



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

Revenue

US\$ 407.6m

Net Income

US\$ 69.8m

Adjusted EBITDA

US\$ 240.5m

Net debt to EBITDA ratio

0.6 times

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