook

Given the outstanding Q4 performance and the strong momentum since Q1 2021, we are well positioned to grow in 2022. Our 2022 guidance for the Group is for total revenues of US$ 415 million to US$ 440 million and stable Adjusted EBITDA. We expect our cash flow to remain healthy with Discretionary Free Cash Flow of US$ 210 million to US$ 240 million. Total capital expenditure is expected to be in the range of US$ 210 million and US$ 230 million, mainly relating to the ongoing Thuraya-4 NGS programme.

We remain confident in the underlying health and resilience of the business, underpinned by our contracted future revenues in excess of US$ 2 billion as at 31 December 2021, which is more than 35% higher than at the end of 2020. Accordingly, we remain strongly committed to our progressive dividend policy of a total dividend of US$ 105 million for the 2021 financial year, growing by at least 2% per year in subsequent years, with the intention to pay dividends on a semi-annual basis subject to approval of this express change to the dividend policy at the Company's AGM in 2022.

At a Glance

Industry overview

Satellites

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

Frequencies

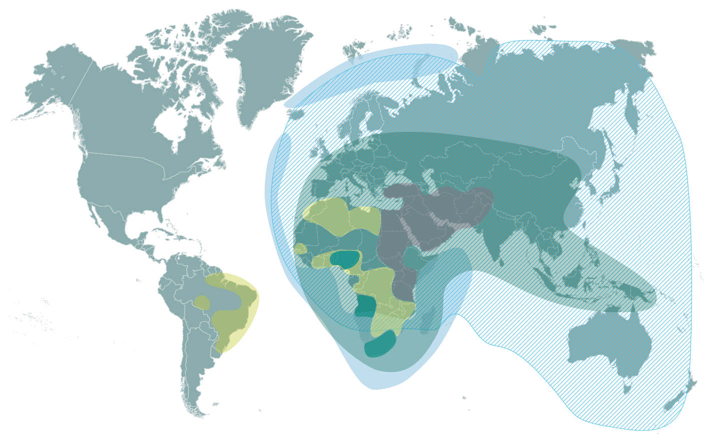
L-band: (1-2 GHz) L-band offers very high reliability thanks to longer wavelengths. They deliver less bandwidth and are critical for mobility services.

C-band: (4-8 GHz) C-band has been mainly used by FSS operators for TV distribution, data and voice communications. Currently being repurposed in most countries to support 5G rollout

Ku band: (12-18 GHz) Ku-band is primarily used for satellite communications, most notably the downlink used by direct broadcast satellites to broadcast satellite television

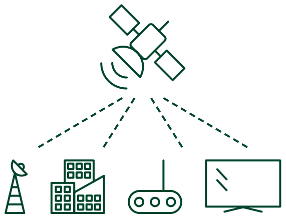
Ka-band: (27-40 GHz) Ka-band has the greatest bandwidth of satellite frequencies currently in usage and are typically used for broadband communications as well as for VSAT services

Our Coverage

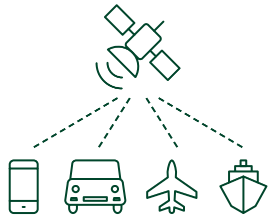


- Al Yah 1 & Al Yah 2 Government Coverage
- Al Yah 2 Ka-Band Coverage
- Al Yah 3 Ka-Band Coverage
- Al Yah 2 & Al Yah 3 Coverage
- Thuraya L-Band Coverage
- Thuraya-4 NGS Extended Coverage

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.



Our businesses

	Yahsat Government Solutions	Thuraya	YahClick	YahLink	Yahlive (JV with SES)
What we do	Secured end-to-end managed solutions and government capacity Bespoke turnkey satcom platforms, defence, government and mission critical applications for land, sea and air	Integrated portfolio of high-speed data, voice, maritime and aeronautical solutions for energy sector, government, broadcast media, maritime, military and aerospace	High-speed broadband solutions, community hotspots, e-learning and telemedicine	Corporate VSAT Enterprise data including backhaul, IP trunking and banking	Direct-to-home television broadcast in Middle East and North Africa

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	Thuraya-2	Thuraya-3	Thuraya-4 NGS
	Launch date 2011	Launch date 2012	Launch date 2018	Launch date 2003	Launch date 2008	Launch date 2024
Service	Fixed Satellite Services	Fixed Satellite Services	Fixed Satellite Services	Mobile Satellite Services	Mobile Satellite Services	Mobile Satellite Services
What they do	Data, broadcast and secure government	Commercial broadband and secure government	Commercial broadband	Mobile voice and data	Mobile voice and data	Mobile voice and data
Businesses served	Yahsat Government Solutions YahClick Yahlive Yahlink	Yahsat Government Solutions YahClick	YahClick Hughes do Brasil (HdB)[1]	Thuraya	Thuraya	Thuraya Yahsat Government Solutions
Frequency used	C-band, Ku band and Ka-band	Ka-band	Ka-band	L-band	L-band	L-band

1 Payload on Al Yah 3 over Brazil owned by HdB

In another successful year for Yahsat Operations, we ensured a sustained system and service availability in excess of 99.7%, whilst delivering cost efficiencies and significantly increasing productivity through major synergies in our internal and external service delivery.

- Primary satellite operations centre in Abu Dhabi city with backup centre in Al Ain which is linked to the primary centre by fibre optic cable and is capable of assuming control instantaneously should the need arise (alternative backup solution is also available in the form of an arrangement with Inmarsat to use its network)
- There have not been any disruptions to the Group's primary satellite operations centre requiring transition to the backup since the inception of the Group's satellite services
- Broadband services utilise gateways and beacon stations located in UAE, Qatar, Luxembourg, Spain, Greece, Brazil and Saudi Arabia, which allow Al Yah 2 satellite broadband antennas to maintain their orientation with a very high degree of accuracy
- Gateway in Brazil for Al Yah 3, owned and operated by HPE, is used to perform telemetry, tracking and control along with UAE operations

Yahsat FSS Infrastructure

Monitored 24/7 by dedicated specialists to ensure highest signal quality.

C-band
Ku-band
Ka-band

Abu Dhabi, UAE

- Primary Satellite Control Centre
- Primary Military Network Operation Centre
- Commercial Network Operation Centre
- YahClick Network Operation Centre

- Redundant connection into commercial network
- Redundant connection into civil network

Al Ain, UAE

- Satellite Control Centre Back-up
- Military Network Operation Centre Back-up

- Redundant connection into civil network

Ka-band

Ka-band

Luxembourg
Ka-band

- Redundant connections into commercial network

Hughes Network Systems – USA
YahClick Network Operation Centre

Astrium – France
Operation Support

YahClick Beacons:
Ka-band
UAE
Saudi Arabia
Qatar

YahClick Gateways:
Greece Ka-band
Spain Ka-band
Greece Al Yah 3
Luxembourg Al Yah 3
Brazil Al Yah 3

Leveraging our leading position in terms of technology in the market, Yahsat Operations supported the development plans of our three core Yahsat business lines, building capacity to meet the strategic goals of the Group for 2024 and beyond.

This reflects our ongoing focus since 2020 on building a synergised system in terms of costs, productivity, throughput and after-sales support, and investing in the right technologies to drive both core and non-core growth in the next 15 years—which represents a major strategic pillar for the Group and a source of considerable competitive advantage.

To this end, we work with best-in-class partners and suppliers in the market including Airbus, Thales, Hughes, Ericsson, Microsoft, Oracle, Nutanix, DellEMC and Fortinet to deliver major projects. In 2021, these included initiatives to achieve synergies across: data protection and recovery capabilities, based on DellEMC and completed in Q4 2021; infrastructure and IOs, based on Nutanix and completed in Q1 2021; and our Revenue Management System for Yahsat Mobility arm, based on Ericsson's Billing 2021 (EB21) and Ericsson Charging (CS21). Alongside investments in our cyber security capabilities in 2021, we also continued to implement IT automation for processes, procedures and systems as part of our digital transformation programme, and to achieve further cloud implementation (non-confidential/non-core data) for finance and other corporate functions.

Reflecting the success of these and other initiatives, Yahsat received the Best IT Award in Mubadala's Medium Assets category for our performance in the sector in 2020. We also won the Best Crisis Communication Management Award and Women Leader of the Year award at the GCC GOV HR Awards 2021. World Satellite Business Week awarded us best Regional Space Business 2021 and we received best Satellite Operator of the Year by SatellitePRO Middle East.

In 2022, Yahsat Operations will continue to deliver on the Group's strategy by ensuring governance in a robust but agile manner throughout our ongoing digital transformation journey, whilst facilitating the delivery of world-class availability to support our businesses lines and customers.

GCC GOV HR AWARDS
26th October 2021 | Dubai, UAE

Managed satellite-based solutions for land, sea and air

- Secure end-to-end managed solutions and government capacity
- Bespoke turnkey satcom platforms
- Defence, government and mission critical applications for land, sea and air

Satellite Coverage

Global beam
GCC Beam

2021 Revenues
US$ 64.2m

% of Total Yahsat Revenues
16%

Military

Consultancy, design, procurement and implementation services, including operations and maintenance to support contracted infrastructure capacity

Government

National and international consultancy and delivery of managed private satellite network solutions for government entities

Enterprise

Connectivity and managed private satellite network solutions for enterprises across various sectors (e.g. oil and gas, utilities)

Throughout 2021, Yahsat Government Solutions (YGS) continued to create value for our core customers, including the UAE Government, whilst significantly expanding into new segments to cover an increasing portion of the managed solutions value chain.

Capitalising upon a fresh resurgence in government and defence-related projects, and the establishment of new partnerships with key national stakeholders, YGS delivered a resilient performance in 2021. For the full year, its revenues of US$ 64.2 million, comprising 16% of overall Group revenues, were marginally up vs. prior year, recovering from a Q1 2021 deficit of more than -23% when delays to certain projects continued on account of the COVID-19 pandemic. For the full year it recorded EBITDA of US$ 33.2 million, delivering a healthy margin of over 50%.

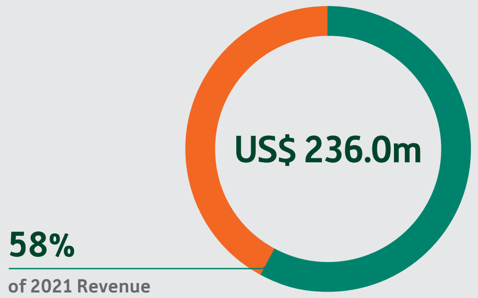
Despite the various residual effects of the pandemic on logistics, supply networks and travel, project delivery remained largely on schedule with several of the delays experienced in the first half of 2021 resolved by the end of the year, supported by cooperative agreements with clients to implement solutions to minimise the impact on customer operations.

Consequently, YGS advanced all of its strategic objectives for the year, reached key milestones in major projects, successfully expanded its managed services offering through partnerships, and locked in a robust project pipeline which positions the business well for growth in 2022.

Infrastructure

2021 Revenue

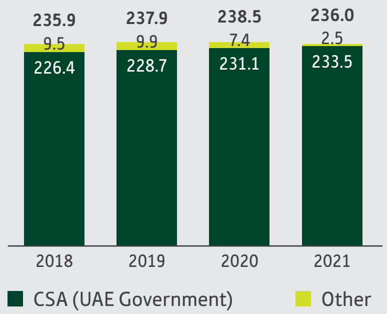
Leases critical satellite capacity to the UAE Armed Forces



Key Revenue Drivers

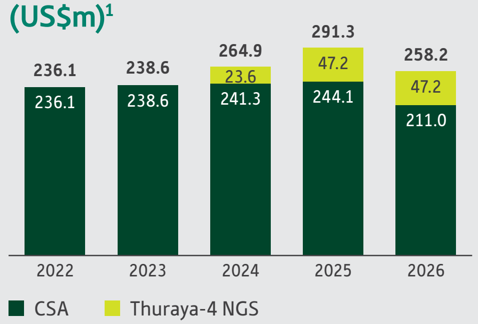
- High-margin business, underpinned by long-term, highly visible, secure contracts
- Key ongoing contract: 15-year Capacity Service Agreement (CSA) with the UAE Government (remaining contracted future revenues of US$ 1.2bn[1])
- Key future contract: US$ 708m contract will start in H2 2024, when Thuraya-4 NGS commences commercial operations
- 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]

Revenue Evolution (US$m)



98% of revenues over the historical period related to UAE GREs

Contracted Future Revenues (US$m)[1]



Key Contracts

Agreement	Counterparty rating	Tenor (years)	Contracted future revenues 31 December 2021 (US$m)	End year
Capacity Services Agreement (CSA)	AA (S&P) Aa2 (Moody's) AA- (Fitch[3])	15	1,171.1	2026 (Al Yah 1) 2027 (Al Yah 2)
Thuraya-4 NGS			708.4	2039
			1,879.5	

1 As of 31 December 2021.
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; currently represents c.35% of the total capacity charge.
3 Based on Abu Dhabi 2049 Government bond rating.

Business review continued

Yahsat Government Solutions

Key partnerships secured during the course of the year have expanded our offering across the value chain and allowed Yahsat to enter adjacent markets and better serve our growing customer network. These significant new ventures with national partners have been complemented by major internal optimisation efforts, resulting in cost savings, higher margins and increased profitability across our Managed Solutions business.

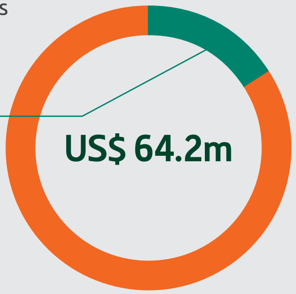
Managed Solutions

2021 Revenue

Through YGS, sells value added O&M and consultancy and managed satellite connectivity solutions to UAE Government and other commercial clients

16%

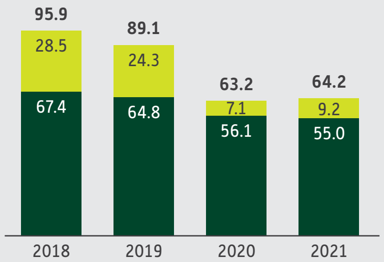
of 2021 Revenue



Key Revenue Drivers

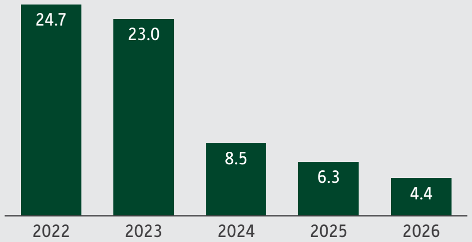
- Short to medium-term contracts
- Service projects revenue (recurring contracts) recognised as straight-line, while other projects' revenue (turnkey contracts) recognition based on milestones
- Pricing primarily on a cost-plus margin basis with back-to-back arrangement with suppliers
- Most service-based projects (O&M, consultancy) leverage specialised internal resources, resulting in higher gross margins

Revenue Evolution (US$m)



87.9% of revenues over the historical period related to UAE GREs

Contracted Future Revenues (US$m)[1]



Key Contracts

Agreement	Counterparty rating	Tenor (years)	Contracted future revenues 31 December 2021 ($m)	End year
Managed Solutions	AA (S&P) Aa2 (Moody's) AA- (Fitch[2])	Various Contracts	68.4	Up to 2027
			68.4	

1 As of 31 December 2021

2 Based on Abu Dhabi 2049 Government bond rating.

Note: In February 2022, Yahsat was awarded a US$ 247.5 million mandate to provide enhanced managed services to the UAE Government, which runs from January 2022 until the end of 2026.

Partnerships announced in 2021 include Memoranda of Understanding ('MoUs') signed with the UAE military automotive specialist, NIMR, to provide in-vehicle satcom solutions; and with L3Harris Technologies, the global aerospace and defence technology innovator, to integrate mobile communication (COTM, i.e. "comms on the move") solutions into vehicular mounted combat systems. By pre-qualifying its COTM solutions to work efficiently on NIMR's armoured personnel carriers and L3Harris' systems, these partnerships will reduce integration and timeline risks, and optimise system integration costs.

Mirsal, YGS's new deployable communication office launched at the Dubai Air Show in 2021, is a fully home-grown solution, designed and manufactured by Yahsat in the UAE. Entering full production in 2021, Mirsal fulfils the specific needs of our anchor customers, providing a military-grade SATCOM-ready remote office tailored to meet our clients' operational needs.

In October 2021, Yahsat was formally appointed to conduct a detailed analysis, assessment and recommendation for two new satellites (Al Yah 4 and Al Yah 5), targeted for launch in 2026. These anticipated new missions for the UAE Government would add capacity, coverage and capabilities to enable next generation applications. The launch of these satellites presents a significant growth opportunity for Yahsat. By ensuring the continuity of the current Government Capacity services under a 15-year extension to Yahsat's existing CSA contract with the UAE Armed Forces, our contracted future revenues would be further bolstered, securing our longer-term financial outlook.

Accessing an Expanding Value Chain

Throughout 2021, YGS continued to bring our unique solutions to a variety of new industries and segments, unlocking new revenue streams by increasing our reach and diversification, and capturing more value as a one-stop-shop for integrated solutions.

A new joint venture, Star Technologies, will address a clear opportunity to expand up the value chain by addressing increasing demand for end user satcom equipment and capabilities. Meanwhile, a framework agreement with ADNOC signed in 2021 has positioned Yahsat as the preferred very small aperture terminal (VSAT) service provider for all of the company's offshore and drilling rig requirements. By offering value-added applications and solutions in conjunction with core satellite connectivity, this landmark agreement represents a leap forward in realising Yahsat's strategic goal to provide enriched end-to-end solutions and capture an expanding portion of the value chain.

A 2021 MoU with Mubadala Petroleum will also see YGS develop the provision of satellite services to the company's South East Asia assets in Thailand, Malaysia and Indonesia – for VSAT critical operations as well as welfare internet and phone services – whilst also providing a platform to extend our VSAT capabilities to meet the needs of oil and gas operators across Qatar, Egypt, Israel and Russia.

YGS also commenced discussions with platform manufacturers, such as Al Seer Marine, for marine vessels and Unmanned Surface Vehicles (USV), as well as with ADASI (Unmanned Aerial Vehicle manufacturer) for potential collaboration for a line-fit programme to minimise the risk of integration and facilitate the satcom service acquisition to the end user.

Further expanding our services across the value chain, YGS entered into a MoU with Group 42 to collaborate on remote sensing and AI-enabled geospatial analytics by jointly securing contracts in this innovative market segment through a new partnership to be advanced in 2022. The partnership aims to bring together Yahsat's advanced upstream satellite capabilities and G42's downstream AI and cloud computing expertise to offer from-Earth observation consultancy and asset management.

Under an agreement with Ericsson established in November 2021, Yahsat will integrate advanced telecommunication services and solutions with Ericsson's private network solutions and devices across the oil and gas, mining and ports industries, expanding sales in both new and existing locations across the MENA and Asia regions. The cooperation agreement will see the expansion and co-marketing of solutions in the areas of remote sensing, video surveillance, UAVs and drones, geo-positioning, offshore oil rig support and general data connectivity.

2021 also saw the entry of YGS into the ICT market through the provision of managed solutions, such as video compression, opening up a new revenue stream that is gaining increasing momentum with existing and new customers.

YGS in 2022

Complementing our services for anchor government and military customers in Abu Dhabi and across the UAE, as well as the GCC, defence community, YGS' deepening value chain, our increasing diversification and expanding customer base has reinforced our position as a leading solutions provider, offering secure revenue with strong growth potential underpinned by an increasing range of market-leading platforms and services.

This evolution in the scope and variety of YGS services will continue in 2022, deepening our participation in the value chain to increase our revenues from existing as well as emerging sectors, such as energy, maritime and ICT markets.

In February 2022, Yahsat was awarded a US$ 247.5 million mandate to provide enhanced managed services to the UAE Government, which runs from January 2022 until the end of 2026.

Mobile satellite operator for L-band voice and data solutions

- Coverage in 150+ countries, reaching over 2/3 of 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
- 230,000+ subscribers and 390+ 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, including in attractive IoT & maritime sectors

Satellite Coverage

Current Thuraya Coverage
Expanded Coverage with Thuraya-4 NGS

2021 Revenues

US$ 80.3m

% of Total Yahsat Revenues

20%

Thuraya, Yahsat's mobility business, has proven extremely resilient in 2021 in the face of significant headwinds, including the worldwide electronics component shortage and severe travel restrictions.

Portfolio

Land Voice	Land Data	Maritime	Aero	IoT * M2M
Compact handheld terminals (including smartphone)	Mobile data connectivity (>1Mbps)	Connectivity for vessels and onshore users	Connectivity for fixed and rotary wing aircraft	Ubiquitous connected smart applications

Despite these headwinds, Thuraya still managed to record revenues of US$ 80.3 million, up 1.6% vs. prior year. Over the same period its Adjusted EBITDA increased by 15% to reach US$ 27.5 million.

In US$

	2021	2020
Revenue	80.3m	79.0m
Service	49.5m	52.1m
Equipment	30.8m	26.9m
Adjusted EBITDA	27.5m	23.9m
Contribution to Group Revenue	20%	19%
Contribution to Group Adjusted EBITDA	11%	10%

With Thuraya in its portfolio, Yahsat stands apart from the competition, as one of the few operators offering both fixed and mobile satellite services. The business remains well-positioned for both revenue and subscriber growth especially in government, maritime and IoT segments. We are leveraging our extensive investments in innovative new products and services supported by the launch of Thuraya-4 NGS consisting of new satellite technology with more capacity, coupled with a latest-generation platform to deliver a unique and transformative product portfolio. In addition, we are continually expanding our distribution network with new service partners to enhance our reach to end customers across the entire footprint.

Thuraya in 2021

Our strategy remains one of increasing growth and diversification across the land, sea and air segments, underpinned by investment in disruptive new services and products, and complemented by a continuous process of modernisation of our technology infrastructure and business models.

Thuraya continued to actively diversify its product portfolio by developing specific products to meet the needs of end customers, regularly engaging with vendors to enhance product features and capabilities whilst building new relationships with key partners to develop a rich portfolio for government, enterprise and individual customers.

In 2021, the Company maintained a healthy subscriber base across the land voice, land data and maritime sectors, and signed a long-term distribution agreement with an existing service partner that will generate land voice revenue of more than US$ 86 million over the next three years.

Despite challenges related to shortages of electronic components and COVID-19 related restrictions, the total number of hardware units delivered in 2021 surpassed 50,000.

Thuraya also engaged in a programme of network enhancements to provide increased service reliability and availability, and completed its programme of post-acquisition synergies in all support areas and internal processes to achieve alignment and deliver further efficiency, performance and cost optimisation.

Growth Through Partnerships in 2021

It has been a successful year of collaboration for Thuraya, having signed agreements for multiple key partnerships.

The US$ 86 million distribution agreement for land voice adds significantly to Yahsat's contracted future revenues of over US$ 2 billion, reinforcing our position as a global leader across government, consumer, enterprise (e.g. energy, utilities & transportation) and NGO market segments.

In November 2021, we also entered into a long-term agreement with Cobham SATCOM for the distribution of next generation broadband products (NGBPs) for land, aeronautical and maritime users that will provide faster hardware access on a wider scale backed by comprehensive support, leveraging Cobham's technical knowledge and after-sales capabilities and expertise. Cobham will be appointed as the main distributor, on a non-exclusive basis, for Thuraya NGBPs for five years, following commencement of commercial operations of Thuraya-4 NGS in 2024.

Thuraya in 2022 and Beyond

Thuraya will continue to increase its scale in the EMEA and APAC regions by focussing on developing opportunities through the forging of new partnerships and alliances.

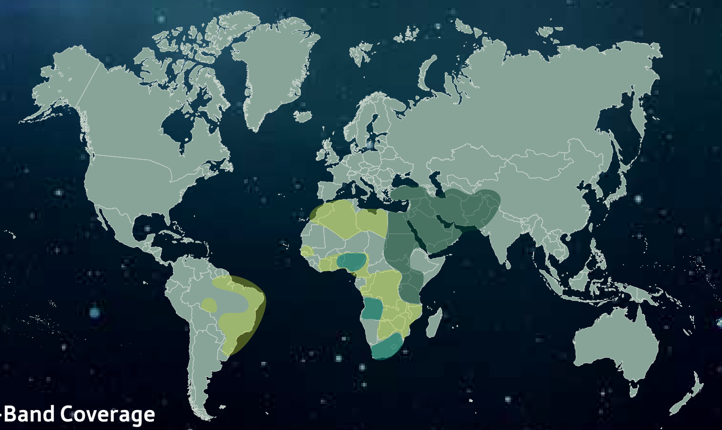
Our portfolio vision for the future will see the phased delivery of products and services ranging from our next generation broadband portfolio to Thuraya's specialised solutions including IoT, push-to-talk (PTT), and location tracking systems (LTS), as well as enhancements to our MarineStar product and to legacy systems. In particular, for the existing land voice and M2M products, efforts are underway to augment the offering with native end user applications to increase the value proposition.

Furthermore, we will leverage these new products and solutions to access new market segments and create additional revenue streams whilst expanding on today's network of service partners. Changes in our business models and the shift from product to solutions will also drive a higher market share for Thuraya in these segments.

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

- Leading satellite internet broadband provider across Brazil, Africa, Middle East and South West Asia enabled through its Ka-band high-throughput satellites
- Covering over 1 billion people in high-growth, emerging markets throughout our footprint
- Affordable broadband solutions to consumers, enterprises, MNOs[1] and governments
- Flexible go-to-market model through a comprehensive network of in-market service providers

Satellite Coverage



2021 Revenues

US$ 27.0m

% of Total Yahsat Revenues

6%[2]

1 Mobile Network Operators

2 12% of 2021 consolidated revenues when incorporating Yahsat's 20% share of Hughes do Brasil (HdB)

Our Value Proposition

YahClick, Yahsat's Data Solutions arm, serves 45 countries in Africa, the Middle East and South West Asia. Leveraging Yahsat's leadership in broadband solutions across emerging markets, together with Hughes Network Systems' expertise as global leader in broadband technology, its primary mission is to provide broadband connectivity to unserved and underserved regions around the world.

YahClick provides a high-quality, high-speed broadband solution (offering typical speeds of 5–25 Mbps) at a price that is competitive with that offered by traditional terrestrial providers. Today, YahClick serves around 90 service providers across its footprint and provides one of the widest ranges of offerings in the market. Either directly or via one of our partners, YahClick issues Customer Premise Equipment (CPE) – consisting of a modem, a satellite dish and an external receiver attached to the dish, and customers pay installation charges and a monthly subscription. YahClick therefore represents an extremely compelling value proposition, given that the only alternative in our key markets are 3G/4G, ADSL and microwave services, all of which have limitations.

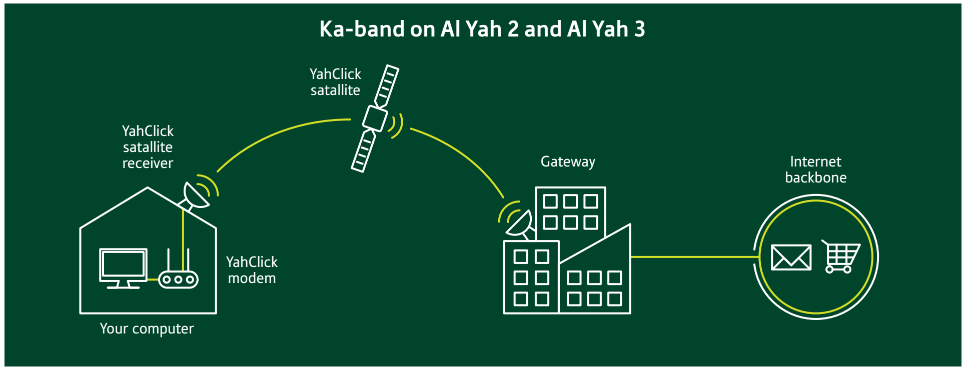
2021 Performance

In line with our mission to provide critical communications to unserved or underserved areas, YahClick saw impressive consumer subscriber growth in 2021. During the year, total subscribers increased by 20% reaching over 18,000, assisted by a doubling of subscribers signed up via our direct-to-market (D2M) model which was launched in South Africa in 2020. This complements the 220,000+ active subscribers in Brazil via our equity partnership, Hughes do Brasil (HdB), where Yahsat has a 20% stake.

YahClick's pipeline and revenue growth in both the Enterprise and Consumer segments in 2021 successfully offset the winding down of the Eutelsat (Konnect Africa) raw capacity contract that ended in July. Going forward, our substantial pipeline of Enterprise connectivity and mobile cellular backhaul (CBH) deals will play a key role in our growth agenda from in 2022 and beyond.

Enabling Essential Broadband Access

Serving growing markets across Africa, West Asia and Brazil



- Ka-band enables more affordable and reliable satellite broadband (vs. traditional C-band and Ku-band), as well as providing cellular backhaul solutions to mobile network operators, allowing to expand their reach beyond areas connected via fibre
- Al Yah 2 and Al Yah 3 use Ka-band to offer high throughput satellite services and expanded bandwidth by virtue of frequency re-use allowing the spectrum to be re-utilised several times and resulting in multiplication of capacity

CBH contracts have so far been signed with four key rural operators, with almost 100 sites already activated in 2021. In addition, ten new large managed services contracts are expected to account for almost 25% of total Enterprise revenue in 2022, targeting over 500 active sites.

We also maintain a pipeline of over 25 multi-year capacity contracts through our managed services and virtual network (VNO) partnerships, which are currently either in the execution or conclusion phases.

In Nigeria, we introduced the D2M model in Q4 2021 with a long-standing partner to replicate our recent success in South Africa, and an additional new partner with scale and breadth is currently being on-boarded and trained to accelerate this key market where subscriber growth is expected to be one of the highest in our footprint.

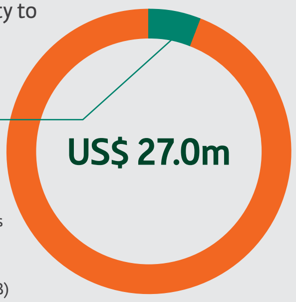
Business review continued

YahClick

Data Solutions

2021 Revenue

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



6%[1]

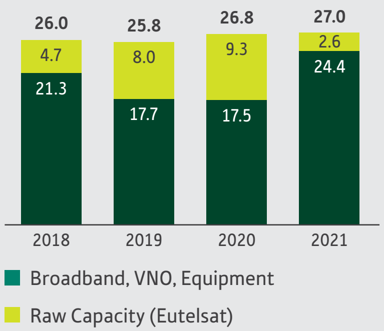
of 2021 Revenue

1 12% of 2021 consolidated revenues when incorporating Yahsat's 20% share of Hughes do Brasil (HdB)

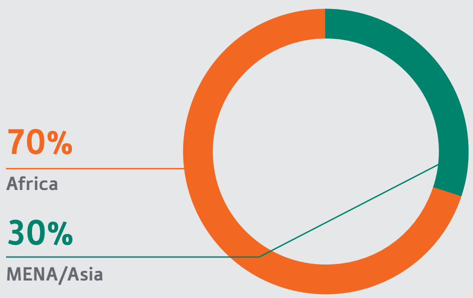
Key Revenue Drivers

- Revenue generated through fixed subscription fees billed to customers and capacity offered to Enterprise clients through Managed Satellite Services
- Acceleration of D2M model in South Africa, Nigeria and new markets
- Increased footprint including key markets (i.e. Saudi Arabia, Algeria, etc.)
- Securing major Enterprise deals (i.e. ADNOC)

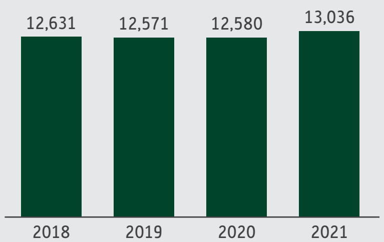
Revenue Evolution (US$m)



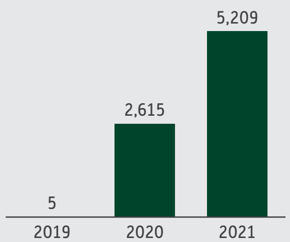
% 2021 Revenue By Geography



Number of Indirect[1] Subscribers (End of Period)



Number of D2M Subscribers (End of Period)



Note: Revenues presented include only consolidated figures for YahClick (BCS) and exclude revenues from HPE (Hughes Equity Partnership).

1 Subscribers that are not directly acquired by Yahsat

YahClick D2M Strategy

Yahsat Data Solutions historically used Service Partners (SPs) as the primary go-to-market channel. Most of these SPs, being internet service providers (ISPs) or systems integrators (SIs), simply added the YahClick data solutions product to their existing core business offerings alongside other connectivity or data solutions, resulting in a limited market share and annual growth rate.

By adopting the D2M model, Yahsat created a channel that was exclusive, where the end user retail price could be managed and where the services could be targeted to the specific regions with unserved or underserved populations.

The D2M model was launched in South Africa in 2020, but faced significant headwinds due to COVID-19 lockdowns, which constrained sales and installation efforts. When the restrictions finally eased in Q1 2021, subscriber growth saw a marked jump of 20% by the end of the year.

YahClick Community Projects

Country	Services
United Arab Emirates	• Households connected with broadband to support connectivity for 300 students (distance learning) during the pandemic.
South Africa	• 340 Covid clinics connected with the Department of Communications during the pandemic peak, with a further 460 sites in progress for the Ministry of Health. • 3,000 sites in progress for the Ministry of Education in KZN. • Served on Ministerial Commission for essential services in SA along with DCDT.
Nigeria	• 400 school sites awarded to our in-country partner. • Multiple rural sites awarded to various in-country partners as part of the USPF (Universal Service Provision Fund).
Ghana	• 700 school projects awarded to the in-country partner. • 1,500 sites in progress for 2nd phase of schools project in 2022.
Kenya	• 270 schools connected through our in-country partner. • 291 schools project awarded via UNICEF in Kenya for implementation in Q1 2022. • 1,750 sites, engaging directly with CAK (Department of Education) for next phase of the schools project.
Zimbabwe	• 4,500 schools contract awarded to our in-country partner. 3-year rollout plan @ 1,500 schools per year.

Our business faced significant disruption in 2021, owing to the restrictions related to the COVID-19 pandemic. Direct interactions with customers were limited by movement restrictions and lockdowns, which undermined the consultative selling process through which VSAT services are typically purchased. Furthermore, installations were severely hampered as lockdowns resulted in restricted travel and mobility for installers. Delivery of specialised equipment was delayed due to supply chain disruptions, particularly in remote sites.

YahClick in 2022

Since the beginning of 2021 the business has doubled its contracted future revenues. Together with a healthy pipeline spanning Enterprise and CBH opportunities and an upward trajectory in the subscriber base, underpinned by the recent introduction of the D2M model in Nigeria, the business is well positioned to grow in 2022.

YahClick Cellular Backhaul (CBH)

Mobile Network Operators (MNOs) across Africa have rural service obligations, but it is often not financially viable for terrestrial solutions to cover many rural settlements due to the logistical challenges or high cost of connecting the cell towers to the physical fibre network. In some countries (e.g., South Africa, Nigeria, Cameroon, Zambia, South Sudan, Ivory Coast and DRC), MNOs have appointed local specialist rural operators to cover rural communities using scaled-down infrastructure and technologies, engaging on a revenue share basis. However, many rural operators do not have the financial means to roll out the required infrastructure and look for alternative partnership models, including for backhaul. Yahsat Data Solutions works with these operators to identify bespoke and tailored models to ensure that the roll-out obligations are met using Ka VSAT solutions.

>90 local service providers across Africa, Middle East and West Asia

- Service partners in respective markets for local and regional distribution of satellite broadband
- YahClick engages with its service partners to prepare them for the launch of their services and provides training to ensure high quality of service to end customers
- Service partner structure allows YahClick to scale up its distribution without significant capital investment
- No need to secure regulatory approval or licenses in which the services are available (service providers, who directly contract with the end customer, hold the appropriate authorisations)

Service partners offering

- Direct sales
- End user billing
- Import of hardware
- Licenses and approvals
- Service activation
- CPE installation
- Customer service

YahClick offering

- Satellite control and configuration
- Network management centre
- QoS monitoring
- Web interface
- Ground segment infrastructure

Service partners including:

End users including:

Governments

Enterprises

Communities

Individuals

Direct-to-home TV broadcasting of leading content to over 110 million viewers

- Provision of television broadcast capacity and services through an equity partnership between Yahsat and SES
- 180+ television and 25 radio channels carried on Yahlive capacity
- 20+ markets the Middle East, North Africa, South West Asia and Europe
- 110+ million viewers

Satellite Coverage

2021 Revenues

US$ 10.9m

Content partners

Yahlive offers digital-to-home (DTH) television broadcast capacity and services across the MENA region and South West Asia, and is the brand of Al Maisan – an equity partnership formed in 2009 by our subsidiary Star and SES Finance, in which the Yahsat Group holds a 65% stake.

Yahlive uses three inter-connected beams with 23 Ku-band transponders on Yahsat's Al Yah 1 satellite to provide DTH satellite services primarily to free-to-air (FTA) broadcasters, while SES Finance contributed cash and the construction of a 20-channel playout centre and teleport facility for the Yahlive service.

According to the current contractual agreement, the Group does not control the day-to-day financial and/or operating policies of the equity partnership; therefore, Al Maisan's revenue is not consolidated and the Group recognises its share of the profit or loss recorded as a share of results of an associate.

2021: A Profitability Milestone

2021 has been a strong year for Yahlive, characterised by a return to profitability following three years of losses. This profitability is a result of a combination of an adjustment to lease rates to attract more customers and cost-reduction measures.

Healthy performance achieved by Yahlive in 2021 saw revenues reach US$ 10.9 million, (up 31% vs. 2020), an OPEX of US$ 5.5 million (down 38% vs. 2020) following the implementation of a recent optimisation programme and EBITDA of US$ 5.5 million (vs. US$ -0.6 million in 2020).

This was a particularly strong performance given the headwinds experienced by the broadcast sector generally and demonstrating Yahlive's ability to generate revenue whilst maintaining tight control of its underlying cost base.

Furthermore, Yahlive continued to expand its reach by acquiring several important new customers in 2021, including a major international TV operator. In order to maximise usage and revenue, spare capacity on Yahlive's leased transponders is also being used to serve data customers.

Through Yahlive's strong programming base of more than 180 broadcast and 25 radio channels (more than 115 of which are exclusive to Yahlive), in 2021, channels broadcast using Yahlive recorded 110+ million viewers and held leading positions in terms of viewer numbers in Afghanistan, Tajikistan and across Farsi- and Kurdish-speaking communities throughout the region.

Whilst Yahlive is not core to Yahsat's overall growth strategy, it does represent an important element of diversification with an important industry-leading partner, SES, the world's largest global satellite operator.

Yahlive in 2022

In 2022 Yahlive will continue to build on its strong 2021 performance, guided by its strategy to increase the attractiveness to advertisers of the broadcast channels that it carries – particularly across the Middle East and important communities in Pakistan, Afghanistan, Tajikistan and Farsi-speaking regions.

Given the limited capacity available and the increasing demand, leasing prices are expected to increase. The Group believes that this strategy, when combined with the recent cost-base optimisation undertaken in 2019-2020 and the development of complementary data services, will ensure Yahlive's profitability going forward.

The Thuraya-4 Next Generation Satellite will deliver higher capabilities and flexibility while increasing capacity and coverage across Europe, Africa, Central Asia and the Middle East, enabling next generation mobility solutions for all customer segments, including defence, government and enterprise.

Pioneering

next generation mobile telecommunications system

Satellite Technology.

Critical Communications.
Human Progress.

GEO satellite based on the high power, all electric Airbus Eurostar Neo platform that offers an optimal combination of flexibility, efficiency and capability

Incorporates a large 12-metre L-band unfurlable reflector and latest-generation of digital signal processor developed by Airbus

Capable of full payload flexibility, including coverage, frequency and power allocation

Payload capacity supports ~3x the number of users compared to previous generation Thuraya satellites

Launch mass

~5 tonnes

Spacecraft power

>12kW

Data rate capability

>1Mbps

In 2020, the decision was made to procure a new satellite system – the Thuraya-4 Next Generation Satellite (NGS) – to further develop and enhance our services as part of a programme to modernise and upgrade our Mobile Satellite Services (MSS) space and ground assets as well as our mobile product and solution portfolios.

Delivered through partnerships with companies such as Airbus, SpaceX and Cobham, Thuraya-4 NGS will allow Yahsat to grow across new and existing product lines to deliver higher capabilities and flexibility while increasing capacity and coverage across Europe, Africa, Central Asia and the Middle East to serve all customer segments, including governments, enterprises and consumers.

The new capabilities will drive leadership across many strategic product lines, such as maritime, IoT and data solutions, offering a wide range of throughput capabilities and the highest speeds available in the market, while reinforcing Thuraya's strengths in the MSS voice market.

Despite the continued disruption experienced throughout the year, during 2021 we continued to commit significant investments to the programme, particularly in terms of the satellite itself, its related ground segment and other elements, including the launcher.

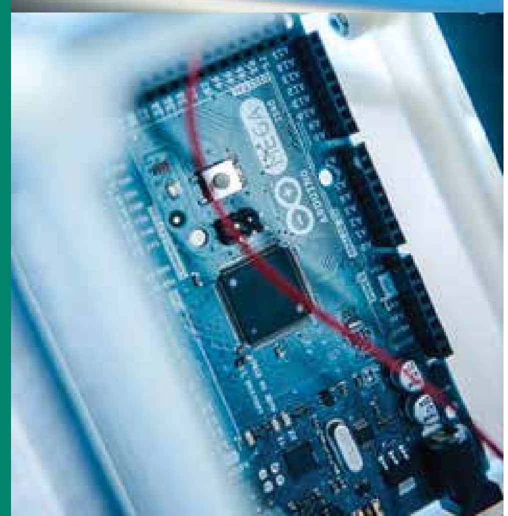
The programme remains on track, with the commencement of operations in 2024. This represents a major opportunity for our business, impacting all segments – from space and ground to user terminals and solutions. It is also underpinned by a 15-year UAE Government contract worth more than US$ 700 million, commencing in 2024.

Building on our two existing MSS satellites – Thuraya-2 and Thuraya-3, Thuraya-4 NGS represents a crucial addition to the fleet that will allow us to continue to support our existing customer base with critical communications and applications, whilst also paving the way for the introduction of new offerings for our customers and distribution network.

Star Technologies launched to develop and manufacture satellite communications technology.

Delivering

a self-sustaining satcom industry in the UAE



Satellite Technology.
Critical Communications.
Human Progress.

Star Technologies, a new joint venture has been established to create value for end users by leveraging R&D and acquisitions to spur the generation of new intellectual property, forming the bedrock of a self-sustaining satcom industry in the UAE.

STAR TECHNOLOGIES
ستار للتكنولوجيا

Star Technologies will specialise in the engineering, design and in-country manufacturing of customised hardware and software, including advanced satellite modems, small form factor antennas and tracking solutions. Its mandate is fully aligned with the UAE Government's economic diversification programme, with the goal of creating UAE-made intellectual property while inspiring future generations to enter the space technology industry.

To support the new JV, Yahsat Government Solutions began focussing its R&D efforts in 2021 toward the development of L- and Ka-band terminals. The first product will be a Star Technologies-branded IP satellite modem system that will complement Yahsat's existing satcom capabilities to enable differentiated high-performance solutions and establish an integrated end-to-end commercial offering for multiple end user segments.

High-speed internet connectivity via satellite to support smart learning for 300 students in remote areas of the UAE.

Enabling

remote education during the pandemic

Satellite Technology.
Critical Communications.
Human Progress.

Students reached

300

Overall investment

AED 1.1m

In order to solve issues stemming from the lack of internet connectivity in certain rural communities within the UAE, which were limiting access to e-learning materials during the pandemic, the Ministry of Education sought the support of Yahsat to provide connectivity for students continuing their distance e-learning in the 2021–2022 school year.

Yahsat therefore sought to provide students in remote areas underserved by connectivity options with fast and easy access to the smart learning platforms provided by the Emirates Schools Establishment (ESE).

Having performed onsite accessibility surveys with families to determine number of students and locations that required assistance in Ras Al Khaimah, Fujairah and Sharjah, the Yahsat team provided a solution based on leveraging its YahClick Internet Package and related equipment (satellite dishes and Wi-Fi modems), backed by ongoing technical support for families, at a total overall investment of around AED 1.1 million in 2021–2022.

The solution connected 74 villas to high-speed data services to support e-learning, and more than 300 students served by ESE in remote locations across the Emirates.

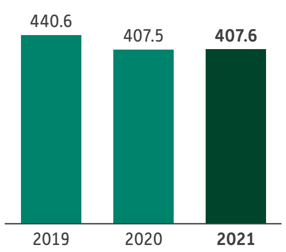
Coupled with Yahsat's high-speed satellite broadband, ESE's Smart Learning programme has been one of the primary drivers of e-learning and inclusion among young children in the UAE since the onset of the pandemic.

Key Performance Indicators

Revenue (US$m)

US$ 407.6m

+0.0% YOY



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

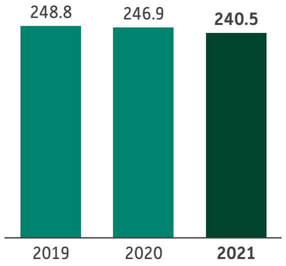
2021 Performance Comment

- 2021 full year revenues of US$ 407.6 million closed in line with prior year, recovering from a Q1 2021 shortfall of -7.3% vs. the prior year with a clear growth trajectory as we enter 2022
- The business rebounded strongly with an exceptional performance in Q4 2021, traditionally our strongest quarter, with revenues out-performing Q4 2020 and Q3 2021 by 7.9% and 31.0%, respectively

Adjusted EBITDA (US$m)

US$ 240.5m

-2.6% YOY



Comprises the Group's amortisation, impairment, fair value adjustments on investment property and share of results of equity-accounted investments.

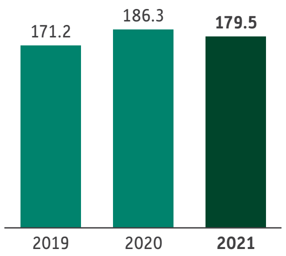
2021 Performance Comment

- EBITDA reached US$ 240.5 million, generating a margin of 59%, slightly down by US$ 6.4 million on 2020 as a direct result of the effect of material one-off items that had a US$ 14 million positive impact on Adjusted EBITDA in 2020 (relating to the transfer of orbital rights) and US$ 4.2 million of IPO-related costs in 2021
- Staff costs and other operating expenses, in aggregate, fell by 9%, in part reflecting the release of provisions following the collection of certain long-overdue receivables

Discretionary Free Cash Flow (US$m)

US$ 179.5m

-3.7% YOY



Cash flow from operations less maintenance and development capital expenditure, investments, taxes and net finance costs.

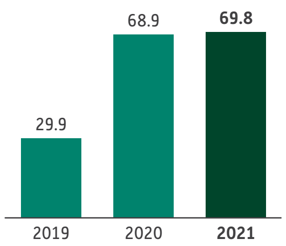
2021 Performance Comment

- Discretionary Free Cash Flow (DFCF) is defined as cash flow from operations less Maintenance and Development CapEx, Investments, taxes and net finance costs.
- 'Investments' refer to investments in associates, net of any dividends received and capital returned
- DFCF in 2021 covers the dividend in respect of the 2021 financial year by 1.7x

Net Income (US$m)

US$ 69.8m

+1.2 YOY

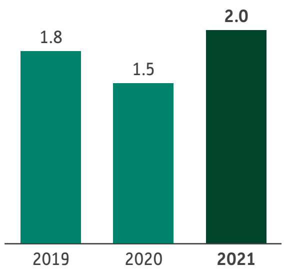


Profit attributable to the shareholders. Includes Yahsat's equity partnerships.

Contracted future revenues (US$b)

US$ 2.0b

+36% YOY

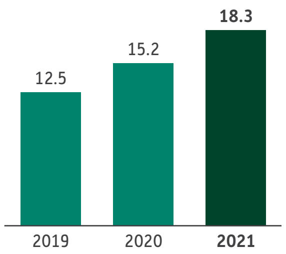


Total committed contracted future revenues.

Commercial broadband users ('000s)

18.3

+20% YOY



Number of YahClick subscribers (direct and indirect) excluding Brazil figures.

2021 Performance Comment

- Net Income increased by approximately 1.2% to US$ 69.8 million, underpinned by a stronger performance of the Group's equity partnerships. This includes one-off costs of US$ 7 million related to the refinancing programme of US$ 700.5 million, significantly reducing the overall cost of finance going forward

2021 Performance Comment

- Contracted future revenues in excess of US$ 2 billion as at 31 December 2021, which is 36% higher than at the end of 2020 due to the award of a 15-year Thuraya-4 NGS managed capacity services contract with the UAE Government

2021 Performance Comment

- Consumer subscriber base grew 20% to over 18,000
- Highest level in six years following the launch of the D2M (direct-to-market) model in South Africa which doubled its subscriber base to over 5,000

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 Internal Standards Organisation (**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.

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

First line

It is business management's duty to effectively identify, assess and manage the main risks of the Group. Each functional area has its own characteristics and requires tailored risk assessment approaches.

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 over Yahsat's Risk Management and Internal Control system.

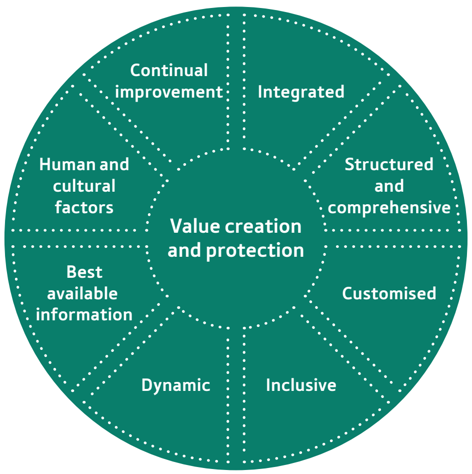
The EVP Internal Audit & Risk Management heads the RMIC function and reports functionally to the ARCC and administratively to the Yahsat CEO.

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.

RMIC Vision, Mission and Key Beliefs

Risk Management Principles



Source: ISO 31000:2018

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

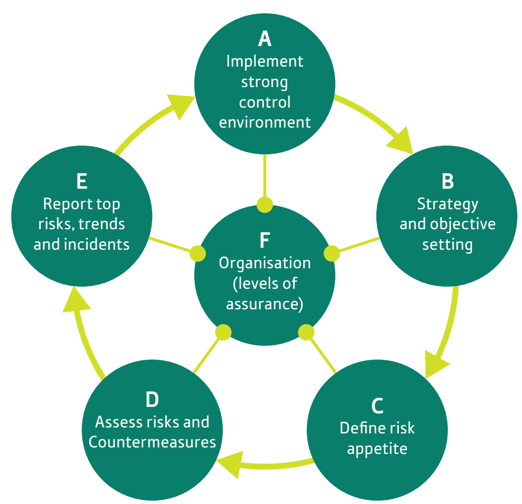
13. Uses relevant information
14. Communicates internally
15. Communicates externally

Monitoring

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

Source: COSO Internal Control – Integrated Framework: 2013

Risk Management Implementation



RMIC Roles & Responsibilities

RMIC Activities & Reporting

RMIC Roadmap

Risk management continued

Accomplishments and Enhancements

Yahsat continuously strives to strengthen and enhance its risk management, internal control and compliance practices. In 2021, the following activities were performed and enhancements made:

- Introduced regular, periodic reporting to the ARCC on the key uncertainties and threats to Yahsat's strategic priorities
- Effectiveness of the Internal Control Over Financial Reporting (ICOFR) framework tested
- Several risk assessments performed to support management decision-making
- Compliance with the SCA Corporate Governance Guide assessed and relevant corporate policies updated or drafted and implemented (as appropriate)
- Yahsat Fraud Risk Management framework (including the corresponding fraud risk management policy) formalised
- Yahsat Risk Appetite Statement and Risk Dashboard developed
- Yahsat Policy Framework created to ensure streamlined policies
- 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 conducted and non-compliances proactively highlighted through various compliance activities
- Yahsat's own Code of Ethics introduced and standalone Ethics and Compliance function created
- Company-wide compliance trainings conducted to build upon the Group's 'ethics and compliance oriented' culture

Principal Risks and Risk Appetite

Yahsat's principal risks have the potential to 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 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 technological innovation, whereas the approach of the Company towards other risk categories could be qualified as cautious, and for regulatory and compliance risks, there is a *zero tolerance* approach.

Yahsat's overall risk profile has been impacted by COVID-19, which has ramifications for the principal risks. Nevertheless, there have been no major changes in risk ratings, but shifts in focus in existing risks did occur, mainly due to increase in impact and/or probability.

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, which are not significant could evolve into a 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.

Mapping our principal risks to our Strategic Pillars

Principal Risks		Strategic Objectives			
		Expand core government business in infrastructure and managed solutions	Diversify and expand commercial business	Invest and partner to diversify and grow	Build on position as the UAE's flagship satellite operator
1	Deteriorating economic and market conditions	✓	✓	✓	✓
2	Increasing business competition	✓	✓		
3	Sustainability challenges	✓	✓	✓	✓
4	Service disruptions	✓	✓		
5	Supplier and supply chain dependency	✓	✓	✓	
6	Customer dependency	✓			
7	Satellite development project risk		✓	✓	
8	Inability to attract and retain qualified people	✓	✓	✓	✓
9	Liquidity risk	✓	✓	✓	
10	Interest rate risk	✓	✓	✓	
11	Currency risk		✓		
12	Credit risk			✓	✓
13	Changes in tax regulation	✓	✓	✓	✓
14	Legal and regulatory challenges	✓	✓	✓	
15	Orbital slots and spectrum risks	✓	✓	✓	✓

	Principal Risk	Description	Mitigation	Responsible Manager
Strategic Challenges				
1	**Deteriorating economic and market conditions**	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.	Chief Financial Officer
2	**Increasing business competition**	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: – 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 NGS. This contract added more than US$ 700 million to contracted future revenues and provides security of future cash flows. – The Company's appointment to assess two potential new satellites (Al Yah 4 and Al Yah 5) for the UAE Government are to be supported by a new long term-capacity agreement. • New partnerships have been established in both our Mobility and Managed Solutions businesses for vertical integration and innovation. • 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. • Established a joint venture, Star Technologies, to increase value chain control by developing and manufacturing critical satellite communication equipment in the UAE. • Signed a Memorandum of Understanding (MoU) with G42 to collaborate on the remote sensing and situational awareness markets, potentially diversifying the Company's business and capabilities.	Heads of business lines
3	**Sustainability 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.	• The implementation of a Yahsat sustainability framework, including strategy and performance indicators, has been started in 2021 and is being pursued as both a discrete area of focus and a principal consideration when forming other aspects of the Group's strategy.	Chief Executive Officer

Risk management continued

Principal Risk	Description	Mitigation	Responsible Manager
Operational Threats			
4 **Service disruptions**	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 and cyber attacks.	• The Group has effective business continuity and crisis management protocols established, which are regularly reviewed and tested. • 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).	Chief Technology Officer Chief Operations Officer
5 **Supplier and supply chain dependency**	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 protection, 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 7 below (Satellite development project risk).	Chief Financial Officer (Procurement) Heads of department (Supplier management)

Principal Risk	Description	Mitigation	Responsible Manager
Operational Threats			
6 **Customer dependency**	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 the Al Yah 1 & 2 CSA and the recent 15-year Thuraya-4 NGS Managed Capacity Services Agreement, commencing in 2024, as well as the recently announced a five-year mandate to provide enhanced managed services for ground satellite communications services and solutions. • New satellite programmes and associated long-term capacity agreements with UAE Government are under discussion. • 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.	General Manager – Yahsat Government Solutions
7 **Satellite development project risk**	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 NGS programme, with frequent direct interaction with the constructor and regular in-country reviews of project progress. • Yahsat is further strengthening its PMO processes in light of expected new satellite programmes. • Additional time buffer is built into satellite development programmes to provide a limited amount of protection against delay and schedule risk. Furthermore, certain technical solutions may also be factored into the satellite design or launcher specification to reduce orbit-raising times. • 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.	Chief Technology Officer
8 **Inability to attract and retain qualified people**	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. • Succession planning is periodically updated. • Working with best recruitment agencies to fill vacancies. • Focus on visibility of organisation, being an employer of choice and employees being Yahsat ambassadors.	Chief Human Capital and Administration Officer

Risk management continued

Principal Risk	Description	Mitigation	Responsible Manager
Financial Threats			
9 **Liquidity risk**	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 expected operational expenses; 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 2021 stands at over US$ 400 million and low leverage. • The Group also maintains long-standing relationships with lenders and banks. • Certain liabilities are covered by insurance policies.	Chief Financial Officer
10 **Interest rate risk**	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 LIBOR plus a margin). To mitigate the uncertainties associated with variable interest rates, the Group enters into interest swap agreements to fix the interest rates. • For example, the Group entered into a cash flow hedge, by acquiring an 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 LIBOR 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.	Chief Financial Officer
11 **Currency risk**	Fluctuations in exchange rates of assets and liabilities held in foreign currency or changes to the USD/AED peg can adversely affect Yahsat's results.	• The Group's revenues as well as spend are predominantly priced in USD (which is also the Group's functional currency) and in AED which is pegged to USD. • 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 to its long-term business plan.	Chief Financial Officer
12 **Credit risk**	The Group may face financial losses if a customer or counterparty to a financial instrument fails to meet its contractual obligations. This risk arise principally in relation to the Group's receivables and cash held at bank.	• 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, with nearly half of the receivables due from related parties and government-related entities. • Under certain circumstances the Group also seeks performance bonds and payments guarantees from counterparties to support the due performance of their obligations. • 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.	Chief Financial Officer
13 **Changes in tax regulation**	Introduction of corporate income tax in the UAE and any subsequent amendment, could adversely affect the Company's financial results.	• The UAE corporate tax will apply to the Group from 1 January 2024. As part of the implementation, the Group has started reviewing the available guidance issued by the UAE Tax Authority and will perform a thorough assessment to put in place an optimum and compliant tax structure based on the detailed regulations, expected to be released in mid-2022. • The Group's corporate income tax exposure in respect of its foreign operations is not material. The Group has historically been tax compliant and regularly reviews changes in local tax legislations to ensure continued compliance.	Chief Financial Officer

Principal Risk	Description	Mitigation	Responsible Manager
Compliance Challenges			
14 Legal and regulatory 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 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. • 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.	General Counsel
15 Orbital slots and spectrum risks	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).	Chief Strategy Officer

Our people

The Yahsat team

Our people are the driving force behind our success and a key asset for the UAE's strategic space industry. Yahsat's comprehensive human capital policies and initiatives ensure a healthy, diverse and inclusive workforce, whilst our training programmes provide opportunities for continuous professional development and personal growth for all, in a safe and inspiring working environment.

Yahsat continues to build the competency of our workforce, whilst maintaining an innovative, sustainable and creative culture across the Group, through our comprehensive employee engagement and development initiatives.

Yahsat's workforce comprises highly-skilled employees representing multiple nationalities, skillsets and backgrounds.

As at the end of 2021, we had 477 employees across Yahsat in the UAE and across our international operations, including contractors.

Through our comprehensive employee engagement and development initiatives – aligned with our core values of Respect, Creativity, Agility, Reliability and Customer Focus – Yahsat continues to build the competency of our workforce, whilst maintaining an innovative, sustainable and creative culture across the Group.

We value diversity in all respects, recognising the benefits that an inclusive and diverse organisation can offer to our employees, customers, investors and other stakeholders, and how this contributes to our successful strategy and operations and drives value creation for the Group.

Investing in future talents

477
Total workforce[2]

42
nationalities

40
years average age

16%
female employees

43%
of employees with 5+ years of experience

52%
Emiratisation[1]

1 Emiratisation excluding third party contractors
2 Including 23 additional contractors

Yahsat Learning in 2021

1,377
eLearning courses completed

110
employees following individual development plans

330
number of mapped tailored courses L&D team assigned to employees (external, in house and virtual training)

2
employees selected and successfully graduated from the prestigious UAE Government Leaders' programme

13
employees planned to receive in-depth training to support the Thuraya-4 NGS programme, including 2.5-month training programme

19
employees sponsored for higher education, both financially and non-financially

Recognising Employee Innovation

Yahsat hosts an annual innovation award programme, Fekrati, which was launched to promote and embed a culture that values creativity and inspires excellence in individuals and teams throughout the Group.

The programme encourages employees to propose innovative ideas to improve our business in the following three categories: Technical, Business Processes and Human Development.

The Fekrati committee, which is composed of individuals drawn from across the Company, rates the proposals and selects winners in each category who are recognised and rewarded during the annual staff retreat before being provided with the time, resources and support to implement their innovative ideas. The innovation awards will place increasing emphasis on sustainability as a key theme in future editions.

Talent Development

Yahsat is proud of its status as a hub for development and innovation, and a prominent talent incubator for the space, satellite communication and engineering industries.

Emiratisation

Yahsat is committed to Emiratisation and is a pioneer in our country when it comes to the hiring and training of UAE nationals. At year-end 2021, had 175 Emirati employees, accounting for 52% of our workforce and exceeding our current target of 50%. The target is to retain and develop the current proportion of Emirati talent under a progressive policy as Yahsat grows.

We place a strong emphasis on building internal technical and leadership capabilities in order to develop a strong internal talent pipeline and gain competitive advantage in today's global market. One way this is done is through focussing on training a layer of UAE nationals in line as successors for C-level appointments through strategic development, equipping them with the skills and knowledge required to compete and excel. Key strategic programmes are designed and executed with the intent of vital knowledge transfer and development in building the next line of frontiers in the space industry.

Training and Professional Development

We have set out an integrated Talent Management process that aims to provide a systematic and strategic approach to achieve our ambition of nurturing and developing our employees and appointing them to suitable opportunities as their careers evolve with us. Our talent management approach provides the necessary set of principles and processes to achieve this for the mutual benefit of our staff, the organisation and our customers.

Our talent management goals seek to:

1. Ensure a diverse, capable and evolving local leadership population across critical levels and professions.
2. Establish succession pipelines, supported through robust planning approaches.
3. Ensure the organisation maintains an excellent reputation for career development.
4. Create and promote an attractive brand to attract external talent through recruitment processes.

A key outcome of the Integrated Talent Management strategy is a formal succession plan to effectively establish, nurture and maintain our Group-wide talent pool, ensure efficient talent mobility and assure business continuity in the years ahead.

We continue to enhance and expand our professional development offering, through specific C-suite initiatives, providing personalised leadership and on-the-job training programmes, delivered in conjunction with leading international business schools. Yahsat intends to expand their training to include an increasing focus on sustainability in the future.

Owing to the various restrictions associated with the COVID-19 pandemic, and the need to preserve the safety and health of our people, Yahsat has accelerated the use and impact of our eLearning, in collaboration with leading learning platforms, Coursera and LinkedIn Learning.

GROW programme

As part of the Talent Management strategy, the GROW programme is designed to identify critical human resources to assume roles of increasing responsibility across the organisation at the C-suite level, of which technical scope Chiefs have been developed and promoted from within the organisation.

Employees are identified as early as five years before possible advancement, and provided with the requisite leadership capabilities and technical knowledge through a combination of personalised education, coaching, mentoring and project placement.

In 2021, five deputy senior executives were promoted to senior leadership roles as chief officers and general managers as a result of their progression through the GROW programme. These five unique personal development journeys mirror and complement Yahsat's own extraordinary story of growth that commenced just over a decade ago with the launch of its first satellite.

LinkedIn Learning theme: Empowering female employees

Yahsat is a progressive company that actively supports the advancement of women in the workforce and seeks to embed gender equality and equity in our industry. In order to empower our female leaders to fulfil critical roles, the Yahsat Learning & Development team has released its first month-long Company-wide Learning Theme, featuring 'Women Empowerment in Leadership & Tech'.

The accompanying, curated learning collection features materials outlining the importance of recognising gender bias and advocating inclusion, promoting an exploration of the soft skills needed to cultivate and develop personal and professional growth while navigating and managing a healthy work-life balance.

Women at Yahsat

16%
of total workforce is female

24%
female UAE nationals within the total UAE national employee population

19
different nationalities

14
hold positions of VP or above

Gender Diversity

Yahsat prides itself on its success in fostering inclusivity and harnessing the energy and creativity that comes from maintaining a diverse, engaged workforce.

We seek to embed gender equality and diversification in our workforce by hiring female staff, predominantly in the technical/space field, as well as in leadership roles, reflecting the national goals embodied in Abu Dhabi's Economic Vision 2030.

Yahsat is also developing a policy to commit to advancing gender diversity through active support in the form of increased benefits to support female employee wellbeing, promote better work–life balance, establish enhanced maternity leave policies and upskill female employees in their respective fields. Meanwhile, our stringent Human Capital Policies ensure that remuneration remains fair, equal across genders and aligned with international best practices.

In order to support our female employees to balance their professional and personal lives and ease the transition back to work, Yahsat implemented a new initiative this year to provide new mothers the choice of working from home for two additional months after completing their maternity leave.

Safety and Wellbeing

An Incentivised and Engaged Workforce

We continue to promote a healthy work-life balance, a policy allowing employees the flexibility to work from home has been implemented in 2021. Seeking to ensure our people have a proper work-life balance, are fully engaged and invested in our strategic development goals.

Yahsat operates focussed retention schemes for critical positions across the Group, and we are currently in the process of approving our new Long-Term Incentive (LTI) framework – a post-IPO retention and incentive plan that aims to increase retention rates among critical executives on a rolling, annual basis.

Yahsat People Survey

The results from our most recent employee engagement survey – the Yahsat People Survey – are highly encouraging, showing an overall improvement over the previous year, and indicating areas for further improvement in 2022 and beyond.

This annual tool is used to measure employee engagement and commitment levels across the Company, and we place significant importance on honest feedback upon which to create subsequent initiatives.

The results of the Survey show improvement across all areas, with a 2-point rise in our overall engagement score from 80 to 82, out-performing regional benchmarks, and a rise in emotional engagement from 52% to 57%, respectively, between 2020 and 2021.

The 2021 response rate was 89% – a 2% improvement on the previous year – which is also highly encouraging given the prevailing circumstances in 2021 stemming from the pandemic. The results show substantial increases in the breakdown of both transactional and emotional engagement. The overall trend showed a continued improvement in all 12 engagement question areas a result of significant focussed efforts to increase employee engagement across the board.

The categories in which improvements were most notable include Safety & Security, Communication, Vision & Values and Organisational Values, which are all key areas for emotional engagement. We are now moving forward by creating action plans to address further opportunities for engagement growth.

Awards and Recognition

In recognition of Yahsat's dedication to enhancing and supporting our talent, we received a number of awards during the course of 2021.

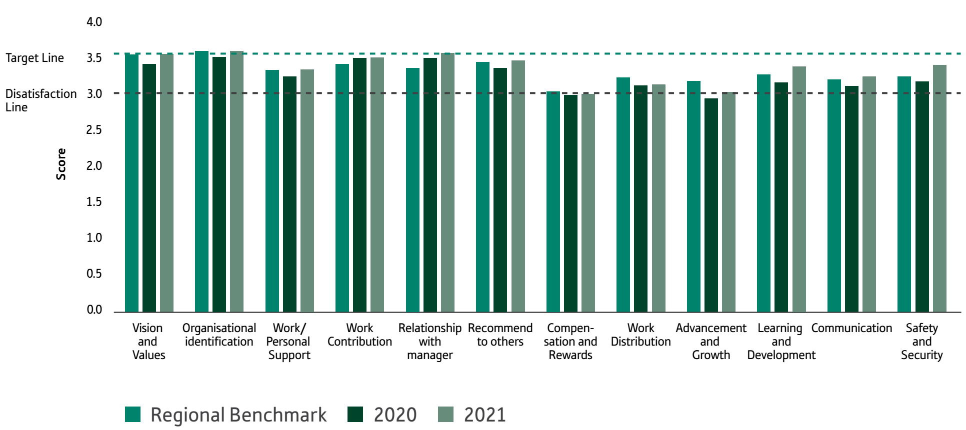
Reflecting the depth of female expertise in Yahsat, Layla Al Hayyas – our Executive Vice President of Human Capital and Head of Investor Relations – received the Women Leader of the Year award at the GCC Human Capital Summit in 2021.

At the 9th Annual GOV HR Summit, which celebrates excellence in people performance across the Abu Dhabi private and public sectors, Yahsat was honoured with the 'Crisis Communication Management Award'. This prestigious award recognised Yahsat's effective management of COVID-19, as the company that most effectively strategised and communicated its plans to mitigate the impact of the pandemic on the organisation, its employees and its stakeholders.

Social Responsibility

Yahsat operates a successful internship scheme to support young people in gaining experience prior to their graduation from high school, the majority of which was delivered online in 2021 given COVID-19 requirements. In 2021, we provided on-the-job training to 16 interns across the Group, achieving an average feedback rating of 3.7 out of 4.

Yahsat People Survey Results



The Khalifa University Space Technology & Innovation Center

Yahsat has collaborated with the UAE Space Agency and Khalifa University to support the development of homegrown Emirati talent to lead its National Space Programme.

The primary mission of DhabiSat – the second CubeSat built by Khalifa University students – is to enable students to design, implement and test software modules for attitude determination and control subsystems (ADCS).

To support Khalifa University and the students, Yahsat established the "Yahsat Space Lab". Yahsat provided full support in terms of funding and expertise to ensure that the lab is within specifications and all equipment are supplied. Our ongoing Space Programme has proven to be an excellent platform for grooming Emirati talent in the space and system engineering fields, and DhabiSat is yet another example of its success, having been successfully deployed into orbit in 2021.

Stakeholder engagement

Delivering value to shareholders and the world

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/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 Customers

How we engage
- Primarily through account managers at YahClick, Thuraya and YGS
- At events throughout the year

How often we engage
As and when required

Key issues/items discussed
- Performance
- Opportunities
- Business status
- Relationship building
- New offers, retention offers, bill status for customers of Yahsat products

Any actions from these discussions that Yahsat is/will implement
Operational and strategic action taken depending on the discussion

How we create value for the stakeholder group
- Providing an understanding of our key business imperatives
- Ensuring customers are getting the best value

Our Suppliers & Partners

How we engage
- Through account managers at YahClick and Thuraya, Senior Management interactions when required, industry shows and events

How often we engage
As and when required

Key issues/items discussed
- Performance
- Opportunities
- Business status
- Relationship building

Any actions from these discussions that Yahsat is/will implement
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

Our Community

How we engage
- Through events and initiatives during the year, partnerships with entities including the Ministry of Education

How often we engage
As and when required

Key issues/items discussed
- Fulfilling a need or support for a given initiative
- Partnership opportunities

Any actions from these discussions that Yahsat is/will implement
Provision of support or services when required

How we create value for the stakeholder group
- Assisting communities in times of need, where and when collaboration and support is most needed

Our Shareholders

How we engage
- Through IR, 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

Key issues/items discussed
- Financial and operational performance
- Opportunities
- Business status
- Future outlook
- Upcoming events and activities
- Ad hoc events or activities

Any actions from these discussions that Yahsat is/will implement
Operational and strategic action taken depending on the discussion

How we create value for the stakeholder group
- Keeping shareholders well informed of our business performance and future plans and outlook
- Fostering transparency and openness in all communications

ESG

Sustainability at Yahsat

Sustainable development has become a topic of critical importance to corporations, governments, communities and stakeholders throughout the world. At the recent United Nations 26th annual Climate Change Conference (COP26) in Scotland, over 150 countries submitted updated climate change plans to reduce their emissions by 2030.

Throughout the Middle East, multiple stock exchanges continue to introduce or mandate Environmental, Social and Governance (ESG) reporting requirements for all listed companies. In the United Arab Emirates, multiple national ambitions contain sustainability-related objectives, including the UAE Energy Strategy and the UAE National Space Strategy 2030.

To ensure we are in the best possible position to effectively continue and improve our contributions towards promoting sustainable development, we set out to meet three key objectives as a Company in 2021 and 2022. The first objective was to identify and understand the sustainability-related areas of most importance to the Group as a whole. The second was to develop an appropriate approach to report on and manage these areas. The third objective was to develop a sustainability strategy to improve the Group's overall ESG/sustainability performance.

Material Sustainable Areas

Materiality assessments are a valuable tool to identify and prioritise the relative importance of sustainability-related areas to a business. As an initial step in conducting such an assessment, we strove to understand the sustainability-related areas where our business has the greatest impact, or the greatest potential to be impacted – which are most likely to influence the evaluations and decisions of our key stakeholders. To accurately identify all such areas, we reviewed: reputable sustainability standards; international and national ambitions; the Abu Dhabi Securities Exchange ESG reporting requirements; sector-specific areas assessed by ESG rating agencies; the sustainability-related areas reported on by Yahsat's peers; and the interests of key stakeholders.

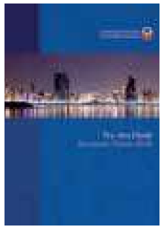
Sustainability Standards

GRI

SASB

International & National Ambitions

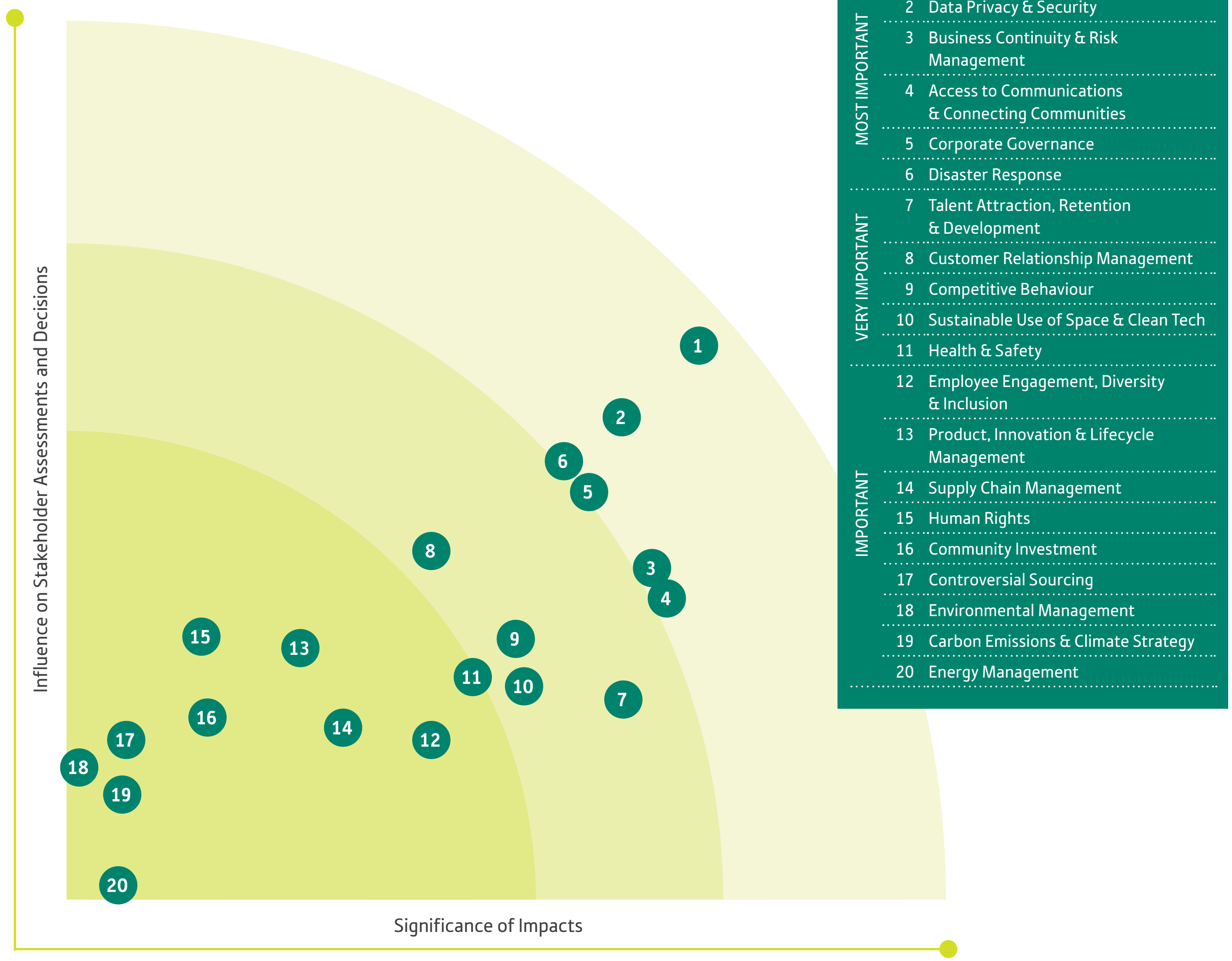
SUSTAINABLE DEVELOPMENT GOALS



Yahsat's key stakeholders are depicted below. Across our business, we continually seek to understand the expectations and interests of our stakeholders through several modes of engagement, including the Investor Relations Department, internal communications, periodic meetings and Annual General Meetings (AGMs).

Once the relevant sustainability-related areas had been identified and assessed, the priority of each area was decided by our Senior Management. The resulting materiality matrix below highlights the 20 sustainability-related areas identified as being pivotal to the business, categorised from 'Important' to 'Most Important'.

Sustainable Areas Materiality Matrix



Sustainability Framework

Upon completing the materiality assessment, we then created a robust sustainability framework to formalise and focus the Group's approach to promoting sustainable development, especially in terms of: managing relevant sustainability-related areas; monitoring and reporting on progress; and strategy development. The framework comprises five pillars, with each pillar addressing specific sustainability-related areas. Through this structured, strategic approach, we aim to cumulatively create value for ourselves and our key stakeholders.

The Future of Sustainability at Yahsat

We are currently involved in numerous sustainability-related activities (discussed in more detail in Yahsat's inaugural 2021 ESG Report[1]) and we actively seek ways to improve our overall sustainability performance. To ensure that we continue to positively contribute towards sustainable development, a Group-wide sustainability strategy spanning the next three years will be developed during the first quarter of 2022. We will provide updates on this strategy and the progress that has been achieved in subsequent ESG and annual reports.

Five pillars of sustainability

1 Reliable Corporate Governance
- Business Ethics
- Business Continuity & Risk Management
- Competitive Behaviour
- Corporate Governance
- Data Privacy & Security

2 Serving Customers & Communities
- Access to Communications & Connecting Communities
- Community Investment
- Customer Relationship Management
- Disaster Response

3 Investing in People
- Employee Engagement, Diversity & Inclusion
- Health & Safety
- Human Rights
- Talent Attraction, Retention & Development

4 Promoting Environmental Protection
- Carbon Emissions & Climate Strategy
- Energy Management
- Environmental Management
- Product, Innovation & Lifecycle Management
- Sustainable Use of Space

5 Develop the Right Business Partnerships
- Controversial Sourcing & Partnerships
- Supply Chain Management

1 Please refer to the Investor Relations section of Yahsat's website to view the Standalone 2021 ESG Report: https://www.yahsat.com/en/investor-relations

1

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 of our operational activities are performing as intended, including complying with local and international regulations, improving business performance and ensuring stakeholder 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	

Corporate Governance

The majority of Yahsat's Board of Directors ('Board') is independent. Together, the Directors draw on a wealth of relevant and varied experiences and skills to successfully guide Yahsat in the direction of its vision. Each Board member has held, or continues to hold, leadership positions in reputable organisations, across a range of industries spanning telecommunications, space, defence, security, military, manufacturing, artificial intelligence, media, finance and government. The Board's overall performance is evaluated annually. In 2021, members received training in several topics, including: Directors' duties; corporate governance; disclosure obligations; insider trading; and related-party transactions.

To ensure Yahsat was successfully prepared for an initial public offering (IPO) on the Abu Dhabi Securities Exchange (ADX), an IPO readiness workstream was created. This involved a comprehensive review of Yahsat's policies, processes and governance, from the perspective of separating from Mubadala, the majority shareholder of Yahsat, and meeting all relevant regulatory requirements. A number of important governance structures and policies have been updated and created as a result, including: an independent Ethics and Compliance function; a Code of Ethics; a Nomination and Remuneration Board Committee; a Competition Law policy; and a whistle-blowing mechanism.

Business Ethics

Yahsat's Ethics and Compliance (E&C) function is independent and directly reports to the Audit, Risk and Compliance Committee of the Board. The E&C function developed Yahsat's Code of Ethics, with the aim of enabling the Group to achieve its commercial objectives while operating at the highest levels of integrity, and an E&C charter, which facilitated the development of a framework and necessary policies and processes to effectively execute the function's defined roles and responsibilities.

Ethics and compliance training is conducted on an annual basis, educating employees on key areas such as: conflicts of interest; gifts; entertainment; anti-bribery; corruption; export control and sanctions compliance; fraud awareness; and business partner due diligence. Trainings were conducted virtually during 2021 and included e-learning quizzes and a mandatory acknowledgement of the Code of Ethics' principles from all employees.

Any violations of Yahsat's Code of Ethics and other established codes of conduct can be reported through several channels, including two dedicated email addresses for employees and non-employees, and a helpline. All matters reported to the E&C function are individually reviewed, investigated and adjudicated. During 2021, no instances of ethical-related violations were reported.

Competitive Behaviour

Yahsat's Competition Law Policy provides guidance for employees on how to ensure they do not engage in anti-competitive behaviour. Specifically, guidance is provided for:

- Participation in trade associations
- Business with competitors
- Obtaining competitive information
- Business in a dominant market position
- Mergers, acquisitions or joint ventures
- Procurement practices

Any violations of the Competition Law Policy can be reported to Yahsat's General Counsel and/or the E&C function. During 2021, no anti-competitive violations were reported.

Data Privacy & Security

At Yahsat, we take the secure protection of information extremely seriously. To ensure our information security (IS) activities are appropriately managed, comprehensive governance structures have been established and include, among other policies and procedures, an IS Committee, charter and policy.

The IS Committee comprises our Chief Executive Officer, Chief Operating Officer, Enterprise Security Manager, the IS Manager and additional members if necessary. Its main responsibilities include: overseeing the enterprise-wide security programme; the approval of IS policies; evaluating and proposing IS-related investments; monitoring IS initiatives; and periodically reporting to the Board's Audit, Risk and Compliance Committee. The IS policy applies to all information assets and systems, and was created to ensure the confidentiality, integrity and availability of information through a uniform approach and defined responsibilities.

Other policies that have been established to: support data privacy and security related to IS awareness; IS training; IS risk management and incident management; data classification and protection; asset management; data centre code of conduct; access control; third party security; removable media; secure systems development; and change control. During 2021, there were no identified leaks, thefts or losses of customer data.

Business Continuity & Risk Management

Business continuity management (BCM) continues to be a fundamental practice at Yahsat. Periodically tested and audited BCM plans and practices ensure our business functions and services operate uninterrupted, and that we are able to effectively and efficiently respond to any risks that may materialise. Key risks include: fires; spacecraft anomalies; power outages; unavailability of critical applications; unavailability of personnel; and cyber security.

All relevant risks are identified through a threat risk assessment procedure that also monitors the current status of the established controls designed to mitigate each risk. During 2020 and 2021, the COVID-19 pandemic required the activation of a crisis management plan to ensure the ongoing operation of critical operations, and reduce the risk of mass infection and unavailability of personnel. Moreover, two major spacecraft anomalies were experienced in 2021, which led to the activation of existing, pre-defined crisis management, communication and BCM plans; the proper implementation of these plans ensured that we reacted in an appropriate, measured and effective manner and, thankfully, neither anomaly resulted in any enduring impact on our operations.

2

Serving Customers & Communities

Through our technological excellence and customer-centric approach, we strive to provide innovative, reliable and affordable satellite solutions to Yahsat's customers. Such solutions enable communities around the world to connect with each other, and provide Yahsat with multiple opportunities to create positive community impacts.

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	

Access to Communications, Connecting Communities & Community Investment

Working in partnership with international and regional service providers, we have helped to expand and enable internet and information access for underserved communities throughout the world. These communities often have limited or no telecommunications-related infrastructure, or operate in areas where reliable and secure infrastructure is difficult to establish.

Examples of how the Group has helped communities through satellite communications solutions include:

- The transmission of Iraqi election results
- Fishing vessel monitoring capabilities for the Department of Fishery in Vietnam
- Supporting telemedicine solutions for medical concerns in remote areas of Australia

Other instances include the UAE, South Africa, Kenya and Pakistan. We installed and set up satellite equipment and internet services for rural communities in the UAE with limited connectivity, enabling 74 villas to gain internet access and over 300 students to gain access to e-learning platforms. In the Eastern Cape, South Africa, we replaced costly and unstable dial-up services with satellite broadband internet services across 207 public libraries in typically remote populations. In Kiambu County, Kenya, where 40% of the population reside in rural areas, our new and updated software solutions enabled 108 healthcare facilities to improve communications and share critical information related to patient inquiries, human resource requirements and medicine inventories.

In the Gilgit Baltistan province of Pakistan – a province known to have limited internet and information access and ongoing security issues – we provided satellite broadband internet services to eight learning centres, enabling over 3,000 beneficiaries to receive training in information and communication technology.

Disaster Response

When humanitarian crises arise from natural disasters around the world, such as floods and earthquakes, satellite operators find themselves in a position to provide immediate and unaffected communications solutions to help the people affected by them. We have become a signatory of the United Nations Crisis Connectivity Charter, to support governments, international organisations, non-governmental organisations and others to resolve humanitarian crises where possible. Most recently, during December 2021, Yahsat supported multiple organisations in the Philippines to help over three million people affected by the category five Typhoon Rai. We have also previously supported organisations to address humanitarian crises in other parts of the world, including typhoons in Japan and migrant boats stranded at sea.

Customer Relationship Management

We strive to continually improve customer satisfaction and service excellence at Yahsat by driving a customer-centric focus throughout all aspects of our operational services and support activities. In 2020, a centralised Customer Care Unit was established to oversee customer care operations and support services, and operational quality assurance activities. The main customer-centric programmes being implemented through the unit are:

- **Quality assurance of service delivery** – including an independent quality assurance function, incident management, change management and operational level agreements.
- **'Voice of Customer' programmes** – including customer satisfaction surveys, periodical reviews of operational support activities provided by service partners and priority escalation programmes.
- **Quality assessment programmes** – including programmes to monitor, measure and analyse customer interactions and support processes.

We monitor several customer service metrics across the business, and have plans to monitor more of these in the future. For example, our First Call Resolution (FCR) metric measures the ability of the Group to resolve a customer's question or problem during their first call or contact with us. During 2021, monthly FCR averaged 82%. From 2022 onwards, through the implementation of planned customer-centric programmes, we aim to improve our ability to comprehensively monitor and report on our customer satisfaction and service levels, respectively.

3

Investing in People

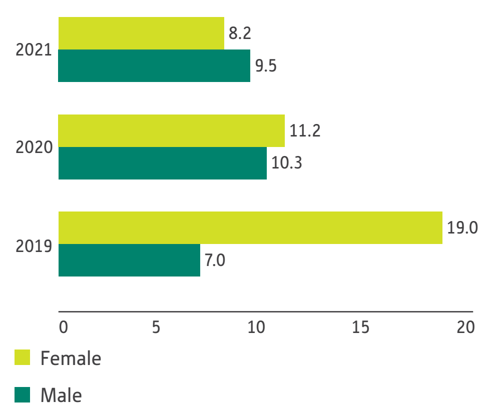
We know that our achievements at Yahsat are fundamentally built upon the cumulative abilities and attitudes of our workforce. We are committed to empowering our employees to succeed and to become role models in their communities. A key objective is to attract and retain highly-talented employees while simultaneously promoting Emiratisation. By building a diverse, egalitarian and safe working environment, we strive to maximise employee wellbeing.

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; 10 Reduced Inequalities

Talent Attraction, Retention & Development

Optimising our workforce and creating synergies helps the Group to gain operational efficiencies and to become more effective in the pursuit of its strategic objectives. We value diversity and strive to attract and retain highly-talented and qualified employees while helping each of them to develop their professional and personal competencies. Each year, performance appraisals and learning needs analysis inform the development of an annual training calendar for all employees. The training options available include in-house training, external training providers and e-learning platforms (such as Coursera and LinkedIn). Due to the social distancing precautions taken in response to the COVID-19 pandemic, the amount of training received by each employee has decreased compared to 2019 levels.

Average Training Hours per Employee

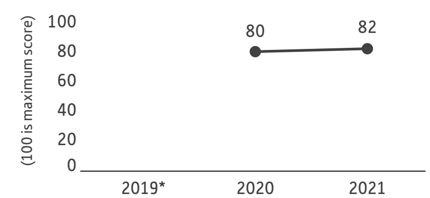


Emiratisation programmes are used to develop local talent in accordance with Yahsat's needs, Abu Dhabi's Economic Vision 2030 and the UAE's 2030 National Space Strategy. Yahsat's GROW programme, which aims to develop a pool of world-class Emirati executives, has successfully helped four Deputy C-Level Officers at Yahsat to become promoted to senior leadership (C-suite) roles. We have invested over AED 5.5 million over a period of three years into our Space programme, which strives to develop future Emirati space and satellite engineers. UAE nationals continue to account for over 50% of our workforce and represented 52% of the total workforce in 2021.

Employee Engagement, Diversity & Inclusion

Engaging with employees helps us to monitor employee satisfaction levels and to identify, understand and respond to employee needs. Overall employee satisfaction continues to be monitored on an annual basis, for example, through third party employee satisfaction surveys and annual staff retreats. The information gleaned from these activities is discussed with all levels of management, and action plans are developed to increase engagement. An absolute employee satisfaction score of 82 was recorded for 2021, indicating average levels of both emotional and transactional (e.g., meeting minimal expectations of employer) engagement.

Employee Satisfaction Score



*Different scoring mechanism used in 2019

We understand that our strength lies in the talent and diversity of our people and that everyone must be treated fairly, as stipulated in our Code of Ethics. Our workforce is comprised of 42 nationalities and various programmes are available to support employees with parental responsibilities, including flexible work-from-home arrangements for new mothers. From 2019 to 2021, full-time female employee representation has averaged 16%. In 2021, Yahsat received the 'Women Leader of the Year' award from the GCC GOV HR Summit, a key human resource event in the Gulf Cooperation Council (GCC) region.

Health & Safety

Together, the Health, Safety and Environment (HSE) Committee, policy, associated manual and supporting standard operating procedures help the Group to effectively govern and monitor all HSE activities. To gauge the level of employee familiarity with HSE policies and procedures, we periodically circulate employee surveys; in 2021, 98.19% of employees indicated they are familiar with the HSE policy and its procedures. Encouragingly, since the beginning of 2019, there have been no fatalities and a total of four recordable injuries.

As the COVID-19 pandemic continues to impact all aspects of everyday life, we continue to address its challenges. A COVID-19 Committee was established and meets twice a week to oversee all related HSE matters. We also created a Back-to-Office Guide, detailing a phased approach to helping employees safely and gradually return to our offices. This covers such topics as: employee rotations; COVID-19 testing; mask requirements; conducting virtual meetings; and stopping business travel.

Human Rights

Our Code of Ethics clearly states that the Group must abide by applicable international human rights principles. We also insist that all of our business partners abide by applicable national and international human rights principles, as set out in our Business Partner Code of Conduct. Any violations of these principles can easily be reported using our Ethics and Compliance helplines and email addresses. Since 2019, there have been no such violations.

4

Promoting Environmental Protection

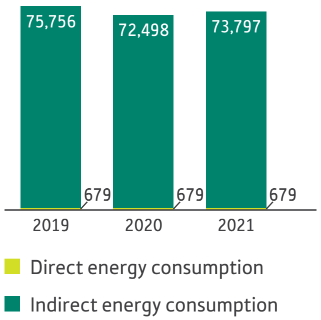
We are committed to reducing adverse environmental impacts stemming from Yahsat's operational activities. Through reductions in our energy consumption and the exploration of incorporating renewable energy sources where possible, we are working hard to reduce our total carbon emissions. We are also seeking to reduce our resource consumption and increase material resource lifespans wherever possible.

Material Issues Covered	Carbon Emissions & Climate Strategy Energy Management Environmental Management Product, Innovation & Lifecycle Management Sustainable Use of Space
UAE National Space Strategy 2030	–
Abu Dhabi Economic Vision 2030	Develop a Sufficient and Resilient Infrastructure Capable of Supporting the Anticipated Economic Growth
Sustainable Development Goals	

Energy Management

To monitor and manage the energy consumption of the Group's operational activities, we have introduced a building management system (BMS) and several energy reducing initiatives. The BMS monitors: seasonal energy usage; reduces energy consumption based on hours of operation; and uses occupancy sensors to efficiently provide a building's lighting needs. Heating, ventilation and air-conditioning systems are carefully managed to ensure the required operating conditions of equipment are sufficiently met. A number of lighting fixtures have also been replaced with LED lights to increase our energy efficiency. From 2019 to 2021, total indirect energy consumption (electricity) has averaged 20,560,284 kilowatt hours, or 74,017 gigajoules, per year. The majority of this consumption is accounted for by critical equipment rooms, data centres, network operations centres, antennas and various information technology infrastructure.

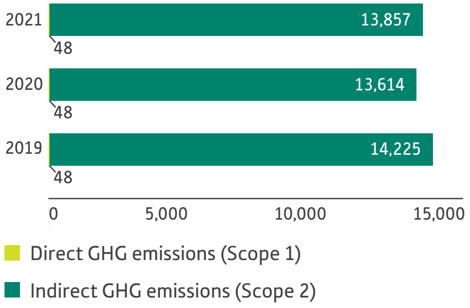
Energy Consumption (Gigajoules)



Carbon Emissions & Climate Strategy

The UAE's national climate ambition is to achieve net-zero emissions by 2050, and Yahsat intends to contribute towards this ambition. We are currently in the process of developing and setting our climate change strategy and ambitions. One initiative currently being explored is the use of renewable solar energy for non-critical systems from a utility-scale renewable energy developer and operator, to reduce emissions and the energy consumed from the national electricity grid. Total greenhouse gas (GHG) emission levels (Scope 1 and 2) over the past three years have averaged 13,946 tonnes of carbon dioxide (CO_2) equivalent. Almost all of Yahsat's GHG emissions are accounted for by indirect energy consumption (Scope 2). All Scope 1 emissions are generated from planned load generator tests that ensure a reliable emergency power source is available in the event of an emergency situation.

GHG Emissions (CO_2 Equivalent)



Environmental Management

Across the business, we strive to efficiently consume material resources and to reduce the environmental impacts originating from our operational activities. To increase the recycling rates of material resources, we segregate waste and it is collected by an approved recycling agent of Tadweer, Abu Dhabi's waste management centre. The majority of waste paper and cardboard generated from our internal departmental activities is recycled (amounting to 4,030 kilogrammes recycled in 2021). During the past three years, annual water consumption for Yahsat and Thuraya operations has averaged 105,157 cubic metres, and total wastewater has averaged 3,167 cubic metres (Yahsat only).

Product, Innovation & Lifecycle Management

As an integrated satellite communications solutions provider, we have the potential to create positive social and environmental impacts through our service offerings. As previously highlighted, our services have enabled communities to gain improved internet access, improve the management of healthcare data and effectively respond to natural disasters. Additional innovative applications for our services include:

- **Land, marine & aeronautical applications** – including the Internet of Things, tracking, monitoring, telemetry, machine-to-machine communications, remote connectivity and encryption.
- **Other applications** – including government and enterprise-managed solutions, high-speed broadband, Wi-Fi hotspots and free-to-air broadcasting.

How end users dispose of the hardware (products) used to avail Yahsat's satellite-related services is also an area we strive to influence. These products include satellite dishes, transceivers, modems and phones, and are typically manufactured with varying quantities of recyclable materials (metals, plastics and paper). Industry-defined product lifecycles are usually followed, and the average lifespan is approximately five years. Once obsolete, we promote the recycling of certain products by including appropriate recycling and disposal instructions on relevant product packaging.

Sustainable Use of Space

Yahsat is committed to promoting the sustainable use of space. Being governed by the UAE Space Agency, Yahsat continues to support the UAE's sustainable space agenda and strives to ensure our satellite operations are managed appropriately. The space sector in the UAE is governed by the UAE Space Law and is regulated by the UAE Space Agency. In 2020, the UAE Space Agency ratified the Artemis Accords, a set of principles, guidelines and best practices for conducting activities in space, which are intended to increase the safety of operations, reduce uncertainty, and promote the sustainable and beneficial use of space for all humankind.

Space debris is a growing problem for satellite operators and the sustainable use of space. It is estimated close to one million objects larger than one centimetre currently travel at 27,000 kilometres per hour in Earth's orbit[2]. These objects pose a significant threat to satellites and other spacecraft. To help address this problem, Yahsat is committed to following the Inter-Agency Space Debris Coordination Committee (IADC) space debris mitigation guidelines. We also procure reliable satellites build using the best available methods, and continuously track and monitor our satellites, ensuring they are in the correct position and avoid any passing debris. For our satellites reaching the end of their lifespans, such as Thuraya-2, they are deorbited and permanently powered down. To further promote the sustainable use of space, Yahsat participates in domestic and international forums addressing the rules for the sustainable use of space. We intend to explore other related opportunities too, such as joining and contributing towards the 'Net Zero Space'[3] initiative.

2 Space Industry Debris Statement. World Economic Forum. https://www3.weforum.org/docs/WEF_Space_Industry_Debris_Statement_2021.pdf
3 Net Zero Space. Paris Peace Forum. https://parispeaceforum.org/en/initiatives/net-zero-space/

5

Developing The Right Business Partnerships

Business partnerships continue to be a crucial component of Yahsat's success. By prudently forming mutually beneficial partnerships, we strive to ensure all stakeholder concerns and associated risks are sufficiently addressed and monitored, as well as contributing towards national space ambitions.

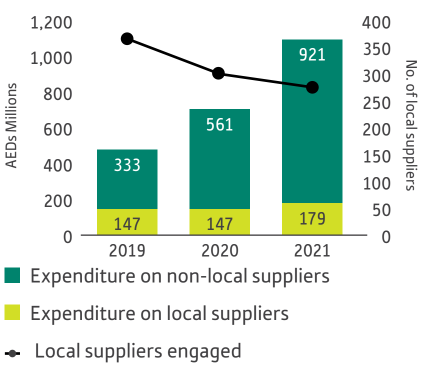
Material Issues Covered	Controversial Sourcing & Partnerships Supply Chain Management
UAE National Space Strategy 2030	Effective Local and International Partnerships and Investments in the Space Industry
Abu Dhabi Economic Vision 2030	Develop a Sufficient and Resilient Infrastructure Capable of Supporting the Anticipated Economic Growth
Sustainable Development Goals	

Supply Chain Management

Yahsat's expenditure on goods, services and capital projects is significant, and all procurement activities are managed to a minimum set of consistent standards. In recent years, the Group's procurement function has become centralised, a new procurement system (Oracle Fusion) has been implemented and the procurement policy and associated procedures have been reviewed and updated. Additional policies which support Yahsat's procurement management activities include our delegation of authority matrices and our Business Partner Code of Conduct.

Annual procurement expenditure averaged AED 763 million from 2019 to 2021 and local suppliers accounted for 16.27% of total procurement expenditure in 2021. Increases in expenditure are mostly accounted for by our Thuraya-4 Next Generation Satellite project, which will enable a wider range of fixed and mobile satellite services applications, and ground and network services.

Procurement Expenditure



Controversial Sourcing & Partnerships

We are committed to conducting all of our business activities in an ethical manner and with integrity, ensuring the Group complies with all applicable laws and regulations. To ensure we continue to fulfil this commitment, all of Yahsat's business partners must comply with our Business Partner Code of Conduct and are screened through a due diligence process. The Business Partner Code of Conduct comprises five key components, with defined expectations for specific areas.

Component	Areas With Defined Expectations
Respect	Human rights, employment practices, fair treatment, child and forced labour, and health and safety in the workplace.
Confidentiality	Confidential information and competitive information.
Integrity	Anti-bribery, corruption, improper payments, gifts, entertainment, supply chain factors and competition.
Transparency	Conflicts of interest, book keeping, records, audits and assessments.
Sustainability	Compliance with environmental laws and regulations, environmental performance and best practices.

The business partner due diligence process involves conducting a risk assessment based on numerous factors, including contract value, location, type of services and/or goods and screening criteria. The types of screening criteria incorporate: politically exposed persons; sanction lists; watch lists; enforcement lists; court actions; and adverse media monitors.

Corporate Governance

Robust corporate governance and risk management has long been a priority and strength for Yahsat. Through a culture of continuous improvement, we develop and apply best practices while embedding responsibility and accountability at every level of our organisation, from our Board of Directors to our Senior Management to every member of our diverse and talented workforce.

Corporate Governance Report

We believe that good corporate citizenship starts with strong values, and that you can only expect high standards of conduct from others if you are willing and able to demonstrate them yourself.

Musabbeh Al Kaabi
Chairman

Introduction

At Yahsat, corporate governance is at the heart of everything we do. From our inception as a Mubadala-owned company in 2007 and throughout our journey to becoming a listed company in 2021, the importance of operating with integrity and a strong set of core values has been instilled into the way in which we work.

Our approach to corporate governance has always been to go beyond mere compliance with laws and regulations, focussing on the spirit of the laws and regulations to ensure that we are not just ticking boxes, but that we are critically analysing how we do things to ensure that we consistently achieve the highest standards of conduct.

We believe that good corporate citizenship starts with strong values, and that you can only expect high standards of conduct from others if you are willing and able to demonstrate them yourself. As a listed company and a leading global satellite operator, we strive to lead by example, demonstrating strong corporate governance and recognising its importance to our shareholders, customers, employees and the communities we serve.

Our team has worked over many years to establish a robust framework of values and governance. Our corporate values define how we conduct our business – with integrity and zero tolerance for fraud, bribery, and corruption.

What's Changed in 2021

2021 has been one of the most transformative years in Yahsat's short, but momentous, history. On 14 July 2021, Yahsat was admitted to listing on ADX. In preparation for the listing, we undertook a full review of the Group's IPO readiness, which included an assessment of the Group's governance policies and practices in the context of a listed company environment, to ensure alignment with local and international standards and regulations, as well as to create the necessary degree of independence and separation from our sole shareholder.

Whilst the Group had an extremely strong corporate governance backbone, and very well-developed and comprehensive policies, practices and procedures, all of which had been developed according to Mubadala's strict standards of governance excellence, they were in many cases suited to a private company environment with a sole shareholder. A full review of these policies, practices and procedures was undertaken to ensure that they would operate according to the norms expected of a listed company and to achieve the required degree of separation.

In addition to those policies that were already in place, a gap analysis was performed to identify policies that are exclusive to publicly traded companies and were therefore not already present in Yahsat's governance portfolio as a private company. For example, to name a few, policies relating to securities trading, transparency and disclosure, inside information and investor relations all needed to be scoped and developed.

When reviewing and amending, or creating, these policies, the overriding principle of super-equivalence was applied. Consistent with our general approach to corporate governance, we did not just create policies that merely comply with the letter of the law or regulations. We created policies that not only meet the prescribed standards but go beyond, looking to international best practice and the levels of conduct, responsibility and accountability that we believe lie at the heart of good corporate citizenship.

But the story, of course, does not end there. Policies and practices are only as good as the conviction and actions that support them to ensure their proper and full application in practice. Tone at the top is a critical factor in any effective governance environment, so it was essential that, when reviewing the composition of the Board of Directors, we identified individuals who could continue the impeccable legacy of the previous members of the Board of Directors and maintain the expectations and standards set over many years by Mubadala, as Yahsat's shareholder.

Corporate Governance Overview

The Company's Board of Directors is committed to standards of corporate governance that are in line with both local capital markets regulations and international best practice. This has led to the creation of Yahsat's Corporate Governance Framework, which plays a key role in shaping Yahsat's culture, business practices and regulatory compliance.

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;
- is centred around a strong and unerring commitment to its Code of Ethics.

Key Constitutional and Governance Documentation

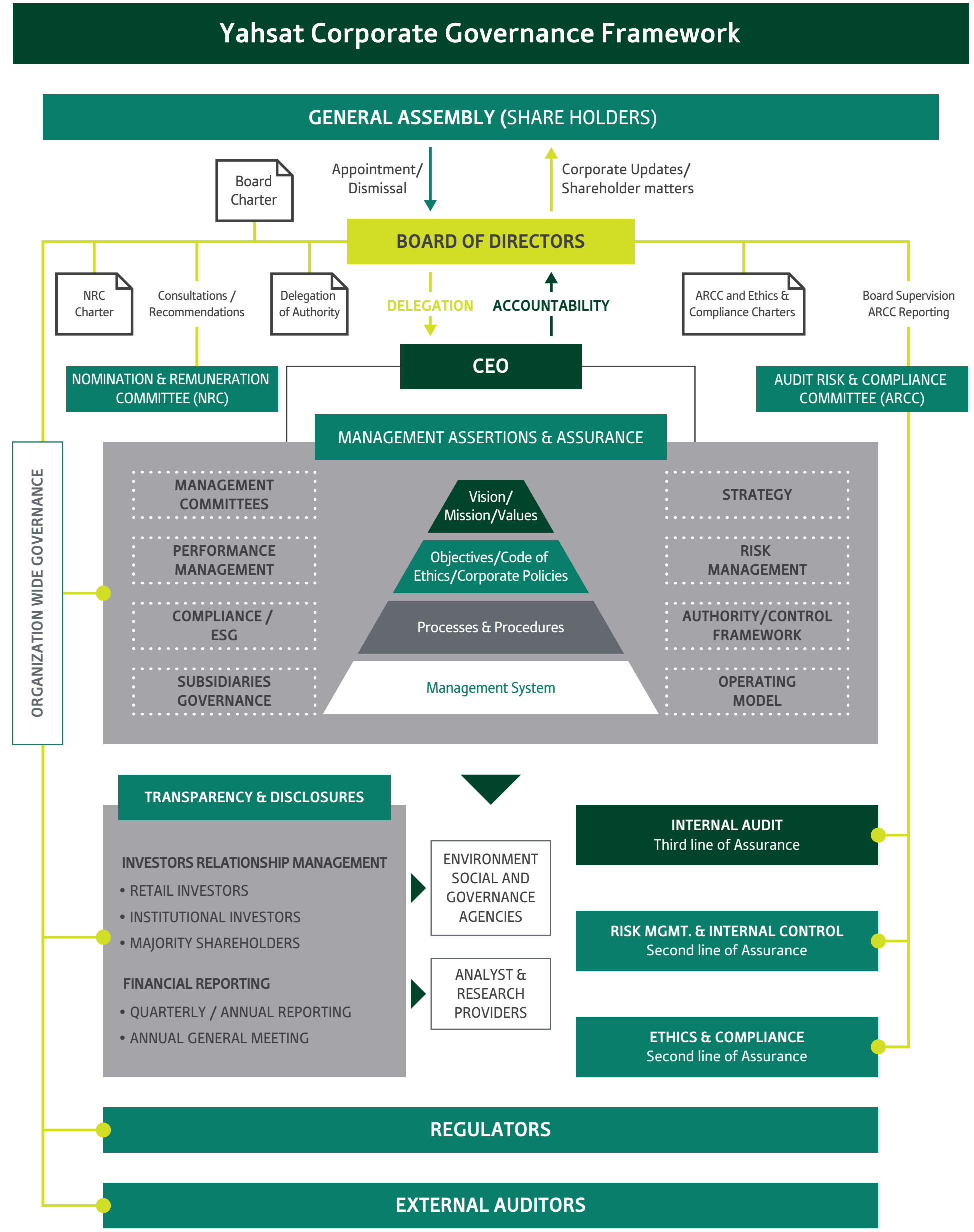
The principal documents that frame Yahsat's corporate governance environment are:

- 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

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. 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 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



Corporate Governance Report continued

Corporate Governance Overview continued

Delegation of Authority continued

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.

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 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 just 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 of any conflicts of interest, maintenance of accurate and transparent books and records, cooperation with internal and external investigators or auditors.
- Sustainability, the Yahsat Group is committed to preserving the environment, complying with applicable environmental laws and regulations, and demonstrating continual improvement in its environmental performance and following industry practices.

Corporate Communications Policy

This policy governs disclosures in external and internal documents, statements made in Yahsat’s annual reports, news and earnings releases, communications between the Group and financial or industry analysts, investors and the news media, senior management speeches and presentations, as well as information contained on the Group’s websites and intranet, and includes discussion of non-public information in public or quasi-public areas where conversations may be overheard. It also states Yahsat’s position and expectations regarding employees’ participation in, hosting or linking to internet chat rooms, bulletin boards, blogs or other similar media that discuss Yahsat and/or its products, services or technology, in any fashion. It details the process applicable to any such disclosures, from conception to approval and dissemination, enabling the Corporate Communications Department and the Investor Relations Department to deliver best practice communications across the Group to support business priorities and to build and protect Yahsat’s brand and reputation. The policy also delineates the roles of Corporate Communications and Investor Relations, and addresses any overlaps and interactions.

Investor Relations Policy

Yahsat is committed to providing timely, unbiased and accurate disclosures of material information to the public, in accordance with the rules and regulations stipulated by the SCA and current best practices. In line with this commitment, Yahsat has a dedicated Investor Relations team to effectively execute the Investor Relations policy. The policy outlines the processes and practices that ensure effective communication of information to shareholders and the investment community. Please refer also the Section entitled “Investor Relations” below.

Export Control and Sanctions Compliance Policy
Yahsat is committed to conducting all activities across the Group in accordance with the Yahsat Code of Ethics and all applicable laws. This includes complying with export control and sanctions laws that govern 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 policies and procedure manual sets forth Yahsat's general compliance policy. The manual, and each of the related procedures, applies to all entities within the Yahsat Group and governs all operations conducted by or on their behalf. The programme, which is driven by Export Compliance Champions strategically placed across the Yahsat Group, rests on the following general elements, which apply across all of its businesses and activities, including Senior Management Commitment, Denied Party Screening, Export Control Jurisdiction and Classification, Technical Data, Record-keeping, Training and Internal Audit.

Competition Law Policy
This policy provides guidance regarding 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 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. This policy provides 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.

Risk Management & Internal Control Policy
This policy sets out Yahsat's risk management and internal control requirements and is aligned with good practices, specifically international standards ISO 31000:2018 and COSO Internal Control – Integrated Framework: 2013. The policy defines Yahsat's risk management and internal control principles, describes the underlying processes and overall framework and roles and responsibilities.

Fraud Risk Management Policy
The fraud risk management policy was established to facilitate the development of controls that will aid in the detection and prevention of fraud against the Group. It applies to any irregularity, or suspected irregularity, involving employees, officers and directors, as well as shareholders, consultants, vendors, contractors, agents, outside agencies, and/or any other parties with a business relationship with Yahsat Group. The policy aims to ensure awareness of responsibilities for identifying exposures to fraudulent activities and establishing controls and procedures to prevent or detect fraudulent activity, giving guidance to all persons (internal and external) as to the action that should be taken where they suspect such activity. It also makes it clear that all suspected fraudulent activity will be fully investigated and appropriate action taken, regardless of the perpetrator's position, length of service or relationship to the Group.

Securities Trading Policy
The purpose of this policy is to reduce the potential risks arising from Directors and employees dealing in Yahsat's shares, setting out the Company's position with respect to such dealing and outlining the framework applicable to Directors and employees seeking to deal in Yahsat's shares. It also clearly states the consequences of failing to adhere to the policy. In addition to expressly stating the requirements and restrictions incumbent, pursuant to the law and applicable regulation, upon anyone with inside information and clearly defining what constitutes "dealing", it sets the process for seeking approval for buying or selling Company shares outside of closed periods, adding an extra layer of control beyond that already provided by the maintenance of an insider list with ADX. The process of granting approval involves the consideration of whether the individual is in possession of inside information and, if this is the case, approval is not granted.

Compliance Guide Relating to Inside Information
The Company is under an obligation to notify SCA and ADX of any material unpublished information (i.e. inside information) as soon as possible upon such information arising, except where the applicable regulations permit it to delay such disclosure. The purpose of the Compliance Guide is to assist Yahsat management (and certain individuals with designated responsibility hereunder) to identify events or circumstances that give rise to an obligation to disclose, identify the regulatory requirements relevant to actions that are being planned and the steps required to comply with them, identify the obligations that arise regularly and routinely and establish effective procedures for complying with those obligations, allocate responsibility for compliance to appropriate individuals, and to create a record of actions taken. The procedures are designed to lead to the identification of information that may be inside information as it arises, to conduct an assessment to determine whether it is inside information and whether an announcement is required, to ensure that any such announcement meets the standards of accuracy and completeness and, where disclosure is to be delayed, an appropriate record of the justification is kept, in all cases while ensuring that appropriate steps are taken to keep the inside information confidential. The Compliance Guide also defines the role of the Disclosure Committee in all of these procedures and as the ultimate arbiter of whether information constitutes inside information and its appropriate handling.

Corporate Governance Report continued

Corporate Governance Overview continued

Key Policies continued

Financial Reporting Manual and Accounting Policies Manual

Providing accurate, timely and reliable financial information to stakeholders is a critical requirement. The Financial Reporting Manual seeks to ensure that all functions are performed timely and efficiently, with constant improvement, simplification and enhancement to processes, systems to offer best-in-class financial reports. Applying the principles outlined in the 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 maintain robust processes, systems and tools that provide reliable financial information, to ensure compliance with IFRS and effective internal controls over financial reporting, to deliver high quality financial statements to stakeholders and to ensure a clean unqualified audit report.

The Accounting Policies manual delivers practical guidance on key accounting topics and Group accounting policies 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.

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 audit 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 reasonably likely to influence the price of Yahsat's shares (so-called "material, non-public information" or "inside information").

The primary forum for all such disclosure 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.

We aim to ensure that all disclosures made via the ADX E-Service will 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 our Head 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 and share-related data. In due course, our first set of annual reports as a listed company (comprising our Annual Report, Governance Report and Sustainability Report) will also be accessible from the Investor Relations section of our website.

Disclosure Committee

All public disclosures made by the Company via the ADX E-Service are first reviewed and approved by Yahsat's Disclosure Committee, which is an executive-level committee comprising the Chief Executive Officer, Chief Financial Officer, Chief Strategy Officer and the General Counsel. The Disclosure Committee determines whether information or circumstances constitute inside information. The Disclosure Committee seeks to operate on the basis of unanimity, but is also empowered to make decisions by simple majority in case to ensure agility and timely decisions and approvals. The Disclosure Committee's position regarding the existence of inside information is one of the principal factors considered by the General Counsel when considering applications from Directors or Group employees for permission to deal in Yahsat's shares under the Securities Trading Policy.

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 9 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*

Mr. Al Kaabi is the Chief Executive Officer of the UAE Investments Platform and an Investment Committee Member at Mubadala. The UAE Investments Platform is a portfolio that supports the UAE's continued acceleration and transformation by building national champions, fostering vibrant industrial and commercial clusters, and engaging with world-class partners. He previously held the position of CEO of Mubadala Petroleum, Mubadala's wholly owned exploration and production company, from 2014 to 2017. In addition to his roles at Mubadala, Mr. Al Kaabi is the Chairman of Mubadala Petroleum and the Vice Chairman of Masdar, Cleveland Clinic Abu Dhabi and Mubadala Health. He is also the Vice Chairman of the Supervisory Board of Borealis and is a Board Member of Dolphin Energy, CEPSA, NOVA Chemicals and Emirates Global Aluminium. Mr. Al Kaabi holds a Bachelor of Science degree in Geophysical Engineering from Colorado School of Mines and a Master of Sciences in Petroleum Geoscience from Imperial College, London.

Tareq Abdulraheem Ahmed Rashed Al Hosani — *Vice Chairman*

Mr. Al Hosani is the Chief Executive Officer of Tawazun Economic Council. He is responsible for managing the procurement of UAE Armed Forces and Abu Dhabi Police while driving the strategic plans for the development of the UAE defence & security sector. Tareq also manages the day-to-day business activities of Tawazun. Prior to joining Tawazun, Mr. Al Hosani served as the Chief Executive Officer at Yahsat, having previously occupied the roles of Deputy Chief Technical Officer and Executive Director for Strategy & Business Development at Yahsat. Prior to joining Yahsat, Mr. Al Hosani was Deputy Director General of NESA, and also held the position of Associate Director at Mubadala Investment Company. Mr. Al Hosani currently serves as Chairman of the Board of Directors of Munich Health Daman, Tawazun Industrial Park, and Tawazun Technology & Innovation, and as Vice Chairman of the Boards of Abu Dhabi Health Services (SEHA), Al Forsan Holding, and Abu Dhabi Airports Company (ADAC). He is a member of the Higher Colleges of Technology (HCT), Royal Jet, Rabdan Academy as well as the Board of Trustees of the Paris-Sorbonne University – Abu Dhabi. Previously, Tareq Al Hosani served as Chairman of Global Aerospace Logistics (GAL), and sat on the Boards of several UAE strategic entities, such as UAE Space Agency, Bayanat, and National Health Insurance Company (Daman), Edge Group and Emirates Defence Industries Company (EDIC). Mr. Al Hosani holds a Bachelor's degree in Aeronautics from Parks College Saint Louis University and a Master's degree in Electronics and Communication from Université Pierre et Marie Curie in France. He also the holder of an Accelerated Executive Development Diploma from 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 and a member on the Board of Global Aerospace Logistics – LLC (GAL). Prior to these roles, Rashed was the General Manager of Yahsat's YahService division (now YGS) 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, 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 Etihad Aviation Group, Emirates Nuclear Energy Corporation and the UAE Space Agency. 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.

Corporate Governance Report continued

Board of Directors continued

Maryam Eid Khamis AlMheiri — *Director*
Maryam AlMheiri is a member of the Abu Dhabi Executive Committee, Director General of the Abu Dhabi Government Media Office, and Vice Chairwoman of both the UAE Special Olympics and Abu Dhabi School of Government's Board of Trustees. She also serves as a board member of Mohamed bin Zayed University for Humanities, the Emirates Red Crescent and the Fatima Bint Mubarak Ladies Sports Academy.

Maryam was previously 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 School of Management). She also holds a Master of 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 Alolama — *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. In addition to his responsibilities in overseeing a diverse portfolio of businesses in multiple sectors spanning technology, aerospace, and healthcare, Badr is leading a team that is incubating new sectors and startups to further diversify the UAE's economy, and is also heading the Global Manufacturing and Industrialisation Summit (GMIS) – a pioneering collaborative platform that has been jointly established by the United Arab Emirates and the United Nations Industrial Development Organisation (UNIDO).

Badr is the Chairman of Strata Manufacturing, Sanad Group, and Emirates Post Group, and also serves as a Board Director at Mubadala Health, SHUAA Capital, Oumolat Security Printing, TASIAP GmbH – a joint venture with Daimler AG, as well as a number of automotive and energy joint ventures in Algeria. Through GMIS, Badr also oversees the Mohammed bin Rashid Initiative for Global Prosperity – an open innovation platform that aims to accelerate solutions that solve real world challenges that are linked to the Sustainable Development Goals of the United Nations. Nominated as a 'Young Global Leader for the Middle East and North Africa Region' by the World Economic Forum in 2016, Badr began his career as a lawyer and holds a degree in Shari'a and Law from the UAE University (2002) as well as an LL.M from Harvard Law School (2005).

Adrian Georges Steckel — *Director*
Adrian Steckel has been focussed 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.

Gaston Urda — *Director*
Gaston Urda is the Head of Investments and M&A 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. 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 a number of companies in the Americas, Europe and Asia. Mr. Urda earned his M.B.A. 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. Since joining Yahsat in 2008, in addition to being the secretary on various Board committees and providing corporate governance support to Yahsat Group companies, Clint's primary responsibilities included providing principal legal support in major procurements, capacity leases, UAE AF projects, and a range of ad hoc day-to-day operational requirements. Clint was recently the lead lawyer on the procurement of the Thuraya-4 NGS service platform and broadband products, and 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 3 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. He previously worked at Etisalat/E-marine as Contracts Manager-legal, and in private practice in Mumbai and New Delhi, India. Clint has an LLB from Goa University, India.

In line with the requirements of the SCA Corporate Governance Guide, at the end of 2021, there was one female Director on the Board of Directors. There were also three female members 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" below).

The following table sets out some of the key characteristics of the Board composition as at 31 December 2021:

Name	Tenure#	Independent?*	Executive/ Non-Executive?	Other directorships held**
Musabbeh Al Kaabi	2nd term (since 2 Feb 2021)	✓	Non-Executive	Mubadala Petroleum LLC (C) (UAE) Abu Dhabi Future Energy Company PJSC (Masdar) (VC) (UAE) Mubadala Health LLC (VC) (UAE) Cleveland Clinic Abu Dhabi LLC (VC) (UAE) Emirates Global Aluminium PJSC (BM) (UAE) National Central Cooling Company PJSC (Tabreed) (BM) (UAE) Dolphin Energy Limited (BM) (UAE) Cepsa – Compañía Española de Petróleos, S.A.U. (BM) (Spain)
Tareq Al Hosani	4th term (since 23 Dec 2013)	✗	Non-Executive	Tawazun Industrial Park LLC (C) (UAE) Tawazun Technology & Innovation LLC (C) (UAE) Munich Health Daman Holding Limited (C) (Masdar Free Zone – UAE) Abu Dhabi Health Services Company – SEHA (VC) (UAE) Al Forsan Holding Company LLC (VC) (UAE) Abu Dhabi Airports Company PJSC (VC) (UAE) International Golden Group PJSC (BM) (UAE) Royal Jet Group (BM) (UAE) Sorbonne University Abu Dhabi (BM) (UAE) Higher Colleges of Technology (BM) (UAE) Rabdan Academy (BM) (UAE)
Rashed Al Ghafri	4th term (since 23 Dec 2013)	✗	Non-Executive	Thuraya Telecommunications Company (C) (UAE) Global Aerospace Logistics – LLC (BM) (UAE)
Masood Mahmood	2nd term (since 2 Feb 2021)	✗	Non-Executive	Etihad Aviation Group PJSC (BM) (UAE) Emirates Nuclear Energy Corporation (BM) (UAE) UAE Space Agency (BM) (UAE)
Maryam AlMheiri	1st term (since 12 July 2021)	✓	Non-Executive	Abu Dhabi Executive Council (Member) (UAE) UAE Special Olympics (VC) (UAE) Abu Dhabi School of Government's Board of Trustees (VC) (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) (UAE) Strata Manufacturing PJSC (C) (UAE) The Sanad Group PJSC (C) (UAE) Shariket Kahraba Hadjret En Nouss SKH spa (C) (Algeria) Mubadala Health LLC (BM) (UAE) SHUAA Capital PSC (BM) (UAE) Oumolat Security Printing LLC (BM) (UAE) YAS Holding LLC (BM) (UAE) TASIAP GmbH (BM) (Germany) AMS/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	The Sanad Group PJSC (BM) (UAE and Switzerland) Virgin Orbit Holdings, Inc.(BM) (USA) (until Jan 2022) SR Technics Switzerland AG (BM) (Switzerland) Al Masar Investments LLC (BM) (UAE)
Peng Xiao	1st term (since 12 July 2021)	✓	Non-Executive	Group 42 Holding Ltd (BM) (UAE) 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 at the AGM in 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).

Corporate Governance Report continued

Board of Directors continued

(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 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

As noted in the BOD Charter, and consistent with corporate governance norms, the Board of Directors of Yahsat is responsible for setting the strategic direction of the Group. At Yahsat, the discussion, formulation and refinement of the Company's strategy is performed as a collaborative exercise between the Board and management, with the Board having the responsibility for the ultimate decision-making. In this regard, and in recognition of the fast-paced evolution of the space and satellite services industries, the Board held a strategy retreat in October 2021. This gave the newly-composed Board an opportunity to spend time together to explore the opportunities and challenges facing the Group, taking full advantage of the range of perspectives and insights offered by the Board members and management alike, as well as externally-produced 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").

(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 circulate 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 2021, the Board held 6 meetings, 5 of which were held virtually as a direct result of health and safety measures related to COVID-19.

The table below shows the attendance at each of the 6 meetings, it being noted that various Directors were either appointed or resigned during the course of 2021, for a variety of reasons (and principally related to the IPO):

	Board Meeting Date						
Name	1 Feb	10 Mar	13 Jun	9 Aug	4 Nov	5 Dec	Notes
Khaled Al Qubaisi	✓						Ceased to be a Director from end of 1 Feb meeting
Tareq Al Hosani	✓	✓	✓	✓	✓	✓	
Rashed Al Ghafri	✓	✓	✓	✓	✓	✓	
Dr. Eng. Mohammad Al Ahbabi	✓	✓	✓				Ceased to be a Director from 12 July
Sara Musallam	✓	✓	✓				Ceased to be a Director from 12 July
Hisham Malak	✓	✓	✓				Ceased to be a Director from 12 July
Mounir Barakat	✓	✓	✓				Ceased to be a Director from 12 July
Amal Al Ameri	✓	✓	✓				Ceased to be a Director from 12 July
Musabbeh Al Kaabi		✓	✓	✓	✓	✓	Appointed as Chairman from end of 1 Feb meeting
Badr Al Olama		✓	✓	✓	✓	✓	Appointed as Director from end of 1 Feb meeting
Masood Mahmood		✓	✓	✓	✓	✓	Appointed as Director from end of 1 Feb meeting
Maryam AlMheiri				✓	✓		Appointed as Director from 12 July
Adrian Steckel				✓	✓	✓	Appointed as Director from 12 July
Peng Xiao				✓	Proxy to Tareq Al Hosani	Proxy to Tareq Al Hosani	Appointed as Director from 12 July
Gaston Urda				✓	✓	✓	Appointed as Director from 12 July

(v) Circular Resolutions

Since the date of listing (14 July 2021), the following resolutions were passed by the Directors by circulation:

Date	Topic
7 October 2021	To approve the terms of the Master Distribution Agreement and the Scratch Card Purchase Agreement with Cygnus LLC for execution by and on behalf of Thuraya Telecommunications Company PJSC
7 October 2021	To approve the proposal submitted by senior management team with respect to amending the dividend policy of the Company (including the possibility of distributing interim dividends), with a view to presenting such proposals to the shareholders at the next general meeting
15 November 2021	To approve Shareholders' Agreement between Star Satellite Communications Company PJSC (Star), a wholly owned subsidiary of the Company and Tawazun Holding Com. LLC (Tawazun), and the setting up of a Joint Venture Company jointly by Star and Tawazun
15 November 2021	To approve a Confidentiality Agreement between the Company and Mubadala Investment Company PJSC

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.

(vi) Director Remuneration and Board Committee Remuneration

In line with best practice and shareholder expectations, each Director shall receive an annual fee for acting as a Director of the Company. Prior to Yahsat's listing, this fee has previously been set at a fixed value of AED 100,000 per Director, and was payable only to Directors who were not employees of Mubadala. Subject to shareholder approval at the Company's AGM in March 2022, it is proposed that this approach be applied on a pro rata basis regarding the Board remuneration applicable to the period prior to 14 July 2021 (i.e. the date of Yahsat's listing).

Following Yahsat's listing, 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.

A proposal to pay pro-rated fees (representing the period from 14 July 2021 to 31 December 2021) for Board and Committee remuneration to all Directors will be made to Yahsat's Annual General Meeting for approval, upon the Board's recommendation.

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

No Director received a salary from the Company as part of his or her role as a Director, either in 2021 or any prior year.

Mr. Masood Mahmood, who was the Chief Executive Officer of Yahsat until 2 April 2021, received a monthly salary (with associated benefits and discretionary annual bonus, as per Company policy) from Yahsat in relation to that period. The payment of salary and benefits to Mr. Mahmood ceased when he left the role of Chief Executive Officer of Yahsat.

No fees other than Board attendance fees (as disclosed above) were paid or payable to any of the Directors during 2021.

Certain expenses were incurred directly by the Company in respect of Adrian Steckel's travel and accommodation expenses, in line with Yahsat's policy, for his attendance at the Board Strategy Retreat held in October 2021. The total amount of these expenses was AED 64,616.

(viii) Interests Held in Yahsat Shares and Transactions in 2021 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 2021. All such shares were purchased during 2021, as the Company's shares were only made available for sale in July 2021. Details of any sales of shares in the Company during the year are also stated:

Director's Name	Shareholder (Director/Relative)	Shareholding at 31 December 2021	Shares sold in 2021
Musabbeh Helal Musabbeh Ali Al Kaabi	Chairman	266,710	Nil
	Son (1) of Musabbeh Helal Musabbeh Ali Al Kaabi	49,282	Nil
	Son (2) of Musabbeh Helal Musabbeh Ali Al Kaabi	49,282	Nil
	Daughter (1) of Musabbeh Helal Musabbeh Ali Al Kaabi	49,282	Nil
	Daughter (2) of Musabbeh Helal Musabbeh Ali Al Kaabi	49,282	Nil
	Daughter (3) of Musabbeh Helal Musabbeh Ali Al Kaabi	49,282	Nil
Tareq Al Hosani	Vice-Chairman	227,710	Nil
Rashed Al Ghafri	Director	181,818	Nil
Maryam AlMheiri	Director	Nil	Nil
Masood Mahmood	Director	36,363	Nil
Badr Al Olama	Director	109,090	Nil
Adrian Steckel	Director	Nil	Nil
Gaston Urda	Director	199,950	Nil
Peng Xiao	Director	Nil	Nil

Board of Directors continued

(ix) 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 received detailed training on directors' duties and conflicts of interest (among other topics) from a leading external law firm in October 2021.

(x) Board Induction and Training

Newly appointed Directors are 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 leading external law firm provided detailed training to the Board on topics such as corporate governance, directors' duties and potential liability, conflicts of interest, disclosure obligations and the principle of equality of information among shareholders, insider trading, and related party transactions in October 2021.

(xi) Evaluation of Board Effectiveness

The BOD Charter requires regular and structured evaluations of the Board's performance to be undertaken by the Chairperson together with the Board Secretary. The evaluation focusses on the functioning of the Board as a body as well as the performance and function of individual Directors.

No less than every three years, the Board is required to invite a suitably accredited independent professional entity to carry out an assessment of effectiveness and operation of the Board of Directors, its members and the Board's Committees. The results of the evaluation are to be shared with the Board, and the key findings shall be shared with the shareholders via an appropriate medium (e.g. the Company's Annual Report).

Prior to the IPO, such evaluations were conducted by the Mubadala Internal Audit team on a bi-annual basis.

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 role as a member of the committee. At least one member must be a financial expert, having 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 2021, the ARCC was composed of 3 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 (Senior Vice President, UAE Investments, Mubadala Investment Company PJSC)
- Madian Al Hajji (Director of Internal Audit, UAE Investments, Mubadala Investment Company PJSC)

The composition of the Audit, Risk and Compliance Committee was carefully considered at the time of the listing in July 2021. Whilst Ms. Al Ameri was leaving the Board, her extensive financial experience, coupled with her role as the former Chairperson of the ARCC, offered an invaluable contribution to the ARCC going forward and complemented 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 is Paul Andrews, the 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 consider 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 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 on 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;
- 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 2021

During 2021, the ARCC held 5 duly constituted and quorate meetings. The composition of the ARCC changed in July 2021 upon the listing of Yahsat's shares, primarily reflecting changes in the Board of Directors of Yahsat.

	ARCC Meeting Date					
Name	7 Mar	18 May	4 Aug	30 Sept	3 Nov	Notes
Amal Al Ameri	✓	✓	✓	✓	✓	Ceased to be a Chairperson upon ceasing to be a Director from 12 July
Hisham Malak	✓	✓				Ceased to be a member upon ceasing to be a Director from 12 July
Michael Holden	✓	✓				Ceased to be a member from 12 July
Muhannad Al Qudah	✓	✓				Ceased to be a member from 12 July
Badr Al Olama			✓	✓	✓	Appointed as a member and Chairman of the ARCC from 12 July
Adrian Steckel			✓	✓	✓	Appointed as a member from 12 July upon joining the Board
Gaston Urda				✓	✓	Appointed as a member from 12 July upon joining the Board
Madian Al Hajji				✓	✓	Appointed as a member from 12 July

(iv) Committee Evaluation

Prior to listing, evaluation of the ARCC members' performance, both collectively and individually, has been performed by the Mubadala Internal Audit team.

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.

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.

Committees of the Board of Directors continued

Nomination and Remuneration Committee (the NRC) continued

(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 Chairman of the Board of Directors may not be a member of the Committee.

As at 31 December 2021, the NRC was composed of 3 non-executive Directors (two of whom are independent and one of whom acts as Chairman) and one non-Director member, as follows:

- Rashed Al Ghafri (Chairman of the NRC and member of the Board of Directors)
- Maryam AlMheiri (member of the Board of Directors)
- Masood Mahmood (member of the Board of Directors)
- Muna Al Mheiri (Chief Human Capital Officer of Yahsat Group)

Despite not being a Director of the Company, Mrs. Muna Al Mheiri's membership of the NRC is considered extremely valuable, in particular to assist with the NRC's management of the transition into a much broader mandate that benefits greatly from Mrs. Al Mheiri's 20 years of experience of working in senior Human Capital roles.

From 10 February 2022, Adrian Steckel has been appointed as an additional member of the NRC and Maryam AlMheiri has become the Chairperson of the NRC.

The Secretary to the NRC is Paul Andrews, 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 resources 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 Chairman and Board of Directors;
- ensure that suitable succession plans are in place at senior executive levels; and
- reviewing 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 the 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 2021

Name	HCC Meeting Date 9 Mar	HCC Meeting Date 25 May	Notes
Dr. Eng. Muhammad Al Ahbabi	✓	✓	Ceased to be a Chairperson upon ceasing to be a Director from 12 July
Hisham Malak	✓	✓	Ceased to be a member upon ceasing to be a Director from 12 July
Ebraheem Budeps	✓	✓	Ceased to be a member from 12 July
Siraj Aftab	✓		Ceased to be a member from 12 July

Name	NRC Meeting Date 5 Aug	NRC Meeting Date 28 Sept	NRC Meeting Date 26 Oct	Notes
Rashed Al Ghafri	✓	✓	✓	Appointed as a member and Chairperson of the NRC from 12 July. Handed Chairmanship to Maryan AlMheiri on 10 February 2022
Masood Mahmood	✓	✓	✓	Appointed as a member from 12 July
Maryam AlMheiri	✓	✓		Appointed as a member from 12 July
Muna Al Mheiri		✓	✓	Appointed as a member from 12 July

(iv) Committee Evaluation

Prior to listing, evaluation of the HCC members' performance, both collectively and individually, has been performed by the Mubadala Internal Audit team.

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.

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
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 Technical Officer	2021
Farhad Khan	1968	South Africa	Chief Commercial Officer	2016, 2018
Amit Somani	1972	United Kingdom	Chief Strategy Officer	2015
Muna Al Mheiri	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	Thuraya Chief Executive Officer	2021
Paul Andrews	1975	United Kingdom	General Counsel	2019

The Company was proud to be able to promote several individuals from within the Group to C-suite roles during 2021, showing the culmination of a highly successful development and succession programme. 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 is set out below.

Ali Al Hashemi — *Chief Executive Officer*

Mr. Al Hashemi was appointed as Chief Executive Officer with effect from 18 April 2021 (and as Chief Executive Officer Designate from 4 February 2021 up to 18 April 2021), having previously served in concurrent roles as the General Manager of YGS and Chief Executive Officer of Thuraya. He joined Yahsat in 2013. Mr. Al Hashemi 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. He has been instrumental in securing and/or maintaining key backlog contracts for the Group, including the Al Yah 1 and Al Yah 2 CSA and the associated O&M contract and the Thuraya-4 NGS managed capacity services agreement with the Government. As CEO of Thuraya, he 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 turn-around of the Thuraya business. Mr. Al Hashemi holds an MBA from the London Business School.

Andrew Francis Cole — *Chief Financial Officer*

Andrew Cole joined Yahsat in March 2020 and was appointed as Chief Financial Officer in July 2020. He is responsible for the overall financial management of Yahsat. 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 Financial Planning, Governance, Risk (including satellite insurance) and Compliance, 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.

Corporate Governance Report continued

Senior Management continued

Adnan Al Muhairi — *Chief Technical Officer*

Mr. Al Muhairi was appointed as Chief Technical Officer in June 2021, having fulfilled the role of Deputy Chief Technical 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 15 years of experience. Mr. Al Muhairi obtained a BSc. in Avionics/Engineering Management from the Higher College of Technology. He then completed an intensive course in satellite systems engineering in South Korea, before he earned an MBA from the McDonough School of Business from Georgetown University in Washington, D.C.

Farhad Khan — *Chief Commercial Officer and Chief Executive Officer, YahClick*

Mr. Khan is the Chief Executive Officer of the BCS equity partnership with Hughes (doing business under the YahClick (powered by Hughes) brand) and the Chief Commercial Officer of the Group. He joined Yahsat in 2016. With over 25 years' experience in the telecommunications industry in Africa and Asia, including at Airtel and MTN Group, Mr. Khan has a proven record of accomplishment and successfully leading commercial functions across several countries and executing new business strategies. Through continued efforts towards creating global and regional partnerships, developing in-house talent and achieving the UAE's Economic Vision, Mr. Khan's leadership has impacted the way the Group's services enable economies through pioneering satellite services. Mr. Khan is a Chartered Marketer, holds an MBA from the University of Cape Town and a diploma in Electrical Engineering from M.L. Sultan Technical College.

Amit Somani — *Chief Strategy Officer*

Mr. Somani was appointed as Chief Strategy Officer in January 2015 and leads Yahsat's Strategy, Regulatory, Corporate Communications and Programmes, Performance and Change Management departments. He joined Yahsat in 2010. Mr. Somani worked as a consultant at Booz and Company, as well as other leading consulting firms, advising clients in the information and communication technology sector across the globe.

Mr. Somani was a director at Yah Telecomunicações Limitada and Yahsat Latam Holding SA, Yahsat's Brazilian subsidiaries before their contribution to the HdB equity partnership with Hughes, and currently serves on the board of the BCS equity partnership with Hughes. He holds a Master's degree in Electronic Engineering with French from the University of Nottingham and an MBA from the London Business School.

Muna Al Mheiri — *Chief Human Capital and Administration Officer*

Ms. Al Mheiri joined the Group in 2007, prior to which she was Manager of Employee Services at Thuraya. In her current role, Ms. Al Mheiri 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. Ms. Al Mheiri 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 focussed 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 17 years of experience, working in the regional and international telecommunications sector 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 chain. He joined Yahsat in 2010. Prior to his roles as General Manager and Deputy Manager of YGS, he was the Executive Vice President of Engineering and Programme Management at YGS, responsible to deliver YGS projects and the design of the Yahsat Military network. Mr. Al Shamsi has over 16 years of experience. Mr. Al Shamsi previously was part of UAE Armed Forces Signal Corps.

Mr. Al Shamsi holds an Executive MBA from INSEAD and a Bachelor of Science in Electrical and Electronics Engineering.

Sulaiman Al Ali — *Chief Executive Officer, Thuraya*
Sulaiman Al Ali has more than 19 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, and was appointed as Deputy Chief Executive Officer of Thuraya at the beginning of 2020. He was then promoted to Chief Executive Officer of Thuraya in June 2021, having fulfilled the role of Deputy Chief Executive Officer of Thuraya since January 2020. He 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.

Paul Andrews — *General Counsel*
Paul Andrews is responsible for management of the Group's legal department and corporate governance function. He joined the Company in 2019. He has over 20 years' experience as legal counsel, specialising in mergers and acquisitions, corporate law and telecommunications. Prior to joining the Company on secondment from Mubadala, Mr. Andrews occupied senior corporate legal roles with Vodafone Group PLC and Etisalat. Mr. Andrews holds a LLB degree in Law with German from the University of Liverpool.

Remuneration

The following table sets out the details of the senior management's remuneration for 2021 (AED). Where the remuneration represents only part of the year (due to the role being commenced part-way through the year), this is stated and the remuneration of the predecessor is not included in the stated figure:

Position	Total salary and allowances in 2021	Any other cash or in-kind benefits for 2021	Long-term incentive plan	Total bonus paid in 2021*	Notes
Chief Executive Officer	1,478,667	162,992	N/A	656,950	Appointed to role from 18 April 2021
Chief Financial Officer	1,440,000	0.00	N/A	255,698	Bonus pro-rated to reflect appointment during 2020
Chief Human Capital and Administration Officer	1,582,849	0.00	N/A	349,083	
Chief Strategy Officer	1,462,883	171,672	N/A	355,070	
Chief Commercial Officer and Chief Executive Officer, YahClick	1,869,013	141,883	N/A	123,673	
Chief Technical Officer	823,103	150,000	N/A	249,106	Appointed to role from 15 June 2021
Chief Operations Officer	818,621	24,956	N/A	468,808	Appointed to role from 15 June 2021
General Manager, Yahsat Government Solutions	837,708	37,400	N/A	479,760	Appointed to role from 15 June 2021
Chief Executive Officer, Thuraya	827,719	239,252	N/A	272,250	Appointed to role from 15 June 2021
General Counsel	1,194,840	9,000	N/A	417,063	

* Bonus paid related to 2020 performance

Corporate Governance Report continued

External Assurance

(i) The Company's External Auditor

KPMG Lower Gulf Limited (KPMG), of Corniche, Nation Tower 2, 19th Floor, PO Box 7613, Abu Dhabi, UAE, was appointed as Yahsat's external auditor for the fiscal year 2020. KPMG provides audit, tax and advisory services to a broad range of domestic and international, public and private sector clients across all major aspects of business and the economy in the United Arab Emirates. The financial year 2021 was the first year of KPMG's appointment as Yahsat's auditors, following the rotation of the Company's previous auditor (EY) upon completion of 5 years as Yahsat's external auditor.

Number of years served as Company's external auditor	One (FY2021)
Partner name	Avtar Jalif
Number of years served as Company's external audit partner	One (FY2021)
Total fees for auditing the financial statements of 2021 (including provision of reasonable assurance report on the effectiveness of internal financial controls over financial reporting)	AED 1,458,897
Fees and costs of other services charged by KPMG, other than auditing the financial statements for 2021	AED 838,595
Details and nature of other services provided (if any)	Other services comprise interim reviews and other consultancy services
Statement of the other services performed by an external auditor other than the Company's auditor in 2021 (if any)	Refer to table below

KPMG has issued an unqualified audit opinion with respect to Yahsat's audited consolidated financial statements for the year 2021. Furthermore, KPMG issued an unqualified opinion regarding its review of each of Yahsat's quarterly and half-year financial statements during 2021.

(ii) Other Services Performed by an External Auditor Other Than the Company's External Auditor in 2021

Audit firm	Details of services	Amount paid (AED)
Vigilate Accountants B.V.	Other assurance engagements	104,005
Nolands Inc.	Other assurance engagements	24,165
NCS and Associates PSC	Other assurance engagements	21,294
KPMG Auditores Independentes Ltda	Other assurance engagements	77,490
PricewaterhouseCoopers	Accounting and tax compliance services	316,775
Deloitte & Touche ME	Internal audit and consulting	334,516
Ernst & Young	Accounting and tax advisory services	128,538
TOTAL		**1,006,783**

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

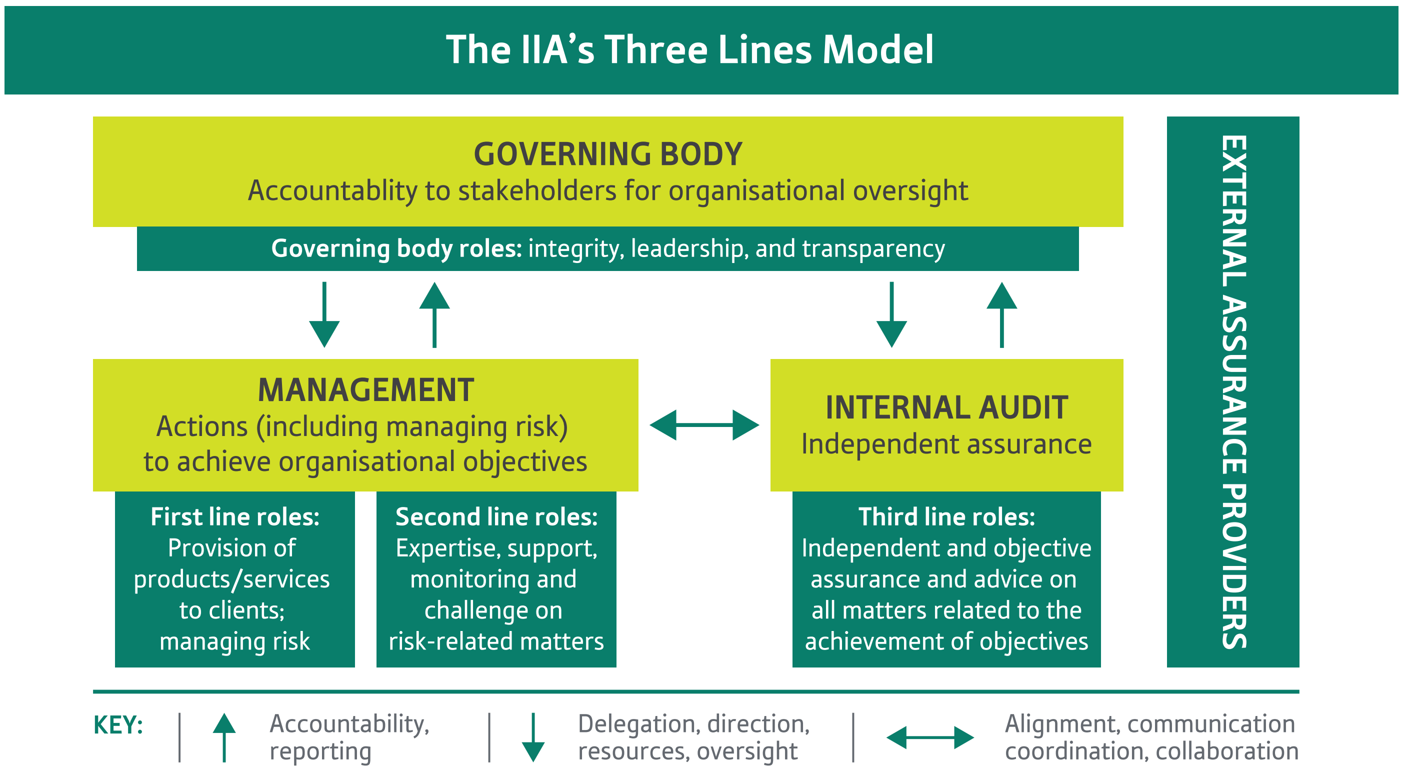
Yahsat's approach has been developed in accordance with the Three Lines Model of the Institute for Internal Auditors (IIA). It is objective-centric and aims to ensure the effective management of risks that have the potential to obstruct Yahsat from achieving its strategic objectives.

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 Risk Management and Internal Control systems ('third line').

Internal Control and Risk Management continued

(ii) Risk and Controls Approach continued



(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.

The RMIC function reports administratively to Yahsat's CEO and functionally to the Audit, Risk and Compliance Committee (ARCC).

Internal Control and Risk Management continued

(iii) Risk and Controls Organisation continued

b. Ethics and Compliance (Second line)

The Yahsat E&C function is primarily responsible for overseeing compliance with the Yahsat Code of Ethics within the organisation, compliance with applicable laws, regulatory requirements, policies and procedures, and adding value and improving Yahsat's operations and activities. It develops and supports all aspects of the Yahsat Group Ethics and Compliance programme and reports to the ARCC on compliance and integrity in the day-to-day business of Yahsat. For further information regarding Yahsat E&C function, its activities and its achievements, please refer to the section entitled "Ethics and Compliance".

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 8 Internal Audit reports and the Internal Audit plan for 2022 to the ARCC during 2021.

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) internally throughout the year, 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 2021, the following activities were performed and enhancements made:

- Regular, periodic reporting to the ARCC on main uncertainties/threat with regards to strategic priorities was introduced
- Effectiveness of the ICOFR framework was tested
- Several risk assessments were performed to support management decision making
- Compliance with the SCA Corporate Governance Guide was assessed and relevant corporate policies were updated or drafted and implemented (as appropriate)
- Yahsat Fraud Risk Management framework (including the corresponding fraud risk management policy) was formalised
- Yahsat Risk Appetite Statement and Risk Dashboard were developed
- Created Yahsat Policy Framework to ensure streamlined policies
- 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 was conducted and non-compliances was proactively highlighted through various compliance activities
- Yahsat's own Code of Ethics was introduced
- Company-wide Compliance trainings were conducted to build upon the Group's 'ethics and compliance oriented' culture

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

(vi) Violations

During 2021, 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:

Roy Knaven – *Executive Vice President Internal Audit and Risk Management*

Mr. Knaven, who was appointed by the Board in June 2017, heads both the Internal Audit and the Risk Management and Internal Control function. He has over 22 years of professional experience in the fields of internal audit, technology audit, risk management, internal control, process improvement and investigations in the telecommunication and technology industry, including Royal KPN, VEON and Wolters Kluwer. He began his career as an IT auditor, working at one of the 'Big 4' accountancy firms, EY Netherlands. He holds a master's degree in Information and Technology from the University of Tilburg in the Netherlands and an executive master's degree in IT Auditing from the Tilburg Institute for Advances Studies in the Netherlands. He is a Certified Management Accountant (IMA), Certified Internal Auditor (IIA), Certified Information Systems Auditor (ISACA) and chartered Dutch IT Auditor (NOREA). As a head of Internal Audit, he is responsible for the 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 as a publicly listed company has a robust compliance programme in place, Clint has lead 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, capacity leases, UAE AF projects, and a range of ad hoc day-to-day operational requirements. He previously worked at Etisalat/E-marine as Contracts Manager-legal, and in private practice in Mumbai and New Delhi, India. Clint has an LLB from Goa University, 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 in 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

b. E&C Charter continued

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 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 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 2021

In preparation for listing, the E&C Office developed a charter to establish the framework within which the independent E&C function at Yahsat would function, based largely on the Mubadala E&C Program (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.

An annual general E&C training was also conducted for all Group employees, and was attended (virtually) by a majority of employees. During the introduction to this training, the Yahsat 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 to anyone requiring training or guidance.

Ethics and Compliance continued

(vi) Activities Carried out by the E&C Office in 2021 continued

The Yahsat E&C Office also conducted e-learning and sought 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 Code of Ethics and associated policies are accessible to all staff at all times and are also available on the Group's intranet.

The E&C Office also set up an independent helpline dedicated to receiving any concerns that employees might have, or to facilitate the reporting of any matters of concern anonymously. 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.

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 the E&C matters on a biannual basis.

Through any of the various channels (e.g. helpline, 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 CEO, who in-turn authorises disciplinary or corrective actions, as appropriate.

(vii) Export Control and Sanctions Compliance

The Head of E&C, under the guidance and oversight of the General Counsel, also supports the Group's Export Control and Sanctions Compliance activities. The Export Control and Sanctions Compliance office is supported by a spectrum of champions embedded across various key departments throughout the organisation. Export Control champions, trained on various issues related to export control and sanctions are able to assist team members in ensuring compliance with regulatory requirements associated with the day-to-day work, including the preparation of technology control plans, ensuring controlled transfer and storage of physical and electronic control technology, classifying technology, identifying export classification codes and determining what products are permitted to go to which country.

Screening Champions, trained on using the various screening software to identify any SDNs, have also been strategically placed within the organisation to ensure that all business partners are effectively screened to eliminate the risk of anyone within the Yahsat Group ever having to deal with a sanctioned person or entity.

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 2021, 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 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 working mothers who wish to continue breastfeeding);
- 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 2021, female representation on the Board of Directors of the Company was 25% (2 out of 8), reducing to 20% upon the increase of the size of the Board to 10 Directors. In July 2021 until the end of the year, the number of female Directors reduced to 11% (1 out of 9). The Company's senior management includes one female at C-Level, the Chief Human Capital Officer, Muna Al Mheiri, who is also a valued member of the Board's Nomination and Remuneration Committee.

Health and Safety in the Uncertain Times of Covid

In March 2020, the Company's management implemented a COVID Committee (led by the Chief Human Capital Officer and Chief Operations Officer). The Committee meets at least weekly and has done so since its creation. Its primary objective is to keep our employees safe whilst maintaining our critical operations and services. The Committee constantly assesses the pandemic situation to discuss and implement appropriate safety measures.

During the national lockdowns and spikes in positive case reporting, non-site dependent employees worked from home, with only critical operations staff and contractors on site. Further measures were put in place to reduce the onsite population, and protect the critical operations employees. This included amending shift patterns and rotations to increase the duration of off-days between shifts, performing electronic (as opposed to in-person) handovers and full sanitisation of the Operations Centres between shifts.

High-risk employees were also proactively monitored to provide the most effective guidance and support. The general health of our staff and those with underlying health issues was assessed, and even critical staff falling into these categories were advised to work from home.

All non-critical access to the sites was stopped and any deliveries had to be dropped and sanitised at the security gates. To mitigate the risk of infection among our contractors (Security and Facility Management) temporary onsite accommodation was created for the duration of the lockdowns and remote working periods.

Operations across all departments and activities remained unaffected by the successful working from home strategy and Yahsat Group IT's Modern Workplace strategy. The Modern Workplace is based on Microsoft Teams (fully coordinated with the UAE's TDRA) and allows employees to meet and collaborate remotely, just as effectively as being in the office. Key applications are accessible from home ensuring we can run business as usual, without comprising our robust IT security and data protection policies.

When the UAE Government recommended returning to office work, the return was carefully planned to ensure maximum safely of employees, implementing many safety measures including:

- Rotational groups to reduce site occupancy
- Sanitising tunnels at all entry points
- Daily sanitising of all offices
- PPE (gloves, masks & gel) provided throughout the sites
- Creation of a Red Zone to segregate critical site dependent employees
- Awareness sessions, posters and floor stickers to remind employees of the necessary precautions
- Track and trace procedures in line with government guidelines
- PCR testing guidelines and onsite testing facilities
- Vaccination questionnaire and dashboard to track progress towards current 98% vaccination rate.

Corporate Governance Report continued

Health and Safety in the Uncertain Times of Covid continued

The return-to-work journey started with three rotational groups, with office occupancy limited to around 30%. The situation was constantly assessed, and the groups were adjusted over a period of months, gradually increasing the occupancy to achieve a 100% return to work in July 2021. During this period, onsite facilities were reopened at reduced capacity (restaurant, prayer rooms, coffee areas, gyms) and an “order to desk” food delivery service and trolley service were implemented. On 10 January 2022, however, in response to a recent increase in positive COVID cases in the UAE, and with several employees returning from overseas travel, rotational working was reintroduced and office capacity was reduced to 65%. The situation remains under constant review.

Investor Relations – Engagement with Shareholders

Since the listing of Yahsat in July 2021, the Investor Relations Department has become the Company’s first point of contact for the capital markets. The team communicates with investors and sell-side analysts to help educate these stakeholders in the Group’s activities and inform them about Yahsat’s strategy and financial performance.

Yahsat is committed to cultivating long term relationships with its shareholders and engaging in a dialogue with analysts and potential investors through several touch points including capital markets days, one-on-one meetings, group meetings, webcasts and conference calls, investor conferences, non-deal roadshows and the publication of earnings results.

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.

Information on the state of Yahsat’s financial position, health of the Company’s balance sheet, future outlook and other related items is primarily shared through the publication of fully audited financial statements and earnings materials. Yahsat publishes quarterly earnings according to a pre-announced calendar. The Investor Relations team organises a conference call each quarter to provide details on the publication of the Company’s recent performance and outlook. During these meetings, the senior management team presents the results and answers questions from investors and other members of the investment community.

Furthermore, the Investor Relations team also leads the Company’s efforts in publishing its annual, governance and sustainability reports and relevant ad hoc announcements. 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. Quarterly audited financial statements and earnings press releases are also announced on the ADX website.

The Investor Relations Department of Yahsat is led by Mrs. Layla Abdulla Mohammed Al Hayyas, Head of Investor Relations, who brings 20 plus years of experience in the satellite and telecoms industries.

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

Engagement with Regulatory Bodies

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

Telecommunication & 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 Telecommunications Union (ITU) – The ITU is an agency of the United Nations responsible for radiocommunications and telecommunications worldwide. As it pertains to radiocommunications, 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 which is 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 dialing 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 focusses 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 Committee on the Peaceful use 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.

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 UAE Government decrees promulgated by the Executive Council of Abu Dhabi to all government and semi government companies in 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 2021.

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 challenge, 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 2021

The Annual General Meeting (AGM) of the Company in 2022 will be Yahsat's first general meeting of the shareholders as a listed company.

Prior to Yahsat's listing, Yahsat had a sole shareholder, Mamoura Diversified Global Holding PJSC (MDGH). MDGH is a direct wholly-owned subsidiary of Mubadala Investment Company, PJSC.

All resolutions presented to Yahsat's AGM were passed unanimously by the sole shareholder. These included the approval of the Company's financial statements, the appointment of the Company's external auditor for the year beginning 1 January 2021 and the auditor's fees, and 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 2020.

During the course of 2021, but prior to the date of Yahsat's listing, written shareholder resolutions were passed to declare and approve the payment of dividends to MDGH, to convert Yahsat to a public joint stock company, to increase the Company's share capital in preparation for the public offering of its shares and other actions associated with the public offering and Yahsat's admission to listing on ADX. All such resolutions were either expressly referred to or were consistent with the information presented in the prospectus relating to the retail offer, and the international offering memorandum in respect of the qualified investor offer, of Yahsat's shares.

General Information Regarding the Company's Shares

As at 31 December 2021, Yahsat had an issued share capital of 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 2021

Since the admission to trading of the Company's shares on 14 July 2021, the share price has evolved on a monthly basis, as follows (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:

Date	Open	High	Low	Close
July (14–31)	2.75	3.10	2.70	2.79
August	2.78	2.79	2.57	2.62
September	2.62	2.69	2.46	2.56
October	2.56	2.76	2.51	2.75
November	2.75	2.91	2.69	2.77
December	2.77	2.82	2.69	2.74

(ii) Share Ownership Distribution as at 31 December 2021

The following table sets out the distribution of Yahsat's shares among certain disclosed demographics of shareholder, as at 31 December 2021:

	Percentage Owned			
Shareholder demographic	Individuals	Corporate	Government	Total
UAE	10.66%	71.69%	6.50%	88.85%
GCC	0.27%	1.72%	0.01%	2.00%
Arab	0.61%	0.02%	0.00%	0.63%
Foreign	0.68%	7.84%	0.00%	8.52%
Total	12.22%	81.27%	6.51%	100.00%

(iii) Shareholders Holding 5% or More as at 31 December

The table below shows the shareholders holding 5% or more of the Company's shares and the percentage of their shareholdings in 2021:

Name	Shareholding	Percentage
Mamoura Diversified Global Holding PJSC	1,463,862,159	60%

(iv) Statement of Distribution of Equity According to Size of Holding

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	1,783	20,699,977	0.85%
50,000 to 500,000	519	89,549,189	3.67%
500,001 to 5,000,000	170	278,816,197	11.43%
5,000,001 or more	35	2,050,704,902	84.05%
Total	2,507	2,439,770,265	100.0%

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. These factors include, but are not limited to, the following: general economic and political conditions of the jurisdictions in which the Group operates, including as a consequence of the COVID-19 pandemic; 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

In a momentous year that will be remembered for our successful IPO and financial resilience, Yahsat remained dedicated to creating sustainable shareholder value, building on our track record of financial stability to deliver a strong performance and future growth and profitability.

Board of Directors' Report
31 December 2021

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 2021.

Principal activity

The Group's principal activities include leasing of satellite communication capacity, end-to-end integrated satellite communication and managed services, and providing fixed and mobile telecommunication services via satellites to customers.

Results and appropriations

For the year ended 31 December 2021, the Group reported revenue of $407,569 thousand (2020: $407,507 thousand) and profit for the year attributable to the shareholders of $69,762 thousand (2020: $68,902 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 21 of the consolidated financial statements.

Directors

Musabbeh Al Kaabi
H.E. Tareq Abdul Raheem Al Hosani
H. E. Rashed Al Ghafri
Badr Alolama
Masood M. Sharif Mahmood
H.E. Maryam Eid Khamis AlMheiri
Peng Xiao
Gaston Urda
Adrian Georges Steckel

Auditors

The consolidated financial statements for the year ended 31 December 2021 have been audited by M/s KPMG Lower Gulf Limited.

On behalf of the Board of Directors

Chairman of the Board
Musabbeh Al Kaabi

28 February 2022

Independent auditors' 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 ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2021, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory 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 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion
We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) (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 judgment, 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
Revenue recognition is considered a key audit matter because of the: • judgments and estimates involved in identification of the lease and non-lease components, classification of lease and recognizing revenue as per IFRS 16 and IFRS 15, respectively; • reliance on multiple, complex information technology (IT) systems and tools used in the initiation, authorization, processing and recording of mobility & data solutions revenue transactions; and • volume of transactions. • the application of revenue recognition standards is complex and involves the exercise of a number of key judgments and estimates in identification of the performance obligations that the Group has in its variety of contracts with the large number of customers and the timing of fulfilling those obligations. We also identified a risk of management override through inappropriate manual topside revenue journal entries as revenue is a key performance indicator for management and Group performance.	Our procedures included, amongst others: • We held discussions with management on IFRS accounting analysis, performed testing of revenue contracts on sample basis and verified that the underlying revenue transactions were accounted in accordance with the relevant IFRS standards; • We obtained an understanding of the significant revenue processes and performed walkthroughs to identify key systems and applications, IT controls and manual controls that are relevant to revenue recognition; • We evaluated the design and implementation and tested the operating effectiveness of the Group's manual and IT controls relating to the initiation, processing and recording of revenue transactions. In doing so, we involved our IT specialists to assist in the audit of general IT environment and the key controls in relevant IT applications and supporting tools, including interface controls between different IT systems; • On a sample basis, we tested that the revenue recognised during the year agrees with underlying contractual arrangements; • We tested the reconciliations between the general ledgers and the IT systems for all the key revenue streams; • 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 IFRS 16 and 15, respectively; and • On a sample basis, we tested supporting evidence for manual journal entries posted to revenue accounts.

Independent auditors' report continued
To the Shareholders of Al Yah Satellite Communications Company PJSC

Other Matter – Comparative year audited by another auditor
The consolidated financial statements of the Group as at and for the year ended 31 December 2020 were audited by another auditor who expressed an unmodified opinion on those statements on 4 April 2021.

Other Information
Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the consolidated financial statements and our auditors' report thereon. We obtained the Directors' Report, prior to the date of our auditors' report, and we expect to obtain the remaining sections of the Annual Report after the date of the auditors' 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, 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 remaining sections of 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 ISAs.

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 and their preparation in compliance with the applicable provisions of the UAE Federal Law No. (2) of 2015 (as amended) 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.

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs 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 ISAs, we exercise professional judgment and maintain professional skepticism 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 auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Further, as required by the UAE Federal Law No. (2) of 2015 (as amended) we report that for the year ended 31 December 2021:

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 Law No. (2) of 2015 (as amended);
iii) the Group has maintained proper books of account;
iv) the financial information included in the Directors' report is consistent with the books of account of the Group;
v) as disclosed in note 30 to the consolidated financial statements, the Group has not purchased any shares during the year ended 31 December 2021;
vi) note 21 to the consolidated financial statements discloses material related party transactions and the terms under which they were conducted;
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 2021 any of the applicable provisions of the UAE Federal Law No.(2) of 2015 (as amended) or in respect of the Company, its Articles of Association, which would materially affect its activities or its consolidated financial position as at 31 December 2021; and
viii) note 8 to the consolidated financial statements discloses the social contributions made during the year ended 31 December 2021.

KPMG Lower Gulf Limited

Richard Ackland
Registration No.: 1015
Abu Dhabi, United Arab Emirates

Date: 28 February 2022

Consolidated statement of profit or loss
for the year ended 31 December 2021

	Notes	2021 $ 000	2020 $ 000
Revenue	5	**407,569**	407,507
Cost of revenue	6	**(45,478)**	(40,041)
Staff costs	7	**(85,506)**	(84,208)
Other operating expenses(1)	8	**(38,427)**	(51,996)
Other income	9	**2,323**	15,668
Adjusted EBITDA(2)		**240,481**	246,930
Depreciation, amortisation and impairment	10	**(148,590)**	(149,567)
Fair value adjustments on investment property	15	**(1,906)**	(2,030)
Operating profit		**89,985**	95,333
Finance income	11	**395**	3,216
Finance costs	11	**(17,703)**	(20,589)
Net Finance costs		**(17,308)**	(17,373)
Share of results of equity-accounted investments	19	**(9,589)**	(16,360)
Profit before income tax		**63,088**	61,600
Income tax expense		**(215)**	(200)
Profit for the year		**62,873**	61,400
Loss for the year attributable to non-controlling interests	18	**(6,889)**	(7,502)
Profit for the year attributable to the Shareholders		**69,762**	68,902
Earnings per share			
Basic and diluted ($ per share)	35	**0.029**	0.028

(1) Other operating expenses include impairment loss on trade receivables and contract assets. For the year ended 31 December 2021, the net impairment was negative (net credit) of $2,418 thousand. For the year ended 31 December 2020, the net impairment was a charge of $6,522 thousand.

(2) Earnings before interest, tax, depreciation, amortisation, impairment, fair value adjustments on investment property and share of results of equity-accounted investments. Refer to note 4 for a reconciliation of Adjusted EBITDA to profit for the year. Adjusted EBITDA is a non-GAAP measure.

The notes on pages 117 to 174 form part of these consolidated financial statements.
The independent auditor's report is set out on pages 109 to 111.

Consolidated statement of comprehensive income
for the year ended 31 December 2021

	Notes	2021 $ 000	2020 $ 000
Profit for the year		**62,873**	61,400
Other comprehensive income:			
Items that may be reclassified to profit or loss:			
Cash flow hedge – effective portion of changes in fair value		**3,488**	(4,966)
Cash flow hedge – loss reclassified to profit or loss	11	**11,595**	11,148
Foreign operations – currency translation differences		**(7,485)**	(28,013)
Other comprehensive income/(loss) for the year		**7,598**	(21,831)
Total comprehensive income for the year		**70,471**	39,569
Total comprehensive loss attributable to non-controlling interests	18	**(6,889)**	(7,513)
Total comprehensive income attributable to the Shareholders		**77,360**	47,082

The notes on pages 117 to 174 form part of these consolidated financial statements.
The independent auditor's report is set out on pages 109 to 111.

Consolidated statement of financial position
at 31 December 2021

	Notes	2021 $ 000	2020 $ 000
Assets			
Property, plant and equipment	13	**1,131,294**	1,116,534
Investment property	15	**20,231**	22,137
Right-of-use assets	16	**15,288**	20,645
Intangible assets	17	**9,828**	13,083
Equity-accounted investments	19	**116,203**	125,574
Trade and other receivables	22	**10,382**	11,227
Derivative financial assets	26	**3,210**	–
Deferred income tax assets		**129**	94
Total non-current assets		**1,306,565**	1,309,294
Inventories	20	**5,863**	13,291
Trade and other receivables	22	**147,625**	127,296
Derivative financial assets	26	**1,644**	–
Income tax assets		**187**	182
Cash and short-term deposits	23	**400,274**	224,915
Total current assets		**555,593**	365,684
Total assets		**1,862,158**	1,674,978
Liabilities			
Trade and other payables	24	**82,253**	88,539
Borrowings	25	**62,669**	129,114
Derivative financial liabilities	26	**193**	8,016
Deferred revenue	27	**26,988**	22,095
Income tax liabilities		**163**	288
Total current liabilities		**172,266**	248,052
Trade and other payables	24	**291,000**	291,000
Borrowings	25	**469,568**	143,655
Derivative financial liabilities	26	**–**	1,641
Provision for employees' end of service benefits	29	**11,238**	10,515
Total non-current liabilities		**771,806**	446,811
Total liabilities		**944,072**	694,863
Net assets		**918,086**	980,115
Equity			
Share capital	30	**664,334**	2,722
Additional paid-in capital	30	**–**	661,612
Hedging reserve	26	**5,426**	(9,657)
Statutory reserve	32	**9,567**	4,103
Translation reserve		**(29,687)**	(22,202)
Retained earnings		**191,744**	259,946
Equity attributable to the Shareholders		**841,384**	896,524
Non-controlling interests	18	**76,702**	83,591
Total equity		**918,086**	980,115

* Cash and short term deposits include cash and cash equivalents of $277,738 thousand (31 December 2020: US$ 104,915 thousand).

These consolidated financial statements were authorised for issue by the Board of Directors on 28 February 2022 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 117 to 174 form part of these consolidated financial statements.
The independent auditor's report is set out on pages 109 to 111.

Consolidated statement of changes in equity
for the year ended 31 December 2021

	Attributable to the Shareholders							
	Share capital $ 000 (Note 30)	Additional paid-in capital $ 000 (Note 30)	Hedging reserve $ 000 (Note 26)	Other Reserves[1] $ 000	Retained earnings $ 000	Total $ 000	Non-controlling interests $ 000 (Note 18)	Total equity $ 000
At 1 January 2020	2,722	661,612	(15,839)	9,903	246,044	904,442	91,104	995,546
Profit for the year	–	–	–	–	68,902	68,902	(7,502)	61,400
Other comprehensive income:								
Currency translation differences	–	–	–	(28,002)	–	(28,002)	(11)	(28,013)
Net loss on fair value of cash flow hedges	–	–	(4,966)	–	–	(4,966)	–	(4,966)
Reclassified to consolidated statement of profit or loss (Note 11)	–	–	11,148	–	–	11,148	–	11,148
Other comprehensive income/(loss) for the year	–	–	6,182	(28,002)	–	(21,820)	(11)	(21,831)
Total comprehensive income/(loss) for the year	–	–	6,182	(28,002)	68,902	47,082	(7,513)	39,569
Transactions with the Shareholder:								
Dividends (Note 31)	–	–	–	–	(55,000)	(55,000)	–	(55,000)
At 31 December 2020	2,722	661,612	(9,657)	(18,099)	259,946	896,524	83,591	980,115
At 1 January 2021	**2,722**	**661,612**	**(9,657)**	**(18,099)**	**259,946**	**896,524**	**83,591**	**980,115**
Profit for the year	**–**	**–**	**–**	**–**	**69,762**	**69,762**	**(6,889)**	**62,873**
Other comprehensive income:								
Currency translation differences	**–**	**–**	**–**	**(7,485)**	**–**	**(7,485)**	**–**	**(7,485)**
Net gain on fair value of cash flow hedges	**–**	**–**	**3,488**	**–**	**–**	**3,488**	**–**	**3,488**
Reclassified to consolidated statement of profit or loss (Note 11)[2]	**–**	**–**	**11,595**	**–**	**–**	**11,595**	**–**	**11,595**
Other comprehensive income for the year	**–**	**–**	**15,083**	**(7,485)**	**–**	**7,598**	**–**	**7,598**
Total comprehensive income for the year	**–**	**–**	**15,083**	**(7,485)**	**69,762**	**77,360**	**(6,889)**	**70,471**
Conversion of additional paid-in capital to share capital (Note 30)	**661,612**	**(661,612)**	**–**	**–**	**–**	**–**	**–**	**–**
Transfer to statutory reserve	**–**	**–**	**–**	**5,464**	**(5,464)**	**–**	**–**	**–**
Transactions with the Shareholder:								
Dividends (Note 31)	**–**	**–**	**–**	**–**	**(132,500)**	**(132,500)**	**–**	**(132,500)**
At 31 December 2021	**664,334**	**–**	**5,426**	**(20,120)**	**191,744**	**841,384**	**76,702**	**918,086**

(1) Other reserves include translation reserve and statutory reserve.
(2) The amount includes $5,156 thousand on account of discontinuance of hedge accounting (Note 26) and $6,439 thousand relating to periodic reclassifications to profit or loss.

The notes on pages 117 to 174 form part of these consolidated financial statements.
The independent auditor's report is set out on pages 109 to 111.

Consolidated statement of cash flows
for the year ended 31 December 2021

	Notes	2021 $ 000	2020 $ 000
Operating activities			
Profit before income tax		**63,088**	61,600
Adjustments for:			
Share of results of equity-accounted investments	19	**9,589**	16,360
Depreciation, amortisation and impairment	10	**148,590**	149,567
Allowance (reversal of allowance) for expected credit losses	22	**(2,418)**	6,202
Allowance (reversal of allowance) for inventories	20	**(1,087)**	2,692
Fair value adjustment to investment property	15	**1,906**	2,030
Finance income	11	**(395)**	(3,216)
Finance costs	11	**17,703**	20,589
Gain on disposal of property, plant and equipment		**(31)**	–
Gain on transfer of orbital rights – non-cash consideration	9	**–**	(10,000)
Provision for employees' end of service benefits	29	**2,148**	2,342
Write-off of property, plant and equipment	13	**5**	7
Operating profit before working capital changes		**239,098**	248,173
Working capital changes:			
Trade and other receivables		**(17,066)**	2,224
Inventories		**8,514**	(6,266)
Trade and other payables		**(6,305)**	(4,330)
Deferred revenue		**4,893**	(8,812)
Employee end of service payments	29	**(1,418)**	(1,891)
Income tax paid		**(381)**	(169)
Net cash from operating activities		**227,335**	228,929
Investing activities			
Additions to property, plant and equipment excluding capital work in progress	13	**(7,615)**	(8,644)
Payments for capital work in progress		**(144,811)**	(66,040)
Additions to intangible assets	17	**(520)**	(1,084)
Proceeds on disposal of property, plant and equipment		**49**	–
Investment in an associate	19	**(9,880)**	(18,558)
Return of investment in an associate	19	**2,080**	–
Receipts of short-term deposits with original maturity of over three months		**120,000**	140,000
Investments in short-term deposits with original maturity of over three months		**(122,536)**	(120,000)
Interest received		**395**	3,216
Net cash used in investing activities		**(162,838)**	(71,110)
Financing activities			
Proceeds from term loans	25	**532,819**	–
Repayment of term loans	25	**(255,717)**	(116,601)
Payment of lease liabilities	16	**(4,254)**	(10,945)
Interest paid		**(7,497)**	(17,535)
Transaction costs on borrowings paid	25	**(16,290)**	–
Settlement of derivative contract liabilities	26	**(8,555)**	–
Dividend paid to the Shareholder	31	**(132,500)**	(55,000)
Net cash from/(used in) financing activities		**108,006**	(200,081)
Net increase/(decrease) in cash and cash equivalents		**172,503**	(42,262)
Net foreign exchange difference		**320**	(255)
Cash and cash equivalents at 1 January		**104,915**	147,432
Cash and cash equivalents as at 31 December	23	**277,738**	104,915

The notes on pages 117 to 174 form part of these consolidated financial statements.
The independent auditor's report is set out on pages 109 to 111.

Notes to the consolidated financial statements
for the year ended 31 December 2021

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 Law No. 2 of 2015 (Companies Law) is applicable to the Company and has come into effect on 1 July 2015.

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 30).

The Company is a subsidiary of Mubadala Investment Company PJSC (the "Parent Company" or the "Shareholder"), an entity wholly owned by the Government of Abu Dhabi.

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

The Group's principal activity is the leasing of satellite communication capacity and providing telecommunication services via satellite to customers. Details of the Company's subsidiaries and its equity-accounted investee are set out in Notes 18 and 19.

2 Significant 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.

The Group is required, for the year ended 31 December 2021, to be in compliance with the provisions of the UAE Federal Law No. 2 of 2015, as amended. Federal Decree-Law No. 26 of 2020 which amends certain provisions of Federal Law No. 2 of 2015 on Commercial Companies was issued on 27 September 2020 and the amendments came into effect on 2 January 2021. On 20 September 2021, the UAE Federal Decree Law No. 32 of 2021 was issued and came into effect on 2 January 2022 which repealed the UAE Federal Law No. 2 of 2015 (as amended). The Group has 12 months from 2 January 2022 to comply with the provisions of the UAE Federal Decree Law No 32 of 2021.

Basis of measurement

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

Functional and presentation currency

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

2 Significant accounting policies continued

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2021. 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	37
(v) Transfer of entities under common control	37
(vi) Loss of control of a subsidiary	37
(vii) Acquisition of an associate in a business combination	37

2.3 Summary of significant accounting policies

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

A) Financial instrument

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

Non-derivative financial assets comprise loans and 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 (OCI), 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. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

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 fair value through OCI 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 or fair value through profit or loss.

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

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

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

Financial assets and liabilities are offset and the net amount presented in the consolidated 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.

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
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such 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.

Non-derivative financial liabilities comprise trade payables, amounts due to related parties, borrowings and other payables and accruals.

(iii) Derivative financial instruments including hedge accounting: Refer to Note 26.

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 income
Refer Note 11.

2 Significant accounting policies continued

2.3 Summary of significant accounting policies continued

E) Other income
Refer Note 9.

F) Property, plant and equipment
Refer Note 13.

G) Capital work in progress
Refer Note 14.

H) Investment property
Refer Note 15.

I) Leases – the Group as a lessee
Refer Note 16.

J) Intangible assets
Refer Note 17.

K) Borrowing costs
Refer Note 11.

L) Impairment

Financial assets
The Group assesses on a forward-looking basis the expected credit losses associated with its financial assets meeting SPPI test carried at amortised cost and at fair value through other comprehensive income (FVOCI). 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 borrower's ability to meet its obligations.

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

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

Non-financial assets and investment in associates

The carrying amounts of the Group's non-financial assets and investments in associates 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"). The Group's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

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. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

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.

M) Foreign currency

Transactions in foreign currencies are translated to USD at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are re-translated to USD at the exchange rate at that date. The resultant foreign exchange gains and losses are recognised in the consolidated statement of profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Where functional currencies of subsidiaries are different from USD, income and cash flow statements of subsidiaries are translated into USD at average exchange rates for the year that approximate the cumulative effect of rates prevailing on the transaction dates and their assets and liabilities are translated at the exchange date ruling at the end of the reporting period. The resulting exchange differences are recognised in the consolidated statement of other comprehensive income.

The Group's share of results and share of movement in other comprehensive income of equity accounted investments are translated into USD at average exchange rates for the year. Translation differences relating to investments in associates 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.

N) Employee terminal benefits

Refer Note 7.

O) 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.

P) Income tax

Refer Note 12.

Q) Government Grants

Refer Note 28.

Notes to the consolidated financial statements continued
for the year ended 31 December 2021

2 Significant accounting policies continued

2.3 Summary of significant accounting policies continued

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 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 2021. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Interest Rate Benchmark Reform — Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)
The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

These amendments had no impact on the consolidated financial statements of the Group as of 31 December 2021.

The amendments also require additional disclosures that allow users to understand the nature and extent of risks arising from the IBOR reform to which the entity is exposed and how the entity manages those risks. See Note 36 – Market risk for related disclosures about risks, financial assets and financial liabilities indexed to LIBOR and hedge accounting.

Amendments to IFRS 16 COVID-19 Related Rent Concessions
On 28 May 2020, the IASB issued COVID-19-Related Rent Concessions – amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic. In March 2021, the IASB has extended, by one year, the May 2020 amendment. The amendment is effective for annual reporting periods beginning on or after 1 April 2021 with earlier adoption permitted. The amendments did not have a material impact on the Group.

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 IAS 1: Classification of Liabilities as Current or Non-Current
The amendments provide a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and are to be applied retrospectively. The Group is assessing the potential impact of this amendment.

Reference to the Conceptual Framework – Amendments to IFRS 3
The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The IASB also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies, if incurred separately. At the same time, the IASB decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements. The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively. The Group is assessing the potential impact of these amendments.

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16
The amendment prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss. The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment. The amendments are not expected to have a material impact on the Group.

2 Significant accounting policies continued

2.5 Standards issued but not yet effective continued

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37

The amendment specifies which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The Group will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments. The amendment is not expected to have a material impact on the Group.

IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter

The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1. The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The amendment is not expected to have a material impact on the Group.

IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The Group will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendments are not expected to have a material impact on the Group.

IFRS 16 Leases – Lease incentives

The amendment to Illustrative Example 13 accompanying IFRS 16 removes from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example. The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The amendments are not expected to have a material impact on the Group.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

The amendment clarifies how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendment is effective for annual periods beginning on or after 1 January 2023 with earlier adoption permitted. The amendment is not expected to have a material impact on the Group.

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Making Materiality Judgements

The amendment refined its definition of material and issued non-mandatory practical guidance on applying the concept of materiality. The amendment is effective for annual periods beginning on or after 1 January 2023. The amendment is not expected to have a material impact on the Group.

Amendments to IAS 8: Definition of Accounting Estimate

The amendment clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates, with a primary focus on the definition of and clarifications on accounting estimates. The amendment is effective for annual periods beginning on or after 1 January 2023. The amendment is not expected to have a material impact on the Group.

3 Significant accounting judgments, 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.

Other disclosures relating to the Group's exposure to risks and uncertainties include:

i) Capital management (Note 36)
ii) Financial instrument risk management (Note 36)

Significant accounting judgments

Revenue from contract with customers

Refer Note 5.

Determining the lease term of contracts with renewal and termination options – Group as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

The Group includes the renewal period in the lease term for a) satellite capacity leases where the intention to renew is supported by an approved business case and b) for lease of buildings housing satellite gateways where there are no approved plans for relocation of gateways or cancellation of leases. Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

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 2021.

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 judgments made in assessing the recoverable value include expectations of contract renewals, price increases on existing contracts and inflation rates.

At the end of the year, management has not identified any indicator that suggests its non-financial assets are impaired.

3 Significant accounting judgments, estimates and assumptions continued

Significant accounting estimates continued

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 judgments made in assessing the value in use include expectations of contract renewals, price increases on existing contracts and inflation rates.

At the end of the year, management identified an indicator that the HPE cash generating unit (HPE CGU) may be impaired. Accordingly the value in use of the HPE CGU was estimated to determine its recoverable amount, using discounted cash flow projections from approved financial forecasts. The projections cover the period from 2022 to 2036 and were discounted using a discount rate of 10.3%. The recoverable amount of the HPE CGU exceeded its carrying value as of 31 December 2021, indicating the CGU is not impaired. The recoverable amount would still be above carrying amount even with a 0.5% reduction in the terminal growth rate or a 0.5% increase in discount rate.

At the end of the year, management has not identified any indicator that suggests that the Group's investment in Al Maisan is impaired.

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 2021 has been determined using cash flow projections from financial budgets approved by senior management covering the period from 2022 to 2029. No growth rate has been applied on the cash flows beyond 2025. The discount rate applied to the cash flow projections is 9.5%. The recoverable amount of the CGU exceeded the carrying value as of 31 December 2021, indicating the CGU is not impaired. The recoverable amount would still be above carrying amount even with a 0.5% reduction in the terminal growth rate or a 0.5% increase in discount rate.

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 other 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 of forecast economic conditions.

As at 31 December 2021, the Group is carrying an allowance of US$ 21.2 million (2020: US$ 24.9 million).

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 technical 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. For other items of property, plant and equipment and intangible assets management has reviewed the useful lives of major items of and determined that no adjustment is necessary.

Fair value of derivative financial instruments

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. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments 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.

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 5.9% to 6.3% to the lease liabilities.

Key sources of estimation uncertainty – COVID-19

The outbreak of the novel coronavirus (COVID-19) pandemic resulted in the implementation of significant measures by governments globally, including lockdowns, closures, quarantines and travel bans intended to control the spread of the virus.

The Group's activity has demonstrated a certain resilience compared to other industries. The Group's major source of revenue is secured through long term contracts with governments. However, some of the Group's operations relating to Mobility, Data and Managed Solutions were slightly affected mainly due to supply chain disruption. While COVID-19 does have an indirect exposure to customer segments on these operations, there is no evidence that there is a pervasive impact on the ability of the Group's customers to pay. On another note, the pandemic resulted in reduced business travel, marketing and other operating expenses.

While things are returning to normalcy, future developments cannot be accurately predicted which could impact future financial results, cash flows and financial position.

4 Segment information

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

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, 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.

Notes to the consolidated financial statements continued
for the year ended 31 December 2021

4 Segment information continued

Information on segments continued

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 Adjusted EBITDA, a measure broadly consistent with Group Adjusted EBITDA.
- Data Solutions (BCS) and Mobility Solutions segments are evaluated based on segment Adjusted EBITDA and segment 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 and other consolidation adjustments, if any, are presented under the column 'reconciliations'.

Capital expenditure includes additions during the period to property, plant and equipment, capital work in progress, right-of-use assets and intangible assets.

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

The segment information for the year ended 31 December 2021 is as follows:

	Infrastructure $ 000	Managed solutions $ 000	Mobility solutions $ 000	Data solutions (BCS) $ 000	Other $ 000	Reconciliation $ 000	Total $ 000
External revenue	236,020	64,227	80,330	26,992	–	–	407,569
Inter-segment revenue	3,300	1,574	680	742	–	(6,296)	–
Total revenue	239,320	65,801	81,010	27,734	–	(6,296)	407,569
Adjusted EBITDA	183,335	33,184	27,477	(3,515)	–	–	240,481
Depreciation, amortisation and impairment	(90,918)	(115)	(24,581)	(32,976)	–	–	(148,590)
Fair value losses on investment property	–	–	(1,906)	–	–	–	(1,906)
Finance income	2,819	–	8	2,366	–	(4,798)	395
Finance costs	(21,380)	–	(956)	(165)	–	4,798	(17,703)
Share of results – HPE	–	–	–	–	(11,486)	–	(11,486)
Share of results – Al Maisan	–	–	–	–	1,897	–	1,897
Income tax expense	(31)	–	(13)	(171)	–	–	(215)
Profit/(loss) for the year	73,825	33,069	29	(34,461)	(9,589)	–	62,873
Profit/(loss) for the year attributable to non-controlling interests	–	–	3	(6,892)	–	–	(6,889)
Profit/(loss) for the year attributable to the Shareholders	73,825	33,069	26	(27,569)	(9,589)	–	69,762
Capital expenditure	143,339	467	5,579	5,621	–	–	155,006

The segment information for the year ended 31 December 2020 is as follows:

	Infrastructure $ 000	Managed solutions $ 000	Mobility solutions $ 000	Data solutions (BCS) $ 000	Other $ 000	Reconciliation $ 000	Total $ 000
External revenue	238,497	63,220	79,035	26,755	–	–	407,507
Inter-segment revenue	1,299	–	–	578	–	(1,877)	–
Total revenue	239,796	63,220	79,035	27,333	–	(1,877)	407,507
Adjusted EBITDA	199,244	29,043	23,933	(5,290)	–	–	246,930
Depreciation, amortisation and impairment	(91,318)	(122)	(26,325)	(31,802)	–	–	(149,567)
Fair value losses on investment property	–	–	(2,030)	–	–	–	(2,030)
Finance income	696	–	6	3,050	–	(536)	3,216
Finance costs	(19,510)	–	(1,244)	(371)	–	536	(20,589)
Share of results – HPE	–	–	–	–	(14,307)	–	(14,307)
Share of results – Al Maisan	–	–	–	–	(2,053)	–	(2,053)
Income tax expense	20	–	(1)	(219)	–	–	(200)
Profit/(loss) for the year	89,132	28,921	(5,661)	(34,632)	(16,360)	–	61,400
Loss for the year attributable to non-controlling interests	–	–	(576)	(6,926)	–	–	(7,502)
Profit/(loss) for the year attributable to the Shareholders	89,132	28,921	(5,085)	(27,706)	(16,360)	–	68,902
Capital expenditure	78,526	340	6,420	6,904	–	–	92,190

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 21.

	2021 $ 000	2020 $ 000
United Arab Emirates	**337,292**	326,405
Europe	**23,732**	35,642
Asia	**23,510**	25,987
Africa	**15,084**	9,626
North America	**7,024**	8,792
Others	**927**	1,055
Revenue	**407,569**	**407,507**

5 Revenue

Accounting policies

The Group has applied the following accounting policy for revenue recognition in the preparation of its consolidated financial statements.

The Group recognises revenue from contracts with customers based on a five-step model as set out in IFRS 15:

Step 1: Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations. Contracts can be written, oral or implied by the Group's customary business practices.
Step 2: Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.
Step 3: Determine the transaction price: The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.
Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Group allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.
Step 5: Recognise revenue when (or as) the Group satisfies a performance obligation.

The Group satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:
a) The Group's performance does not create an asset with an alternate use to the Group and the Group has as an enforceable right to payment for performance completed to date.
b) The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.
c) The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs.

If a performance obligation is not satisfied over time, the Group satisfies the performance obligation at a point in time.

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 measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes and duty. The Group assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent.

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.

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., warranties). In determining the transaction price for the sale of goods, 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).

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 recognized in profit or loss based on milestones reached, time elapsed or units delivered. No revenue is recognised if there are significant uncertainties regarding the recovery of the consideration due, the associated costs or the possible return of the goods or the rejection of the services provided.

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 recognized 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.

Leases – the Group as a lessor

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.

The amounts due from lessees are recorded in the consolidated statement of financial position as financial assets (finance lease receivables) and are carried at the amount of the net investment in the lease after making provision for impairment.

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.

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.

5 Revenue continued

Revenue	Notes	2021 $ 000	2020 $ 000
Service rendered		**373,756**	380,248
Sale of equipment and accessories		**33,813**	27,259
		407,569	407,507
Revenue from related parties is disclosed in Note 21.			
Revenue includes:			
Revenue from contracts with customers (IFRS 15)		**276,648**	273,804
Income from operating leases (IFRS 16)		**130,921**	133,703
		407,569	407,507
Disaggregation of revenue by operating segment:			
Services rendered:			
Infrastructure		**236,020**	238,497
Managed solutions*		**64,227**	63,220
Mobility solutions		**49,472**	52,078
Data solutions – BCS		**24,037**	26,453
Sale of equipment and accessories (recognised at a point in time)			
Mobility solutions		**30,858**	26,957
Data solutions – BCS		**2,955**	302
	4	**407,569**	407,507
*Managed solutions includes revenue recognised at a point in time of $0.9 million (2020: $3 million).			
Timing of recognition of revenue from contracts with customers:			
Over time		**241,967**	243,525
At a point in time		**34,681**	30,279
		276,648	273,804
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		**162,401**	148,777
More than one year		**1,241,145**	593,322
		1,403,546	742,099
b) Future minimum lease rental receivables under non-cancellable operating leases, where Group is a lessor (excluding investment property)	34	**624,624**	753,380
Total contracted future revenues		**2,028,170**	1,495,479
Contract balances:			
Trade receivables, net of loss allowance	22	**110,651**	94,448
Contract assets	22	**17,836**	19,827
Contract liabilities:			
Advances from a related party	21	**128,040**	128,040
Advances from other customers	24	**1,592**	5,999
Deferred revenue	27	**26,988**	22,095
Revenue recognised from contract liabilities at the beginning of the year		**3,632**	3,850

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

Trade receivables and amounts due from related parties are non-interest bearing and are generally on terms ranging from 10 to 45 days.

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

Significant accounting judgments 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 for the Government of Abu Dhabi, 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.

Classification of leases
The Group has entered into a Capacity Services Agreement ("CSA") with the UAE Armed Forces (UAEAF), an entity under common control, for a period of 15 years. The capacity services include the lease of capacity of satellite transponders and provision of services relating to the operation of satellite network. The capacity charges payable under the terms of the CSA includes a lease element and a service element which corresponds to the capacity lease and provision of services respectively.

The Group has made various judgments 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 judgments, 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 UAEAF (Note 21) and
c) the service element of the arrangement will be accounted as revenue to be recognized over time.

6 Cost of revenue

	2021 $ 000	2020 $ 000
Cost of services sold*	**18,636**	19,971
Cost of equipment and accessories sold	**26,842**	20,070
	45,478	40,041

* Cost of services sold mainly represents supplies procured for managed services and mobile satellite services.

Notes to the consolidated financial statements continued
for the year ended 31 December 2021

7 Staff costs

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.

Provision is also made for the full amount of end of service benefit due to non-UAE national employees in accordance with the UAE Labour Law, for their period of service up to the end of the year. 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 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	2021 $ 000	2020 $ 000
Employee costs		**73,384**	73,266
Outsourced staff costs		**12,122**	10,942
		85,506	84,208
Employee costs include:			
Pension contributions made in respect of UAE national employees in accordance with the UAE Federal Law No. (2), 2000		**2,768**	2,885
Charged during the year towards employee end of service benefits	29	**2,148**	2,342

8 Other operating expenses

	Note	2021 $000	2020 $000
Satellite services operations costs		**13,601**	12,107
Insurance expenses		**7,394**	8,716
Facilities and asset maintenance costs		**4,378**	5,376
Allowance for expected credit losses (reversal)		**(2,418)**	6,522
IT support costs		**3,362**	2,974
Marketing expenses		**2,895**	3,404
Consultancy, legal and advisory expenses		**2,511**	2,715
Inventory obsolescence (reversal)	20	**(1,087)**	2,692
Registration and filing expenses		**1,388**	1,436
Business travel expenses		**1,318**	985
Bank fees and charges		**506**	679
Learning and development expenses		**312**	332
Currency exchange losses – net		**916**	216
Other expenses		**3,351**	3,842
		38,427	51,996

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

9 Other income

Accounting policies

Income from claims for liquidated damages is recognised 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.

Gain arising from transfer of Orbital rights is recognised in profit or loss, as other income, when:
a) Yahsat has fulfilled all its material obligations that allow the transfer of the rights and
b) any remaining Yahsat obligation(s), is merely administrative with a low risk of failure.

For the purpose of calculating the gain arising from transfer of Orbital rights, if the consideration for transfer comprises both cash and non-cash elements, the fair value of consideration is
a) The consideration agreed in cash plus
b) Fair value of non-monetary consideration. Where the non-monetary consideration is in the form of services to be rendered (either by the buyer of the orbital rights or by another third party), recent market transactions or quotations obtained from other service providers for a similar service forms the basis for estimating the fair value.

	Notes	2021 $ 000	2020 $ 000
Rental income from investment property	15	**1,287**	1,091
Gain on transfer of orbital rights		**–**	14,000
Others		**1,036**	577
		2,323	15,668

During the previous year, the Group entered into an Orbital Location Agreement with a satellite operator to transfer the beneficial rights in certain orbital rights to the operator. The fair value of the consideration for the transfer was $14 million, comprising of $4 million in cash and a non-monetary consideration in the form of a right to future orbital services valued at $10 million. The fair value of the consideration received was recorded as gain on transfer of orbital right included within Other income for the year ended 31 December 2020.

10 Depreciation, amortisation and impairment

	Notes	2021 $ 000	2020 $ 000
Depreciation of property, plant and equipment	13	**139,307**	139,286
Depreciation of right-of-use assets	16	**5,377**	5,534
Amortisation of intangible assets	17	**3,906**	4,534
Impairment of non-current assets	13	**–**	213
		148,590	149,567

11 Finance costs and Finance income

Accounting policies

Finance income

Finance income comprises interest income on funds invested and 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	2021 $ 000	2020 $ 000
Finance income			
Interest on short term deposit with banks		**204**	432
Interest on deposits with related party	21	**191**	2,784
		395	3,216
Finance costs			
Interest expense on borrowings – term loans		**(4,710)**	(8,225)
Interest expense on borrowings – lease liabilities	16	**(973)**	(1,216)
Finance charges		**(425)**	–
Fair value losses on derivative financial instruments transferred from other comprehensive income		**(11,595)**	(11,148)
		(17,703)	(20,589)
Net finance costs		**(17,308)**	(17,373)

12 Income tax expense

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
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.

The taxes mainly relate to the subsidiaries in the Netherlands and South Africa and are not significant. Hence no further disclosures are provided.

13 Property, plant and equipment

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.

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 the current and comparative periods are as follows:

Asset category	Years
Buildings	15-40
Leasehold improvements (included in buildings)	5-10
Satellite systems	9-18
Plant and machinery	15-40
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 2020	100,541	2,970,985	16,753	32,616	19,180	3,140,075
Additions	–	6,595	87	1,962	82,016	90,660
Transfers	–	2,665	–	–	(2,665)	–
Disposals/write-offs	(7)	–	–	–	–	(7)
Exchange differences	–	–	–	148	–	148
Other transfers	–	(263)	–	–	–	(263)
At 31 December 2020	100,534	2,979,982	16,840	34,726	98,531	3,230,613
Depreciation						
At 1 January 2020	22,642	1,727,757	6,439	28,390	–	1,785,228
Charge for the year	2,674	133,769	893	1,950	–	139,286
Exchange differences	–	–	–	16	–	16
At 31 December 2020	25,316	1,861,526	7,332	30,356	–	1,924,530
Impairment						
At 1 January 2020	5,272	184,064	–	–	–	189,336
Charge for the year	213	–	–	–	–	213
At 31 December 2020	5,485	184,064	–	–	–	189,549
Net book value	69,733	934,392	9,508	4,370	98,531	1,116,534
Cost						
At 1 January 2021	**100,534**	**2,979,982**	**16,840**	**34,726**	**98,531**	**3,230,613**
Additions	**59**	**4,265**	**128**	**3,163**	**146,851**	**154,466**
Transfers	**–**	**18,273**	**–**	**161**	**(18,434)**	**–**
Transfer to intangible assets (Note 17)	**–**	**–**	**–**	**(597)**	**–**	**(597)**
Disposals	**–**	**–**	**–**	**(159)**	**–**	**(159)**
Write-offs	**–**	**–**	**–**	**–**	**(5)**	**(5)**
Exchange differences	**–**	**–**	**–**	**(284)**	**–**	**(284)**
At 31 December 2021	**100,593**	**3,002,520**	**16,968**	**37,010**	**226,943**	**3,384,034**
Depreciation						
At 1 January 2021	**25,316**	**1,861,526**	**7,332**	**30,356**	**–**	**1,924,530**
Charge for the year	**2,674**	**133,642**	**853**	**2,138**	**–**	**139,307**
Disposals	**–**	**–**	**–**	**(141)**	**–**	**(141)**
Exchange differences	**–**	**–**	**–**	**(41)**	**–**	**(41)**
Transfer to intangible assets (Note 17)	**–**	**–**	**–**	**(464)**	**–**	**(464)**
At 31 December 2021	**27,990**	**1,995,168**	**8,185**	**31,848**	**–**	**2,063,191**
Impairment						
At 1 January and 31 December 2021	**5,485**	**184,064**	**–**	**–**	**–**	**189,549**
Net book value	**67,118**	**823,288**	**8,783**	**5,162**	**226,943**	**1,131,294**

Other equipment includes furniture and fixtures, office equipment vehicles and computers.

Note 14 provides details of the capital work in progress.

14 Capital work in progress

Accounting policies

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.

Capital work in progress as of the end of the reporting period comprise mainly of satellite systems.

During the prior year, the Group entered into a contract for the procurement of a next generation satellite known as Thuraya 4 (T4-NGS), with an option to procure an additional satellite known as Thuraya 5 (T5). Additions during the year relating to T4-NGS amounted to $141.6 million (2020: $76.8 million). As of 31 December 2021, the cumulative cost relating to T4-NGS amounted to $218.4 million (31 December 2020: $76.8 million).

Borrowing costs capitalised during the year relating to T4-NGS amounted to $4.3 million at a capitalisation rate of 3.7% (2020: $ 1 million at a capitalisation rate of 5.4%).

15 Investment property

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 from owner-occupied property to investment property is made only when there is a change in use evidenced by end of owner-occupation. Up to the date when an owner-occupied property becomes an investment property carried at fair value, the group depreciates the property and recognizes any impairment losses that have occurred relating to the property transferred.

	Land $000	Building $000	Total $000
Investment property accounted at fair value			
At 1 January 2020	18,451	5,716	24,167
Net loss from fair value adjustment	(1,540)	(490)	(2,030)
At 31 December 2020	16,911	5,226	22,137
At 1 January 2021	**16,911**	**5,226**	**22,137**
Net loss from fair value adjustment	**(1,446)**	**(460)**	**(1,906)**
At 31 December 2021	**15,465**	**4,766**	**20,231**

The investment property relates to the Dubai building and associated land (property) of Thuraya. The fair value measurement for the investment property is classified as Level 2. The fair value has been determined by an external valuer based on transactions observable in the market.

Leasing arrangements

The investment properties are 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 investment property is recognized in other income (Note 9). Direct operating expenses incurred on investment property during the year amounted to $606 thousand (2020: $564 thousand).

	2021 $000	2020 $000
Minimum lease payments receivable on leases of investment properties are as follows:		
Year 1	**891**	953
Year 2	**301**	418
Year 3	**265**	12
Year 4	**188**	–
Year 5	**188**	–
Beyond Year 5	**62**	–
	1,895	1,383

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.

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.

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.

16 Leases – Group as a Lessee continued

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. 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 – satellite systems	3.5
Right-of-use assets – buildings	4-10

A) Right-of-use assets

Carrying amounts and movements during the period	Satellite systems $000	Buildings $000	Total $000
At 1 January 2020	13,477	14,678	28,155
Lease modification	(2,384)	–	(2,384)
Additions	–	446	446
Retirement	–	(38)	(38)
Depreciation expense	(3,790)	(1,744)	(5,534)
At 31 December 2020	7,303	13,342	20,645
At 1 January 2021	**7,303**	**13,342**	**20,645**
Additions	**–**	**20**	**20**
Depreciation expense	**(3,659)**	**(1,718)**	**(5,377)**
At 31 December 2021	**3,644**	**11,644**	**15,288**

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	2021 $000	2020 $000
Lease liabilities			
At 1 January		**19,797**	31,502
Additions		**20**	446
Accretion of interest	11	**973**	1,216
Retirement		**–**	(38)
Lease modification		**–**	(2,384)
Payments		**(4,254)**	(10,945)
At 31 December	25	**16,536**	19,797
of which current		**4,773**	5,466
of which non-current		**11,763**	14,331
Amounts recognized in profit or loss in relation to leases			
Depreciation expense of right-of-use assets		**5,377**	5,534
Interest expense on lease liabilities		**973**	1,216
Expense relating to of low-value assets (included in other operating expenses)		**196**	161
Total		**6,546**	6,911
Cash flow information			
Total cash outflows for leases		**4,254**	10,945

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.

The Group has lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased asset and align with the Group's business needs. The extension and termination options held are usually exercisable only by the group and not by the respective lessor.

Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised (see Note 3).

17 Intangible assets

Accounting policies

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

Expenditure on research activities is recognised in 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 37 Business combinations, for accounting policy on goodwill.

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

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

	Development costs $000	Licenses $000	Software $000	Goodwill $000	Total $000
Cost					
At 1 January 2020	72,569	180	13,825	3,745	90,319
Additions	–	–	1,084	–	1,084
Exchange differences	–	–	12	–	12
At 31 December 2020	72,569	180	14,921	3,745	91,415
Amortisation					
At 1 January 2020	63,600	128	10,067	–	73,795
Charge for the year	3,449	–	1,085	–	4,534
Exchange differences	–	–	3	–	3
At 31 December 2020	67,049	128	11,155	–	78,332
Net book value at 31 December 2020	5,520	52	3,766	3,745	13,083
Cost					
At 1 January 2021	**72,569**	**180**	**14,921**	**3,745**	**91,415**
Additions	**–**	**–**	**520**	**–**	**520**
Exchange differences	**–**	**–**	**(6)**	**–**	**(6)**
Transfer from property, plant and equipment (Note 13)	**–**	**–**	**597**	**–**	**597**
At 31 December 2021	**72,569**	**180**	**16,032**	**3,745**	**92,526**
Amortisation					
At 1 January 2021	**67,049**	**128**	**11,155**	**–**	**78,332**
Charge for the year	**2,758**	**52**	**1,096**	**–**	**3,906**
Exchange differences	**–**	**–**	**(4)**	**–**	**(4)**
Transfer from property, plant and equipment (Note 13)	**–**	**–**	**464**	**–**	**464**
At 31 December 2021	**69,807**	**180**	**12,711**	**–**	**82,698**
Net book value at 31 December 2021	**2,762**	**–**	**3,321**	**3,745**	**9,828**

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for the year ended 31 December 2021

18 Group information

A) Subsidiaries

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 % 2021	Equity % 2020
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%
Al Yah 3 B.V.	Holding company (liquidated during 2021)	Netherlands	**–**	100%
Yahsat Treasury Sole Proprietorship LLC (formerly Amwaj Communications 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%**	–

B) Material partly-owned subsidiaries

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

	31 December 2021		31 December 2020	
	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	**13,111**	**63,591**	13,088	70,503
Profit attributable to non-controlling interests	**3**	**(6,892)**	(576)	(6,926)

The summarised financial information of these subsidiaries is provided below. This information is based on amounts before inter-company eliminations.

Summarised statement of profit or loss:	31 December 2021 Thuraya $000	31 December 2021 BCS $000	31 December 2020 Thuraya $000	31 December 2020 BCS $000
Revenue	**81,010**	**27,734**	79,035	27,333
Adjusted EBITDA	**27,477**	**(3,515)**	23,933	(5,290)
Depreciation, amortisation and impairment	**(24,581)**	**(32,976)**	(26,325)	(31,802)
Fair value adjustments on investment property	**(1,906)**	**–**	(2,030)	–
Operating profit/(loss)	**990**	**(36,491)**	(4,422)	(37,092)
Net finance income/(cost)	**(948)**	**2,201**	(1,238)	2,679
Income tax expense	**(13)**	**(171)**	(1)	(219)
Profit/(loss) for the year	**29**	**(34,461)**	(5,661)	(34,632)
Other comprehensive income	**196**	**(99)**	(99)	(5)
Total comprehensive (loss)/income	**225**	**(34,560)**	(5,760)	(34,637)
Attributable to non-controlling interests	**23**	**(6,912)**	(586)	(6,927)

Summarised statement of financial position:	Thuraya $000	BCS $000	Thuraya $000	BCS $000
Current assets (Inventories, receivables and cash balances)	**86,935**	**142,875**	79,089	155,315
Non-current assets (Property, plant and equipment and other assets)	**93,648**	**194,405**	114,574	221,978
Current liabilities (Trade and other payables, deferred revenue and borrowings)	**(37,329)**	**(18,560)**	(53,097)	(19,681)
Non-current liabilities (Borrowings and other liabilities)	**(14,323)**	**(766)**	(11,857)	(5,100)
Net assets/Total Equity	**128,931**	**317,954**	128,709	352,512
Attributable to:				
The Shareholders	**115,820**	**254,363**	115,621	282,009
Non-controlling interests	**13,111**	**63,591**	13,088	70,503

19 Equity-accounted investments

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

19 Equity-accounted investments continued

The group's associates are:

Name	Principal activities	Country*	Equity % 2021	Equity % 2020
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 its representation on the board, it accounts for its investment as an associate.

Movement in the investments in associates:	Notes	2021 $000	2020 $000
At 1 January		**125,574**	151,285
Contributions made during the year		**9,880**	18,558
Return of investment from Al Maisan		**(2,080)**	–
Share of results for the year		**(9,589)**	(16,360)
Exchange differences		**(7,582)**	(27,909)
At 31 December		**116,203**	125,574

Aggregate financial information of Al Maisan:	2021 $000	2020 $000
Share of results of equity-accounted investee	**1,897**	(2,053)
Share of total comprehensive income of equity-accounted investee	**1,897**	(2,053)

Aggregate financial information of HPE:	2021 $000	2020 $000
Statement of comprehensive income (100%)		
Revenue	**107,165**	109,684
Loss for the year	**(61,177)**	(71,537)
Other comprehensive income	**–**	–
Total comprehensive loss	**(61,177)**	(71,537)
Group's share of total comprehensive loss (20%)	**(11,486)**	(14,307)
Group's share of results in HPE	**(11,486)**	(14,307)
Statement of financial position (100%)		
Current assets	**54,731**	57,215
Non-current assets	**246,573**	295,309
Current liabilities	**(19,103)**	(36,544)
Non-current liabilities	**(8,059)**	(8,647)
Net assets 100%	**274,142**	307,333
Group's share in net assets (20%)	**54,829**	61,467
Goodwill (20%)	**40,950**	43,499
Other costs relating to the investment	**239**	239
Carrying amount of the investment in HPE	**96,018**	105,205

20 Inventories

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	Notes	2021 $000	2020 $000
Equipment and accessories – satellite services		**14,952**	23,862
Ground operations spares		**1,732**	1,337
		16,684	25,199
Loss allowance		**(10,821)**	(11,908)
		5,863	13,291
Movement in loss allowance for inventories:			
At 1 January		**11,908**	9,113
Provisions made during the year		**667**	2,692
Reversal for the year		**(1,754)**	–
Other movement		**–**	103
At 31 December		**10,821**	11,908

During 2021, USD 26.8 million (2020: USD 20.1 million) of inventories were recognised as cost of equipment and accessories sold (note 6).

21 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	2021 $000	2020 $000
Key management personnel compensation:		
Short term employment benefits	**6,625**	3,609
Post-employment benefits	**344**	298

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21 Related party transactions and balances continued

Transaction with other related parties	Notes	2021 $000	2020 $000
Revenue			
Entities under common control*		**283,972**	282,409
Associate		**1,379**	1,326
Total		**285,351**	283,735
* Revenue from entities under common control includes USD 275 million (2020: USD 278 million) from a single customer (refer to Note 21 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.			
Interest income on short term deposits			
Entities under common control	11	**191**	2,784
Outsourced expenses, office lease rent, systems support			
Entities under common control		**1,337**	1,272
Parent Company		**–**	16
Cost of sales			
Entities under common control		**443**	1,762
Associate		**1,952**	534
Total		**2,395**	2,296
Learning and development expenses			
Entities under common control		**–**	99

b) Related party balances

	Notes	2021 $000	2020 $000
Trade and other receivables due from related parties			
Entities under common control		**71,307**	53,596
Associates		**157**	1,490
Parent company		**1,118**	150
Total	22	**72,582**	55,236
Short-term deposits with a related party			
Entity under common control	23	**–**	130,000
Trade and other payables due to related parties			
Entities under common control		**4,830**	4,116
Associate		**376**	1,143
Parent company		**74**	–
Total	24	**5,280**	5,259
Deferred revenue			
Entities under common control		**3,380**	3,994
Associate		**183**	176
Total	27	**3,563**	4,170
Advance from a related party			
Entity under common control	24	**291,000**	291,000

(i) Transactions with an entity under common control

a) The Group provides capacity services pursuant to the Capacity Services Agreement ("CSA") with the UAE Armed Forces (UAEAF). 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 with UAEAF, an aggregate amount of USD 291 million (the "Down Payment") was payable by UAEAF in three annual instalments starting June 2008, as an advance. Accordingly, the Group received the first instalment of USD 116.4 million in June 2008 and further two instalments of USD 87.3 million, in June 2009 and June 2010, respectively from UAEAF. The Down Payment will be set off against the capacity charges in equal instalments from 1 January 2023 until the termination of the agreement. The advance is attributable to the lease element at USD 163 million (2020: 163 million), and to service element (contract with customers) at USD 128 million (2020: USD 128 million) (see Note 5).

On 17 June 2021, the Group signed the T4-NGS capacity services agreement with UAEAF (T4-NGSA) for a total contract value of $708.4 million (AED 2.6 billion). The term of the T4-NGSA is 15 years from the date of commencement of commercial services of T4-NGS which is expected in the second half of 2024.

b) The Group has also entered into contracts with UAEAF for the provision of operation, maintenance and training services.

c) The Group has entered into various contracts with UAEAF for the provision of end-to-end integrated satellite communication and managed services. Revenue from such contracts are reported under managed services. The balance due from UAEAF at the reporting date, includes amounts invoiced to date in relation to the afore-mentioned contracts.

d) UAEAF has allocated a plot of land (Secondary site in the emirate of Abu Dhabi) to the Company and has granted permission to the Company to construct and access a Satellite Ground Control Station on the plot. Title to the plot of land has not been transferred to the Company and accordingly the plot has not been recognized in the consolidated financial statements. In addition, refer to note 28 to the consolidated financial statements which discloses information about another plot of land (Primary site) received by the Company.

Future payments pertaining to lease element included in capacity charges	2021 $000	2020 $000
Year 1	**128,184**	128,184
Year 2	**128,184**	128,184
Year 3	**128,184**	128,184
Year 4	**128,184**	128,184
Year 5	**109,723**	128,184
Beyond Year 5	**–**	109,723
At 31 December	**622,459**	750,643

(ii) Transactions with other entities under common control

a) Star has also entered into contracts with various entities under common control for the provision of managed services. These entities mainly include Presidential Guard Command, ADNOC Offshore and ADNOC Drilling.

b) The Company procures outsourced resources from affiliates of its Parent Company. During the previous year, the Group contributed to learning and development programmes in partnership with affiliates of the Parent Company.

c) During the previous year, the Group placed short-term deposits with Mubadala Treasury Holding Company LLC for USD 30 million with interest rates ranging from 0.21% to 0.63%.

d) During the previous year, the Group also placed short-term deposits with Abu Dhabi Commercial Bank for USD 100 million with an interest rate of 0.80%.

Notes to the consolidated financial statements continued
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21 Related party transactions and balances continued

(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 a related party which carry specific repayment terms as specified above, are expected to be settled in cash. No impairment charge has been recognised during the year in respect of amounts owed by related parties.

Also refer Note 25 for other related party transactions.

22 Trade and other receivables

	Reference	Notes	2021 $000	2020 $000
Trade receivables – third parties			**70,096**	74,906
Trade receivables – related parties*			**61,747**	44,406
Sub total	a		**131,843**	119,312
Allowance for expected credit losses	b		**(21,192)**	(24,864)
Trade receivables, net of allowance	**c**		**110,651**	94,448
Accrued income – third parties			**7,031**	9,986
Accrued income – related parties*			**10,805**	9,841
Contract assets	**d**		**17,836**	19,827
Prepayments – orbital services			**10,000**	10,000
Prepayments – others			**2,686**	2,647
Advances – third parties			**11,348**	4,706
Advances – related parties*			**30**	642
Other receivables – third parties			**5,456**	5,906
Other receivables – related parties*			**–**	347
Sub total	e		**29,520**	24,248
Total trade and other receivables	c+d+e		**158,007**	138,523
of which non-current			**10,382**	11,227
of which current			**147,625**	127,296
Additional information:				
*Total due from related parties	y	21	**72,582**	55,236
Total contract balances, net of allowance	a+b+d		**128,487**	114,275
Total contract balances, excluding allowance	a+d		**149,679**	139,139

	2021 Gross carrying amount $000	2021 Loss allowance $000	2020 Gross carrying amount $000	2020 Loss allowance $000
Categories of trade receivables and contract assets				
Managed solutions, government customers	**54,331**	**(535)**	49,748	(859)
Managed solutions, general category	**16,684**	**(472)**	6,391	(352)
Infrastructure services, government customers	**5,892**	**–**	5,829	–
Infrastructure services, general category	**3,395**	**(3,395)**	3,884	(2,339)
Data solutions, general category	**19,648**	**(10,151)**	11,357	(6,000)
Data solutions, high risk category	**990**	**(990)**	4,970	(4,882)
Mobility solutions, general category	**47,555**	**(5,649)**	56,670	(10,432)
Others	**1,184**	**–**	290	–
	149,679	**(21,192)**	139,139	(24,864)

Movement in the allowance for expected credit losses:	Notes	2021 $000	2020 $000
At 1 January		**24,864**	27,095
Charge for the year		**2,647**	6,522
Reversal for the year		**(5,065)**	(320)
Written off during the year as uncollectible		**(1,254)**	(8,432)
Exchange differences		**–**	(1)
At 31 December		**21,192**	24,864
The ageing of trade receivables is as follows:			
Not past due		**40,960**	32,479
Past due 0 to 90 days		**23,579**	27,908
Past due 91 to 180 days		**17,964**	27,388
Past due above 180 days		**49,340**	31,537
		131,843	119,312

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

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

Other receivables include Staff-related receivables of USD 3.8 million (2020: USD 3.9 million).

23 Cash and short-term deposits

	Notes	2021 $000	2020 $000
Cash on hand and in banks		**277,738**	94,912
Short-term deposits with banks		**122,536**	3
Short-term deposits with related parties	21	**–**	130,000
Cash and short-term deposits		**400,274**	224,915
Less: Short-term deposits with original maturities of over three months		**(122,536)**	(120,000)
Cash and cash equivalents		**277,738**	104,915

The short-term deposits earn interest at prevailing commercial rates.

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 25, respectively.

24 Trade and other payables

	Notes	2021 $000	2020 $000
Trade payables – third parties		**37,404**	39,135
Trade payables – related parties*		**677**	1,152
Accruals		**31,886**	32,197
Other payables – third parties		**6,091**	5,949
Other payables – related parties*		**4,603**	4,107
Advance from a related party	21	**291,000**	291,000
Advances from other customers		**1,592**	5,999
Total trade and other payables		**373,253**	379,539
of which non–current		**291,000**	291,000
of which current		**82,253**	88,539
*Trade and other payables due to related parties	21	**5,280**	5,259
Contract liability:			
Included in advance from a related party		**128,040**	128,040
Included in advances from other customers		**1,592**	5,999

Advance from a related party is classified as non-current (Refer Note 21).

Accruals include employee-related accruals of USD 10.3 million (2020: USD 8.3 million).

25 Borrowings

The carrying amount of borrowings are as follows:

	Notes	2021 $000	2020 $000
A) Term loans			
Principal amounts		**532,819**	255,716
Unamortised transaction costs		**(17,118)**	(2,744)
Term loans – net of unamortised transaction costs		**515,701**	252,972
B) Lease liabilities	16	**16,536**	19,797
Total borrowings		**532,237**	272,769
of which current		**62,669**	129,114
of which non-current		**469,568**	143,655

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 2021				
Term loan 1	2012–2022	**–**	**–**	**–**
Term loan 4	2015–2021	**–**	**–**	**–**
Term loan 5	2022–2026	**400,000**	**(4,135)**	**395,865**
Term loan 6	2024–2032	**132,819**	**(12,983)**	**119,836**
		532,819	**(17,118)**	**515,701**
At 31 December 2020				
Term loan 1	2012–2022	251,461	(2,726)	248,735
Term loan 4	2015–2021	4,255	(18)	4,237
		255,716	(2,744)	252,972

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

	2021 $000	2020 $000
At 1 January	**252,972**	367,736
Proceeds	**532,819**	–
Transaction costs (of which $16.3 million was paid in cash)	**(18,043)**	–
Amortisation of transaction costs (non–cash)	**3,670**	1,837
Repayments	**(255,717)**	(116,601)
At 31 December	**515,701**	252,972

25 Borrowings continued

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

	Term loan 1 $000	Term loan 4 $000	Term loan 5 $000	Term loan 6 $000	Total $000
At 31 December 2021					
Within one year	–	–	60,000	–	60,000
1 – 2 years	–	–	120,000	–	120,000
2 – 5 years	–	–	220,000	39,065	259,065
Beyond 5 years	–	–	–	93,754	93,754
	–	–	400,000	132,819	532,819
At 31 December 2020					
Within one year	121,229	4,255	–	–	125,484
1 – 2 years	130,232	–	–	–	130,232
2 – 5 years	–	–	–	–	–
Beyond 5 years	–	–	–	–	–
	251,461	4,255	–	–	255,716

Term loan 1: The Group entered into a Credit Agreement with a consortium of banks for a US dollar denominated unsecured term loan facility in the aggregate amount of USD 1,200 million. The Group drew down USD 984 million of the loan facility until the expiry of the availability period in 2012. The loan was repayable in twenty one semi-annual instalments starting from 31 December 2012. The loan bore interest at LIBOR plus margin ranging from 1.1% to 1.4% per annum over the term of the loan. During the year, Term loan 1 was fully acquired by the Group (refer to Term loan 5 below).

Term loan 4: Thuraya obtained this facility in 2016 for a total value of USD 17.7 million (AED 65 million) of which Thuraya obtained USD 5.4 million in 2016 and USD 12.2 million in 2018. The loan was repayable in equal monthly instalments over five years at EIBOR plus 4% with a minimum rate of 5.75%. The loan was structured as an Ijarah facility ("lease to own") related to Thuraya's primary gateway and ground segment assets and business expansion. It was secured by a commercial mortgage on the assets, assignment of receivables, pledge over the bank account maintained with the bank, assignment of insurance over the financed assets and promissory note. During the year, Thuraya repaid the remaining balance of USD 4.3 million (2020: USD 4.3 million).

Term loan 5: On 14 June 2021, the Group entered into a new 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 installments starting from 14 December 2022. Term loan 5 bears interest at LIBOR plus margin of 1.30% per annum.

On 22 June 2021, the Term loan 5 was drawn in full and was partially used to acquire the outstanding borrowings of Term loan 1 amounting to $251,461 thousand on the same date. Upon acquisition of Term Loan 1, the remaining unamortised transaction cost of $1,858 thousand was charged to profit or loss under finance costs and is included in the line item 'Amortisation of transaction costs' above.

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 $300.5m Facility). Term loan 6 will be used to partly fund the capital expenditure relating to the T4-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. The ECA $300.5m Facility bears interest at LIBOR plus margin of 0.60% per annum. During the year, an amount of $132.8 million was drawn from this facility. As of 31 December 2021, the unutilised facility amounted to $167.7 million.

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).

Borrowings include outstanding balances due to related parties aggregating to USD 95 million (2020: USD 59.7 million). The interest expense on loans from related party banks amounted to USD 4.2 million (2020: USD 4.8 million).

B) Lease liabilities – Refer to Note 16 B)

26 Derivatives used for hedging

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.

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 (LIBOR plus margin) in connection with its borrowings.

Previously, the Group entered into a cash flow hedge, by acquiring an interest rate swap (IRS), to hedge the variability in interest rate with respect to Term Loan 1. Under the IRS agreement, the Group received a variable rate of interest equal to LIBOR and pays fixed rate on notional amounts that mirror the drawdown and repayment schedule of the loan. The IRS settlements were made semi-annually until its termination in June 2021 as described below.

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 which the Group entered into during the year (refer to Note 25 A). The effective date for both IRS agreements is 14 July 2021.

On 22 June 2021, the Group terminated all, but one, IRS agreements relating to Term Loan 1 resulting in a total settlement of $8.6 million. Consequently, the Group discontinued hedge accounting which resulted in the reclassification of the related balance in the accumulated hedging reserve to profit or loss amounting to $5.2 million. The remaining IRS formed part of the new hedging arrangement relating to Term loan 5.

26 Derivatives used for hedging continued

Interest rate swaps – fair value	2021 $ 000	2020 $ 000
A) Derivative financial assets	**4,854**	–
B) Derivative financial liabilities	**(193)**	(9,657)
C) Hedge reserve	**5,426**	(9,657)

A) Derivative financial assets		
Contractual maturities		
Within one year	**1,644**	–
1 – 2 years	**1,280**	–
2 – 5 years	**1,699**	–
After 5 years	**231**	–
	4,854	–
Notional amount outstanding	**504,044**	–
B) Derivative financial liabilities		
Contractual maturities		
Within one year	**193**	8,016
1 – 2 years	**–**	1,641
	193	9,657
Notional amount outstanding	**8,196**	197,252

C) 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 judgments
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 judgment is required in establishing fair values. The judgments include consideration of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of derivative financial instruments.

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

27 Deferred revenue

	Notes	2021 $ 000	2020 $ 000
Unutilized airtime balances from prepaid scratch cards		**18,001**	12,469
Others		**8,987**	9,626
Total deferred revenue		**26,988**	22,095
of which contract liabilities – related parties	21	**3,563**	4,170

28 Government grants

Accounting policies

Non-monetary government grants

The Group receives certain assets, primarily in the form of land, from entities related to the Government 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.

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.

29 Provision for employees' end of service benefits

Accounting policies

For accounting policies on provision for employees' end of service benefits, refer Note 7.

The movement in the provision is as follows:

	Note	2021 $ 000	2020 $ 000
At 1 January		**10,515**	10,075
Charge during the year		**2,148**	2,342
Payments made during the year		**(1,418)**	(1,891)
Other movements		**15**	–
Exchange differences		**(22)**	(11)
At 31 December		**11,238**	10,515

30 Share capital and additional paid-in capital

The movement in the share capital is as follows:

	2021		2020	
	Shares (000)	$ 000	Shares (000)	$ 000
At 1 January	**10,000**	**2,722**	10,000	2,722
Conversion of additional paid-in capital	**2,429,770**	**661,612**	–	–
At 31 December	**2,439,770**	**664,334**	10,000	2,722

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 USD at the rate of AED 3.6725 to USD 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. Subsequent to the listing, the Parent Company continues to own 60% of the Company's share capital.

31 Dividends

During the year, the Company paid total dividends of $132.5 million as follows:

i) $36 million representing $3.6 per fully paid share which was paid in April 2021 prior to the increase in the Company's share capital (refer to Note 30); and
ii) $96.5 million representing $0.04 per fully paid share which is comprised of $44 million relating to the financial year 2020 and an interim dividend of $52.5 million relating to the financial year 2021, both of which were paid in July 2021.

During the previous year, the Company paid total dividends of $55 million representing $5.5 per fully paid share.

On 28 February 2022, the Board of Directors proposed a final dividend of $52.5 million representing $0.02 (AED 0.08) per share for the second half of the financial year 2021 bringing the total dividends per share to $0.04 (AED 0.16) per share for the year. The proposed dividend is subject to approval of the shareholders at the annual general assembly.

32 Statutory reserve

Article 103 of the UAE Federal Law No.2 of 2015 requires that 10% of the Company's 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.

33 Capital commitments and contingent liabilities

	Note	2021 $ 000	2020 $ 000
Capital commitments – committed and contracted		**259,305**	267,440
Contingent liabilities – performance bonds provided by banks in the normal course of business		**30,956**	31,479

During 2020, the Group entered into a contract for procurement of a next generation satellite known as Thuraya 4 (T4), with an option to procure an additional satellite known as Thuraya 5 (T5). As at the reporting date the costs relating to T4 satellite is committed, hence included under capital commitments – committed and contracted.

34 Leases – Group as a Lessor

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

	Note	2021 $ 000	2020 $ 000
Satellite capacity leases – related party	21(i)	**622,459**	750,643
Investment property leases – third parties	15	**1,895**	1,383
Other leases: *			
Satellite capacity leases – third parties		**353**	940
Gateway hosting – third parties		**1,812**	1,797
At 31 December		**626,519**	754,763

	2021 $ 000	2020 $ 000
* The future minimum lease rental receivables under non-cancellable operating leases relating to other leases are as follows:		
Year 1	**1,033**	2,737
Year 2	**604**	–
Year 3	**528**	–
At 31 December	**2,165**	2,737

35 Earnings per share

	2021 $ 000	2020 $ 000
Profit for the period attributable to the Shareholder (in $'000)	**69,762**	68,902
Weighted average number of ordinary shares outstanding ('000)	**2,439,770**	2,439,770
Basic and diluted earnings per share ($)	**0.029**	0.028
Basic and diluted earnings per share (AED)	**0.105**	0.104

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 (Note 30). As the increase in the number of shares outstanding did not have a corresponding change in resources, the number of shares for 2020 have been adjusted for the purpose of calculating the weighted average number of ordinary shares.

36 Financial risk management

Overview

The Group has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

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

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

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables 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	2021 $ 000	2020 $ 000
Derivative financial assets	26	4,854	–
Trade receivables and contract assets	22	128,487	114,275
Other receivables	22	5,456	6,253
Cash and short-term deposits	23	400,274	224,915
		539,071	345,443

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, data and mobility solutions satellite services, infrastructure services 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 48% (2020: 47%) 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.

Financial instruments and cash deposits

The Group had credit risk arising from its derivatives used for hedging, which are settled on a net basis. With respect to 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 expected operational 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	1 – 2 years	2 – 5 years	Beyond 5 years	Total
2021					
Term loans	**65,713**	**124,426**	**267,662**	**98,206**	**556,007**
Lease liabilities	**5,569**	**2,322**	**6,743**	**4,415**	**19,049**
Derivative financial liabilities	**193**	**–**	**–**	**–**	**193**
Trade and other payables (excluding advances from customers)	**80,662**	**–**	**–**	**–**	**80,662**
At 31 December 2021	**152,137**	**126,748**	**274,405**	**102,621**	**655,911**
2020					
Term loans	129,357	131,882	–	–	261,239
Lease liabilities	6,244	3,710	6,842	6,618	23,414
Derivative financial liabilities	8,029	1,646	–	–	9,675
Trade and other payables (excluding advances from customers)	82,540	–	–	–	82,540
At 31 December 2020	226,170	137,238	6,842	6,618	376,868

The facility amounts relating to the Group's term loans are disclosed in Note 25.

Market risk

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

i) Currency risk

The Group is exposed to currency risk in respect of transactions denominated in currencies other than USD. In respect of transactions denominated in the UAE Dirham ("AED"), the Group is currently not exposed to currency risk as the AED is pegged to USD. For significant transactions denominated in currency other than USD 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.

36 Financial risk management continued

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.

	2021 $ 000	2020 $ 000
Interest expense		
- 25 basis points	**57**	203
+ 25 basis points	**(57)**	(203)

Managing interest rate benchmark reform and associated risks

A fundamental reform of major interest benchmarks is being undertaken globally, including the replacement of some London Interbank Offered Rates (LIBOR) with an alternative benchmark rate (referred to as "LIBOR" reform). The Group has exposure to USD LIBOR on its financial instruments that will be replaced or reformed as part of these market-wide initiatives. The Group's main IBOR exposure at 31 December 2021 was indexed to US Dollar LIBOR.

On 5 March 2021, ICE Benchmark Administration (IBA), the Financial Conduct Authority (FCA) and the International Swaps and Derivatives Association (ISDA) announced that representative Libor rates will no longer be available immediately after 31 December 2021 for the 1-week and 2-month US dollar settings, and the remaining US dollar settings immediately after 30 June 2023. Adoption of a replacement benchmark rate, after the discontinuation of USD LIBOR, will have an impact on the Term Facility Agreement (Term loan 5), BPIFAE Facility Agreement (Term loan 6) and Interest Rate Swap (IRS) Agreements. These agreements provide for a mechanism for transition from USD LIBOR to an agreed replacement benchmark.

The carrying amounts of Term loan 5 and Term loan 6 are disclosed in Note 25 while the fair value and notional amounts of the IRS are disclosed in Note 26.

Fair values

The fair value measurements of borrowings and derivative financial instrument are classified as 'Level 2' within the fair valuation hierarchy i.e. wherein fair value is determined using valuation techniques in which significant inputs are based on observable market data.

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 and Level 2 during 2021 and 2020.

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 equity attributable to Yahsat Owner 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, additional paid-in capital, reserves and retained earnings.

	Notes	2021 $ 000	2020 $ 000
Interest bearing borrowings (excluding unamortised transaction costs)	25	**549,355**	275,513
Less: cash and short-term deposits	23	**(400,274)**	(224,915)
Net debt		**149,081**	50,598
Equity attributable to the Shareholders		**841,384**	896,524
Equity attributable to the Shareholders and net debt		**990,465**	947,122
Gearing ratio (%)		**15%**	5%

37 Business combinations and changes in ownership interests

This note provides information on changes to the group structure in the current and previous years and the significant accounting policies followed by the Group. There were no changes to the group structure in the current year and prior year.

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.

37 Business combinations and changes in ownership interests continued

Accounting policies continued

Business combinations continued

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

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

Transfer of entities under common control

Transfers giving rise to transfer of interests in entities that are under the common control of the shareholder are accounted for at the date that transfer occurred, without restatement of prior periods. The assets and liabilities acquired are recognized at the carrying amounts recognized 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 recognized 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) recognize 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 recognized in OCI, in relation to the subsidiary and
d) recognize 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 or geographical area of operations
Or
c) Is a subsidiary acquired exclusively with a view to resale

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

Acquisition of an associate in a business combination
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.

38 Comparatives

Capital work in progress amounting to $98.5 million have been reclassified to Property, plant and equipment in the consolidated statement of financial position as of 31 December 2020.
The reclassification was made to conform with the current year's presentation.

Supplemental information to the consolidated financial statements
for the year ended 31 December 2021

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

i) Consolidated statement of profit or loss

	2021 AED 000	2020 AED 000
Revenue	**1,496,797**	1,496,569
Cost of revenue	**(167,018)**	(147,051)
Staff costs	**(314,021)**	(309,254)
Other operating expenses[1]	**(141,122)**	(190,955)
Other income	**8,531**	57,541
Adjusted EBITDA[2]	**883,167**	906,850
Depreciation, amortisation and impairment	**(545,697)**	(549,285)
Fair value adjustments on investment property	**(7,000)**	(7,455)
Operating profit	**330,470**	350,110
Finance income	**1,451**	11,811
Finance costs	**(65,014)**	(75,612)
Net Finance costs	**(63,563)**	(63,801)
Share of results of equity-accounted investments	**(35,216)**	(60,082)
Profit before income tax	**231,691**	226,227
Income tax expense	**(790)**	(735)
Profit for the year	**230,901**	225,492
Loss for the year attributable to non-controlling interests	**(25,300)**	(27,551)
Profit for the year attributable to the Shareholders	**256,201**	253,043
Earnings per share		
Basic and diluted (AED per share)	**0.105**	0.104

(1) Other operating expenses include impairment loss on trade receivables and contract assets. For the year ended 31 December 2021, the net impairment was negative (net credit) of AED 8,880 thousand. For the year ended 31 December 2020, the net impairment was a charge of AED 23,952 thousand.

(2) Earnings before interest, tax, depreciation, amortisation, impairment, fair value adjustments on investment property and share of results of equity-accounted investments. Refer to note 4 for a reconciliation of Adjusted EBITDA to profit for the year. Adjusted EBITDA is a non-GAAP measure.

ii) Consolidated statement of comprehensive income

	2021 AED 000	2020 AED 000
Profit for the year	**230,901**	225,492
Other comprehensive income:		
Items that may be reclassified to profit or loss:		
Cash flow hedge – effective portion of changes in fair value	**12,810**	(18,238)
Cash flow hedge – loss reclassified to profit or loss	**42,583**	40,941
Foreign operations – currency translation differences	**(27,489)**	(102,878)
Other comprehensive income for the year	**27,904**	(80,175)
Total comprehensive income for the year	**258,805**	145,317
Total comprehensive loss attributable to non-controlling interests	**(25,300)**	(27,591)
Total comprehensive income attributable to the Shareholders	**284,105**	172,908

Supplemental information to the consolidated financial statements continued
for the year ended 31 December 2021

iii) Consolidated statement of financial position

	2021 AED 000	2020 AED 000
Assets		
Property, plant and equipment	**4,154,677**	4,100,471
Investment property	**74,298**	81,298
Right-of-use assets	**56,145**	75,819
Intangible assets	**36,093**	48,047
Equity-accounted investments	**426,756**	461,171
Trade and other receivables	**38,128**	41,232
Derivative financial assets	**11,789**	–
Deferred income tax assets	**474**	345
Total non-current assets	**4,798,360**	4,808,383
Inventories	**21,532**	48,811
Trade and other receivables	**542,152**	467,495
Derivative financial assets	**6,038**	–
Income tax assets	**687**	668
Cash and short-term deposits	**1,470,006**	826,000
Total current assets	**2,040,415**	1,342,974
Total assets	**6,838,775**	6,151,357
Liabilities		
Trade and other payables	**302,074**	325,159
Borrowings	**230,152**	474,171
Derivative financial liabilities	**709**	29,439
Deferred revenue	**99,113**	81,144
Income tax liabilities	**599**	1,058
Total current liabilities	**632,647**	910,971

	2021 AED 000	2020 AED 000
Trade and other payables	**1,068,697**	1,068,698
Borrowings	**1,724,488**	527,573
Derivative financial liabilities	**–**	6,027
Provision for employees' end of service benefits	**41,272**	38,616
Total non-current liabilities	**2,834,457**	1,640,914
Total liabilities	**3,467,104**	2,551,885
Net assets	**3,371,671**	3,599,472
Equity		
Share capital	**2,439,770**	10,000
Additional paid-in capital	**–**	2,429,770
Hedging reserve	**19,927**	(35,465)
Statutory reserve	**35,135**	15,068
Translation reserve	**(109,029)**	(81,541)
Retained earnings	**704,180**	954,652
Equity attributable to the Shareholders	**3,089,983**	3,292,484
Non-controlling interests	**281,688**	306,988
Total equity	**3,371,671**	3,599,472

* Cash and short term deposits include cash and cash equivalents of AED 1,019,993 thousand (31 December 2020: AED 385,300 thousand).

Supplemental information to the consolidated financial statements continued
for the year ended 31 December 2021

iv) Consolidated statement of changes in equity

	Attributable to the Shareholders							
	Share capital AED'000	Additional paid-in 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 2020	10,000	2,429,770	(58,169)	36,365	903,597	3,321,563	334,579	3,656,142
Profit for the year	–	–	–	–	253,043	253,043	(27,551)	225,492
Other comprehensive income:								
Currency translation differences	–	–	–	(102,837)	–	(102,837)	(40)	(102,877)
Net loss on fair value of cash flow hedges	–	–	(18,238)	–	–	(18,238)	–	(18,238)
Reclassified to consolidated statement of profit or loss (Note 11)	–	–	40,941	–	–	40,941	–	40,941
Other comprehensive income for the year	–	–	22,703	(102,837)	–	(80,134)	(40)	(80,174)
Total comprehensive income for the year	–	–	22,703	(102,837)	253,043	172,909	(27,591)	145,318
Transactions with the Shareholder:								
Dividends (Note 31)	–	–	–	–	(201,988)	(201,988)	–	(201,988)
At 31 December 2020	10,000	2,429,770	(35,466)	(66,472)	954,652	3,292,484	306,988	3,599,472
At 1 January 2021	**10,000**	**2,429,770**	**(35,466)**	**(66,472)**	**954,652**	**3,292,484**	**306,988**	**3,599,472**
Profit for the year	**–**	**–**	**–**	**–**	**256,201**	**256,201**	**(25,300)**	**230,901**
Other comprehensive income:								
Currency translation differences	**–**	**–**	**–**	**(27,489)**	**–**	**(27,489)**	**–**	**(27,489)**
Net loss on fair value of cash flow hedges	**–**	**–**	**12,810**	**–**	**–**	**12,810**	**–**	**12,810**
Reclassified to consolidated statement of profit or loss (Note 11)[2]	**–**	**–**	**42,583**	**–**	**–**	**42,583**	**–**	**42,583**
Other comprehensive income for the year	**–**	**–**	**55,393**	**(27,489)**	**–**	**27,904**	**–**	**27,904**
Total comprehensive income for the year	**–**	**–**	**55,393**	**(27,489)**	**256,201**	**284,105**	**(25,300)**	**258,805**
Conversion of additional paid-in capital to share capital (Note 30)	**2,429,770**	**(2,429,770)**	**–**	**–**	**–**	**–**	**–**	**–**
Transfer to statutory reserve	**–**	**–**	**–**	**20,067**	**(20,067)**	**–**	**–**	**–**
Transactions with the Shareholder:								
Dividends (Note 31)	**–**	**–**	**–**	**–**	**(486,606)**	**(486,606)**	**–**	**(486,606)**
At 31 December 2021	**2,439,770**	**–**	**19,927**	**(73,894)**	**704,180**	**3,089,983**	**281,688**	**3,371,671**

(1) Other reserves include translation reserve and statutory reserve.
(2) The amount includes AED 18,935 thousand on account of discontinuance of hedge accounting (Note 26) and AED 23,647 thousand relating to periodic reclassifications to profit or loss.

v) Consolidated statement of cash flows

	2021 AED 000	2020 AED 000
Operating activities		
Profit before income tax	**231,691**	226,226
Adjustments for:		
Share of results of equity-accounted investments	**35,216**	60,082
Depreciation, amortisation and impairment	**545,697**	549,285
Allowance (reversal of allowance) for expected credit losses	**(8,880)**	22,777
Loss allowance for inventories	**(3,992)**	9,886
Fair value adjustment to investment property	**7,000**	7,455
Finance income	**(1,451)**	(11,811)
Finance costs	**65,014**	75,613
Gain on disposal of property, plant and equipment	**(114)**	–
Gain on transfer of orbital rights – non-cash consideration	**–**	(36,725)
Provision for employees' end of service benefits	**7,889**	8,601
Write-off of property, plant and equipment/capital work in progress	**18**	26
Operating profit before working capital changes	**878,088**	911,415
Working capital changes:		
Trade and other receivables	**(62,675)**	8,168
Inventories	**31,268**	(23,012)
Trade and other payables	**(23,155)**	(15,902)
Deferred revenue	**17,970**	(32,362)
Employee end of service payments	**(5,208)**	(6,945)
Income tax paid	**(1,399)**	(621)
Net cash from operating activities	**834,889**	840,741

Supplemental information to the consolidated financial statements continued
for the year ended 31 December 2021

v) Consolidated statement of cash flows continued

	2021 AED 000	2020 AED 000
Investing activities		
Additions to property, plant and equipment	**(27,966)**	(31,745)
Purchases of capital work in progress	**(531,818)**	(242,532)
Additions to intangible assets	**(1,910)**	(3,981)
Proceeds on disposal of property, plant and equipment	**180**	–
Investment in an associate	**(36,284)**	(68,154)
Return of investment in an associate	**7,639**	–
Receipts of short-term deposits with original maturity of over three months	**440,700**	514,150
Investments in short-term deposits with original maturity of over three months	**(450,013)**	(440,700)
Interest received	**1,451**	11,811
Net cash used in investing activities	**(598,021)**	(261,151)
Financing activities		
Proceeds from term loans	**1,956,778**	–
Repayment of term loans	**(939,121)**	(428,217)
Payment of lease liabilities	**(15,623)**	(40,196)
Interest paid	**(27,533)**	(64,397)
Transaction costs on borrowings paid	**(59,825)**	–
Settlement of derivative contract liabilities	**(31,418)**	–
Dividend paid to the Shareholder	**(486,606)**	(201,988)
Net cash from/(used in) financing activities	**396,652**	(734,798)
Net increase/(decrease) in cash and cash equivalents	**633,520**	(155,208)
Net foreign exchange difference	**1,172**	(936)
Cash and cash equivalents at 1 January	**385,300**	541,444
Cash and cash equivalents as at 31 December	**1,019,992**	385,300

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 cashflow from operations less maintenance and development capital expenditures, Investments and net finance costs and excludes advances from customers on long term capacity contracts (e.g., Thuraya-4 NGS)
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
Normalised Adjusted EBITDA Margin	Normalised Adjusted EBITDA divided by Revenue
Normalised Net Income	Profit attributable to the shareholders, adjusted for material one-off items
Normalised Net Income margin	Normalised Adjusted Net Income divided by Revenue
Operating Free Cash Flow	Normalised Adjusted EBITDA minus additions to intangible assets, development and maintenance related capital expenditure, excluding 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

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