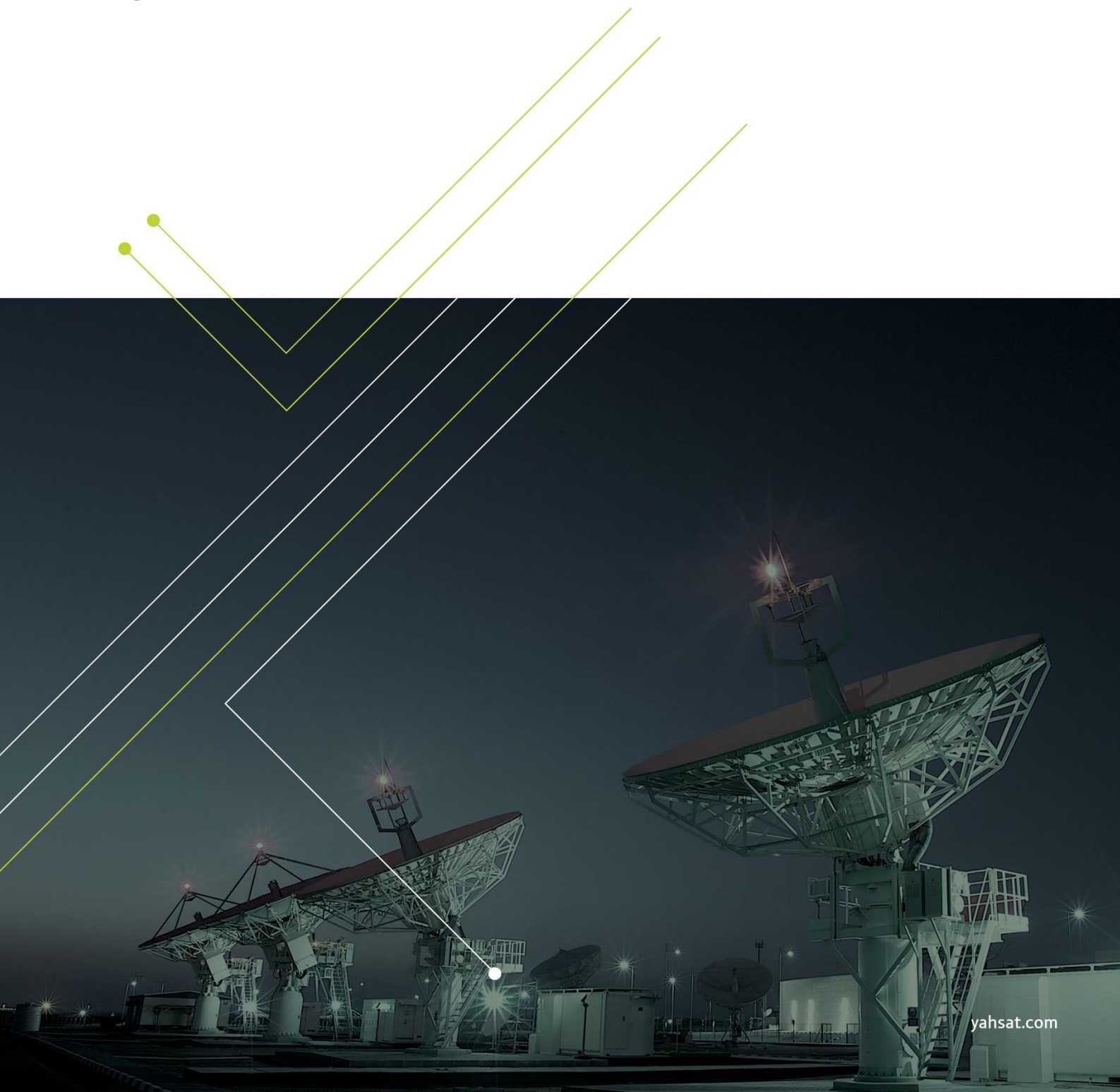


AL YAH SATELLITE COMMUNICATIONS COMPANY PJSC

INTEGRATED REPORT 2021



Contents

| | |
|--|-----|
| 1. Board of Directors' Report | i |
| 2. Auditors Report | ii |
| 3. Audited Annual Financial Statements | 1 |
| 4. Corporate Governance Report | 52 |
| 5. Sustainability Report | 116 |

Yahsat is pleased to present herewith its Integrated Report for the year 2021. The report is presented as per the guidelines set out by the Securities and Commodities Authority. The 2021 Annual Report will be made available prior to the Annual General Meeting scheduled for Monday 11 April 2022 at 9.00 PM (UAE time).



Al Yah Satellite Communications Company PJSC

Reports and Consolidated Financial Statements

31 December 2021

Al Yah Satellite Communications Company PJSC

Reports and Consolidated Financial Statements

31 December 2021



| Contents | Page |
|--|------|
| Board of Directors' Report | i |
| Independent auditor's report | ii |
| Consolidated statement of profit or loss | 1 |
| Consolidated statement of comprehensive income | 1 |
| Consolidated statement of financial position | 2 |
| Consolidated statement of changes in equity | 3 |
| Consolidated statement of cash flows | 4 |
| Notes to the consolidated financial statements | 5 |
| Index to the notes to the consolidated financial statements | |
| 1 Corporate information | 5 |
| 2 Significant accounting policies | 5 |
| 2.1 Basis of preparation | 5 |
| 2.2 Basis of consolidation | 5 |
| 2.3 Summary of significant accounting policies | 6 |
| 2.4 Changes in accounting policies and disclosures | 9 |
| 2.5 Standards issued but not yet effective | 9 |
| 3 Significant accounting judgments, estimates and assumptions | 11 |
| 4 Segment information | 14 |
| 5 Revenue | 16 |
| 6 Cost of revenue | 18 |
| 7 Staff costs | 19 |
| 8 Other operating expenses | 19 |
| 9 Other income | 20 |
| 10 Depreciation, amortisation and impairment | 20 |
| 11 Finance costs and Finance income | 20 |
| 12 Income tax expense | 21 |
| 13 Property, plant and equipment | 22 |
| 14 Capital work in progress | 24 |
| 15 Investment property | 24 |
| 16 Leases - Group as a Lessee | 25 |
| 17 Intangible assets | 27 |
| 18 Group information | 28 |
| 19 Equity-accounted investments | 30 |
| 20 Inventories | 31 |
| 21 Related party transactions and balances | 32 |
| 22 Trade and other receivables | 34 |
| 23 Cash and short-term deposits | 35 |
| 24 Trade and other payables | 36 |
| 25 Borrowings | 36 |
| 26 Derivatives used for hedging | 38 |
| 27 Deferred revenue | 39 |
| 28 Government grants | 40 |
| 29 Provision for employees' end of service benefits | 40 |
| 30 Share capital and additional paid-in capital | 40 |
| 31 Dividends | 41 |
| 32 Statutory reserve | 41 |
| 33 Capital commitments and contingent liabilities | 41 |
| 34 Leases - Group as a Lessor | 41 |
| 35 Earnings per share | 42 |
| 36 Financial risk management | 42 |
| 37 Business combinations and changes in ownership interests | 45 |
| 38 Comparatives | 46 |
| Supplemental information to the consolidated financial statements | |
| Primary statements in United Arab Emirates Dirhams (AED) | 47 |

Al Yah Satellite Communications Company PJSC**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

DocuSigned by:

700A64D757D7407...

Chairman of the Board
Musabbeh Al Kaabi

Date: 28 February 2022

Al Yah Satellite Communications Company PJSC**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.

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 5 to 46 form part of these consolidated financial statements.

The independent auditor's report is set out on pages ii to vii.

Al Yah Satellite Communications Company PJSC**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:

DocuSigned by:

 700A64D757D7407...
Chairman of the Board
Musabbah Al Kaabi

DocuSigned by:

 13AA0BE7E75B451...
Chief Executive Officer
Ali Hashem Al Hashemi

DocuSigned by:

 A6BF0B65FED14B7...
Chief Financial Officer
Andrew Francis Cole

The notes on pages 5 to 46 form part of these consolidated financial statements.

The independent auditor's report is set out on pages ii to vii.

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Al Yah Satellite Communications Company PJSC**Consolidated statement of changes in equity**

for the year ended 31 December 2021



| | Attributable to the Shareholders | | | | | Non-controlling interests | | Total equity |
|---|----------------------------------|----------------------------|-----------------|-------------------------------|-------------------|---------------------------|---------------------------|-----------------|
| | Share capital | Additional paid-in capital | Hedging reserve | Other Reserves ⁽¹⁾ | Retained earnings | Total | Non-controlling interests | |
| | \$ 000 | \$ 000 | \$ 000 | \$ 000 | \$ 000 | \$ 000 | \$ 000 | \$ 000 |
| | (Note 30) | (Note 30) | (Note 26) | | | | (Note 18) | |
| 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 5 to 46 form part of these consolidated financial statements.
The independent auditor's report is set out on pages ii to vii.

Al Yah Satellite Communications Company PJSC**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 5 to 46 form part of these consolidated financial statements.

The independent auditor's report is set out on pages ii to vii.

Al Yah Satellite Communications Company PJSC**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.

2.2 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 |

Al Yah Satellite Communications Company PJSC**Notes to the consolidated financial statements**

for the year ended 31 December 2021

**2 Significant accounting policies (continued)****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.

Al Yah Satellite Communications Company PJSC**Notes to the consolidated financial statements**

for the year ended 31 December 2021

**2 Significant accounting policies (continued)****2.3 Summary of significant accounting policies (continued)****A) Financial instrument (continued)****(ii) Non-derivative financial liabilities (continued)**

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.

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.

Al Yah Satellite Communications Company PJSC**Notes to the consolidated financial statements**

for the year ended 31 December 2021

**2 Significant accounting policies (continued)****2.3 Summary of significant accounting policies (continued)****L) Impairment (continued)****Non-financial assets and investment in associates (continued)**

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 rate 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.

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.

Al Yah Satellite Communications Company PJSC**Notes to the consolidated financial statements**

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 (continued)**

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.

Al Yah Satellite Communications Company PJSC**Notes to the consolidated financial statements**

for the year ended 31 December 2021

**2.4 Changes in accounting policies and disclosures (continued)****2.5 Standards issued but not yet effective (continued)****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.

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.

Al Yah Satellite Communications Company PJSC**Notes to the consolidated financial statements**

for the year ended 31 December 2021

**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.

Al Yah Satellite Communications Company PJSC**Notes to the consolidated financial statements**

for the year ended 31 December 2021

**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.

Al Yah Satellite Communications Company PJSC**Notes to the consolidated financial statements**

for the year ended 31 December 2021

**3 Significant accounting judgments, estimates and assumptions (continued)****Significant accounting estimates (continued)****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.

Al Yah Satellite Communications Company PJSC

Notes to the consolidated financial statements

for the year ended 31 December 2021

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.

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:

| | Infra-structure | Managed solutions | Mobility solutions | Data solutions (BCS) | Other | Reconciliation | Total |
|--|-----------------|-------------------|--------------------|----------------------|----------------|----------------|----------------|
| | \$ 000 | \$ 000 | \$ 000 | \$ 000 | \$ 000 | \$ 000 | \$ 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 |

Al Yah Satellite Communications Company PJSC
Notes to the consolidated financial statements

for the year ended 31 December 2021

4 Segment information (continued)

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

| | Infra-structure | Managed solutions | Mobility solutions | Data solutions (BCS) | Other | Reconciliation | Total |
|--|-----------------|-------------------|--------------------|----------------------|-----------------|----------------|----------------|
| | \$ 000 | \$ 000 | \$ 000 | \$ 000 | \$ 000 | \$ 000 | \$ 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 | 2020 |
|----------------------|----------------|----------------|
| | \$ 000 | \$ 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 |

Al Yah Satellite Communications Company PJSC**Notes to the consolidated financial statements**

for the year ended 31 December 2021

**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.

Al Yah Satellite Communications Company PJSC**Notes to the consolidated financial statements**

for the year ended 31 December 2021

**5 Revenue (continued)****Leases - the Group as a lessor (continued)**

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.

| 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 |

Al Yah Satellite Communications Company PJSC**Notes to the consolidated financial statements**

for the year ended 31 December 2021

**5 Revenue (continued)**

| | Notes | 2021 \$ 000 | 2020 \$ 000 |
|---|-------|----------------|----------------|
| 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.

Al Yah Satellite Communications Company PJSC**Notes to the consolidated financial statements**

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.

Al Yah Satellite Communications Company PJSC**Notes to the consolidated financial statements**

for the year ended 31 December 2021

**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:

- Yahsat has fulfilled all its material obligations that allow the transfer of the rights and
- 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

- The consideration agreed in cash plus
- 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.

Al Yah Satellite Communications Company PJSC**Notes to the consolidated financial statements**

for the year ended 31 December 2021

**11 Finance costs and Finance income (continued)**

| | | 2021 \$ 000 | 2020 \$ 000 |
|---|--------------|-----------------|-----------------|
| Finance costs and Finance income | Notes | | |
| 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 legally enforceable right exists to offset current income tax assets against current income tax liabilities
- 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.

Al Yah Satellite Communications Company PJSC**Notes to the consolidated financial statements**

for the year ended 31 December 2021

**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 |

Al Yah Satellite Communications Company PJSC**Notes to the consolidated financial statements**

for the year ended 31 December 2021

**13 Property, plant and equipment (continued)**

| | 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.

Al Yah Satellite Communications Company PJSC**Notes to the consolidated financial statements**

for the year ended 31 December 2021

**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 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 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 |

AI Yah Satellite Communications Company PJSC**Notes to the consolidated financial statements**

for the year ended 31 December 2021

**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.

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 |

Al Yah Satellite Communications Company PJSC**Notes to the consolidated financial statements**

for the year ended 31 December 2021

**16 Leases - Group as a Lessee (continued)****A) Right-of-use assets**

| | Satellite systems | Buildings | Total |
|---|------------------------------|------------------|---------------|
| | \$ 000 | \$ 000 | \$ 000 |
| Carrying amounts and movements during the period | | | |
| 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).

Al Yah Satellite Communications Company PJSC**Notes to the consolidated financial statements**

for the year ended 31 December 2021

**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 | Licenses | Software | Goodwill | Total |
|---|--------------------------|-----------------|-----------------|-----------------|---------------|
| | \$ 000 | \$ 000 | \$ 000 | \$ 000 | \$ 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 |

Al Yah Satellite Communications Company PJSC**Notes to the consolidated financial statements**

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% | - |

Al Yah Satellite Communications Company PJSC**Notes to the consolidated financial statements**

for the year ended 31 December 2021

**18 Group information (continued)****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.

| | 31 December 2021 | | 31 December 2020 | |
|---|-------------------|-----------------|-------------------|-----------------|
| | Thuraya \$ 000 | BCS \$ 000 | Thuraya \$ 000 | BCS \$ 000 |
| Summarised statement of profit or loss: | | | | |
| 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 |

Al Yah Satellite Communications Company PJSC**Notes to the consolidated financial statements**

for the year ended 31 December 2021

**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.

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.

| | Notes | 2021 \$ 000 | 2020 \$ 000 |
|---|-------|----------------|----------------|
| Movement in the investments in associates: | | | |
| 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 |

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

Al Yah Satellite Communications Company PJSC**Notes to the consolidated financial statements**

for the year ended 31 December 2021

**19 Equity-accounted investments (continued)**

| | 2021 | 2020 |
|---|-----------------|-----------------|
| | \$ 000 | \$ 000 |
| Aggregate financial information of HPE: | | |
| 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.

| | 2021 | 2020 |
|--|---------------|---------------|
| | \$ 000 | \$ 000 |
| Inventories | | |
| 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).

Al Yah Satellite Communications Company PJSC**Notes to the consolidated financial statements**

for the year ended 31 December 2021

**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:

| | | 2021 | 2020 |
|--|--------------|----------------|----------------|
| | | \$ 000 | \$ 000 |
| Transaction with key management personnel | | | |
| Key management personnel compensation: | | | |
| Short term employment benefits | | 6,625 | 3,609 |
| Post-employment benefits | | 344 | 298 |
| | | | |
| | | 2021 | 2020 |
| | | \$ 000 | \$ 000 |
| Transaction with other related parties | | | |
| Revenue | Notes | | |
| 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 |

Al Yah Satellite Communications Company PJSC**Notes to the consolidated financial statements**

for the year ended 31 December 2021

**21 Related party transactions and balances (continued)****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.

| | 2021 \$ 000 | 2020 \$ 000 |
|--|----------------|----------------|
| Future payments pertaining to lease element included in capacity charges | | |
| 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 |

Al Yah Satellite Communications Company PJSC**Notes to the consolidated financial statements**

for the year ended 31 December 2021

**21 Related party transactions and balances (continued)****(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%.

(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 |

Al Yah Satellite Communications Company PJSC**Notes to the consolidated financial statements**

for the year ended 31 December 2021

**22 Trade and other receivables (continued)**

| | 2021 | | 2020 | |
|--|-----------------------|-----------------|-----------------------|-----------------|
| | Gross carrying amount | Loss allowance | Gross carrying amount | Loss allowance |
| | \$ 000 | \$ 000 | \$ 000 | \$ 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) |

| | | 2021 | 2020 |
|--|-------|----------------|----------------|
| | Notes | \$ 000 | \$ 000 |
| Movement in the allowance for expected credit losses: | | | |
| 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

| | | 2021 | 2020 |
|---|-------|----------------|----------------|
| | Notes | \$ 000 | \$ 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.

Al Yah Satellite Communications Company PJSC**Notes to the consolidated financial statements**

for the year ended 31 December 2021

**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

| | Notes | 2021 \$ 000 | 2020 \$ 000 |
|--|-------|----------------|----------------|
| The carrying amount of borrowings are as follows: | | | |
| 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 |

Al Yah Satellite Communications Company PJSC**Notes to the consolidated financial statements**

for the year ended 31 December 2021

**25 Borrowings (continued)**

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 |

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)

Al Yah Satellite Communications Company PJSC**Notes to the consolidated financial statements**

for the year ended 31 December 2021

**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.

Al Yah Satellite Communications Company PJSC**Notes to the consolidated financial statements**

for the year ended 31 December 2021

**26 Derivatives used for hedging (continued)**

| | 2021 | 2020 |
|--|---------|---------|
| | \$ 000 | \$ 000 |
| Interest rate swaps - fair value | | |
| 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

| | | 2021 | 2020 |
|--|-------|---------------|---------------|
| | Notes | \$ 000 | \$ 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 |

Al Yah Satellite Communications Company PJSC**Notes to the consolidated financial statements**

for the year ended 31 December 2021

**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.

| | | 2021 \$ 000 | 2020 \$ 000 |
|--|-------------|----------------|----------------|
| The movement in the provision is as follows: | Note | | |
| 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.

Al Yah Satellite Communications Company PJSC**Notes to the consolidated financial statements**

for the year ended 31 December 2021

**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 |
| * 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 |

Al Yah Satellite Communications Company PJSC**Notes to the consolidated financial statements**

for the year ended 31 December 2021

**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.

Al Yah Satellite Communications Company PJSC**Notes to the consolidated financial statements**

for the year ended 31 December 2021

**36 Financial risk management (continued)****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.

Al Yah Satellite Communications Company PJSC**Notes to the consolidated financial statements**

for the year ended 31 December 2021

**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.

Al Yah Satellite Communications Company PJSC**Notes to the consolidated financial statements**

for the year ended 31 December 2021

**36 Financial risk management (continued)****Capital management**

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

The Group manages capital using a gearing ratio, which is net debt divided by 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.

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.

Al Yah Satellite Communications Company PJSC**Notes to the consolidated financial statements**

for the year ended 31 December 2021

**37 Business combinations and changes in ownership interests (continued)****Accounting policies (continued)****Business combinations (continued)**

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.

Al Yah Satellite Communications Company PJSC
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 | 2020 |
|---|------------------|------------------|
| | AED 000 | 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.

Al Yah Satellite Communications Company PJSC
Supplemental information to the consolidated financial statements
for the year ended 31 December 2021



ii) Consolidated statement of comprehensive income

| | 2021 | 2020 |
|--|----------------|-----------------|
| | AED 000 | 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 |

Al Yah Satellite Communications Company PJSC
Supplemental information to the consolidated financial statements
for the year ended 31 December 2021



iii) Consolidated statement of financial position

| | 2021 | 2020 |
|--|------------------|------------------|
| | AED 000 | 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 |
| 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).

Al Yah Satellite Communications Company PJSC
Supplemental information to the consolidated financial statements
for the year ended 31 December 2021



iv) Consolidated statement of changes in equity

| | Attributable to the Shareholders | | | | | | Non-controlling interests | |
|---|----------------------------------|---------------------------------------|----------------------------|--|------------------------------|------------------|--------------------------------------|-------------------------|
| | 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.

Al Yah Satellite Communications Company PJSC
Supplemental information to the consolidated financial statements
for the year ended 31 December 2021

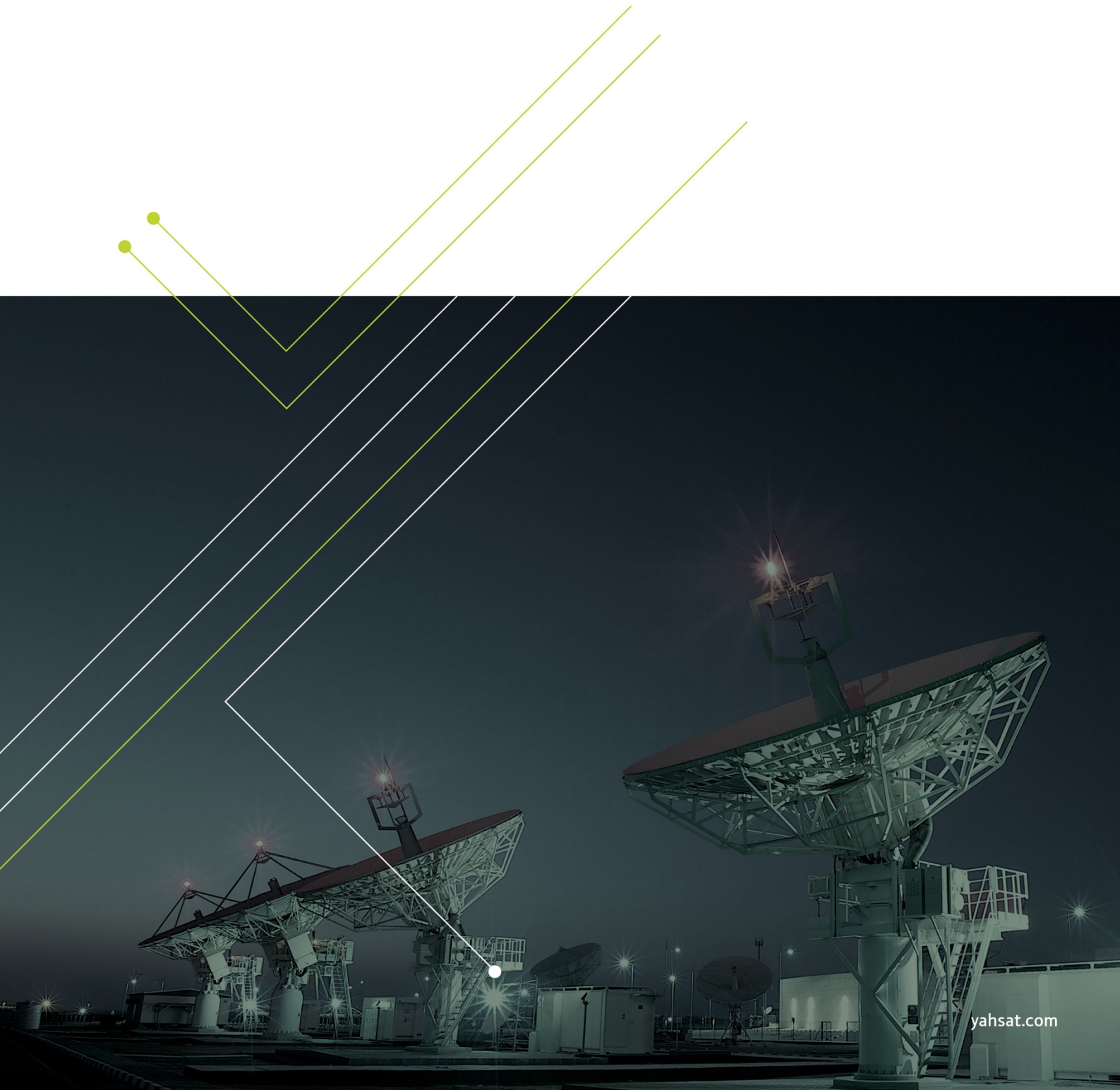


iv) Consolidated statement of cash flows

| | 2021 | 2020 |
|--|------------------|------------------|
| | AED 000 | 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 |
| 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 |

AL YAH SATELLITE COMMUNICATIONS COMPANY PJSC

CORPORATE GOVERNANCE REPORT 2021



Contents

Contents

| | |
|--|-----|
| INTRODUCTION | 54 |
| CORPORATE GOVERNANCE OVERVIEW | 56 |
| BOARD OF DIRECTORS | 64 |
| COMMITTEES OF THE BOARD OF DIRECTORS | 77 |
| SENIOR MANAGEMENT | 84 |
| TRANSPARENCY AND DISCLOSURE | 90 |
| EXTERNAL ASSURANCE..... | 91 |
| INTERNAL CONTROL AND RISK MANAGEMENT | 93 |
| ETHICS AND COMPLIANCE..... | 98 |
| RELATED PARTY TRANSACTIONS | 105 |
| GENDER DIVERSITY | 105 |
| HEALTH AND SAFETY IN THE UNCERTAIN TIMES OF COVID | 107 |
| INVESTOR RELATIONS – ENGAGEMENT WITH SHAREHOLDERS | 109 |
| ENGAGEMENT WITH REGULATORY BODIES..... | 110 |
| EMIRATIZATION..... | 112 |
| ANNUAL GENERAL MEETING 2021 | 113 |
| GENERAL INFORMATION REGARDING THE COMPANY’S SHARES | 114 |



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 analyzing 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 recognizing 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

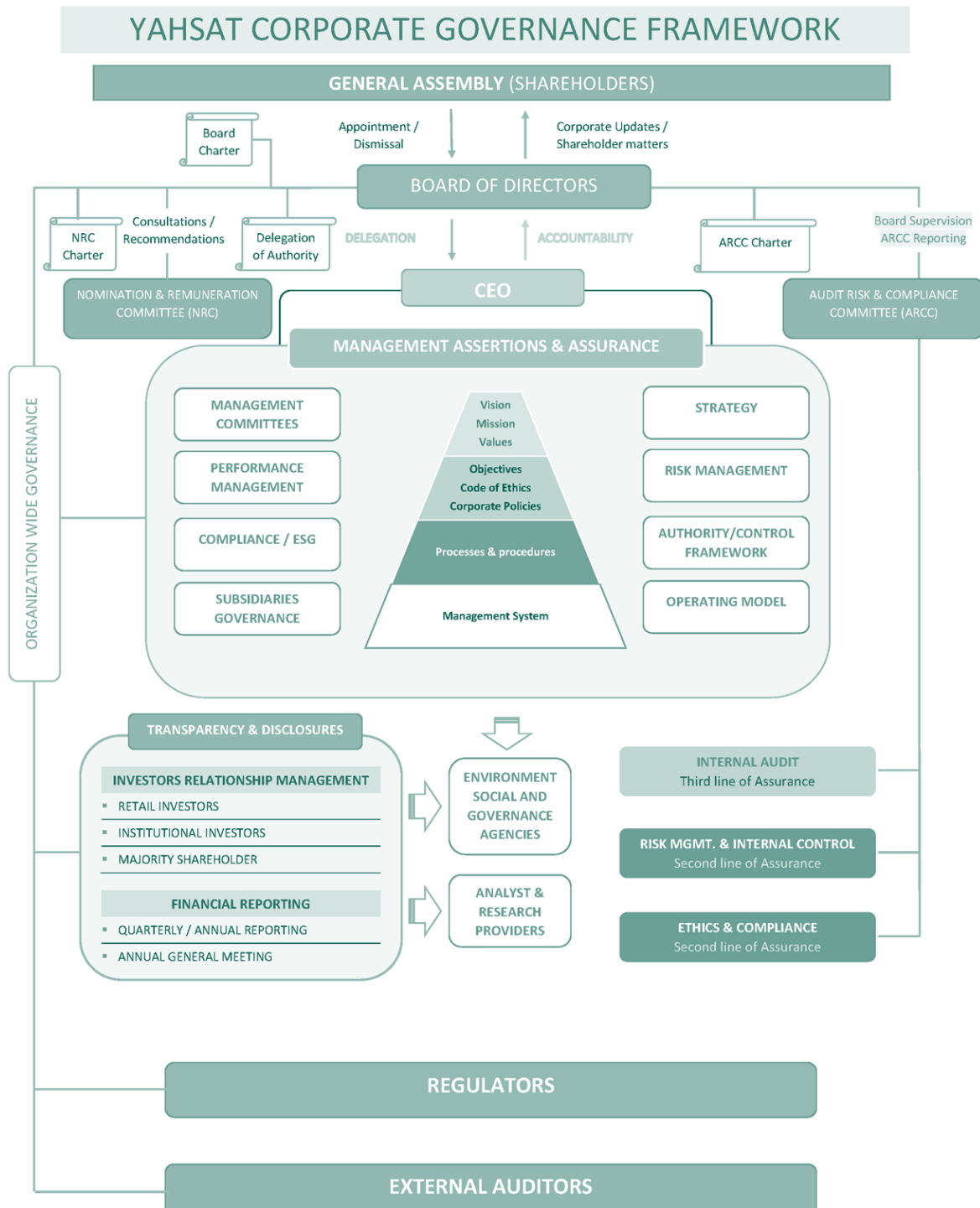
governance portfolio as a private company. For example, to name a few, policies relating to securities trading, transparency and disclosure, inside information and investor relations all needed to be scoped and developed.

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 centered 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 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 behaviors 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 centered 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, Recordkeeping, 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.

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.

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 NESAC, 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.

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 organizations. 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 Organization (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 T4-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 Yah1, 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 | 2 nd 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 | 4 th term (since 23 Dec 2013) | X | 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 | 4 th term (since 23 Dec 2013) | X | Non-Executive | Thuraya Telecommunications Company (C) (UAE) Global Aerospace Logistics – LLC (BM) (UAE) |
| Masood Mahmood | 2 nd term (since 2 Feb 2021) | X | Non-Executive | Etihad Aviation Group PJSC (BM) (UAE) Emirates Nuclear Energy Corporation (BM) (UAE) UAE Space Agency (BM) (UAE) |
| Maryam AlMheiri | 1 st 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) |
| Badr Al Olama | 2 nd 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 | 1 st 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 | 1 st 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 | 1 st 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 Directors' independence is within the mandate of the Board's Nomination and Remuneration Committee. As noted below, this is supported by a quarterly exercise conducted by the Board Secretary to obtain up-to-date responses to a detailed questionnaire from each Director regarding their independence (among other matters).

(ii) Board of Directors' Mandate and Charter

The Board of Directors obtains its mandate from the provisions of the UAE Companies Law and Yahsat's articles of association. Its role is further defined under the provisions of the SCA Corporate Governance Guide. The articles of association contemplate the roles, responsibilities, structures and processes of the Board being further specified in a charter document, and a revised version of the Board of Directors Charter (the **BOD Charter**) was accordingly adopted at the time of the IPO. The BOD Charter stipulates that 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):

| Name | Board Meeting Date | | | | | | Notes |
|-----------------------------|--------------------|-----------|-----------|----------|----------|----------|---|
| | 1 Feb | 10 Mar | 13 Jun | 9 Aug | 4 Nov | 5 Dec | |
| 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 AED100,000 per Director, and was payable only to Directors who were not employees of Mubadala. Subject to shareholder approval at the Company's AGM in April 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 capitalization), 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 (X-Ref to Share Dealing Policy Regarding The Policy For Dealing in Yahsat Shares)

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 |
|---|--|-------------------------------------|---------------------|
| Musabbbeh Helal Musabbbeh Ali Al Kaabi | Chairman | 266,710 | Nil |
| | Son (1) of Musabbbeh Helal Musabbbeh Ali Al Kaabi | 49,282 | Nil |
| | Son (2) of Musabbbeh Helal Musabbbeh Ali Al Kaabi | 49,282 | Nil |
| | Daughter (1) of Musabbbeh Helal Musabbbeh Ali Al Kaabi | 49,282 | Nil |

| | | | |
|-------------------------|--|---------|-----|
| | Daughter (2) of Musabbbeh Helal Musabbbeh Ali Al Kaabi | 49,282 | Nil |
| | Daughter (3) of Musabbbeh Helal Musabbbeh 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 |

(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.

| Name | ARCC Meeting Date | | | | | Notes |
|-----------------------|-------------------|-----------|----------|-----------|----------|---|
| | 7 Mar | 18 May | 4 Aug | 30 Sep | 3 Nov | |
| 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.

(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 | | Notes |
|------------------------------------|------------------|--------|---|
| | 9 Mar | 25 May | |
| 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 | | | Notes |
|-------------------------|------------------|--------|--------|---|
| | 5 Aug | 28 Sep | 26 Oct | |
| Rashed Al Ghafri | ✓ | ✓ | ✓ | Appointed as a member and Chairperson of the NRC from 12 July. Handed Chairmanship to Maryam 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 T4-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 Ecole Nationale des Ponts et Chaussées, a postgraduate certificate in International Business from the University of Edinburgh and a degree in Modern Languages from the University of Aston.

Adnan Al Muhairi — Chief 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. 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

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.

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 2021. 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.

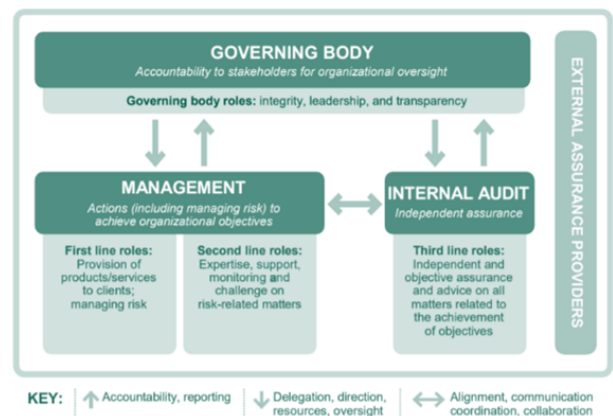
The deployment of effective risk management and internal control is a key success factor towards realizing Yahsat's strategic objectives. Therefore, Yahsat has implemented an integrated risk management and internal control approach. The underlying methodology is based on relevant principles set forth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

The IIA's Three Lines Model



- 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').

(iii) Risk and Controls Organization

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 realizing Yahsat's strategic objectives. The RMIC team endeavors 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).

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 organization, 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 the 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 organization 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 organization, 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 (CxOs) 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 formalized
- 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 behaviors 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.

(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 recognized 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 organization and from diverse backgrounds to assist the E&C Office in having its ears to the ground and addressing concerns of employees across the organization. E&C Champions not only support in identifying training needs across

the organization, but also assist in investigations from time to time, annual E&C e-learning and acknowledgements and business partner due diligence.

a. Primary functions of the E&C Office

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

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

b. E&C Charter

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

- a. Planning: Developing an annual E&C programme plan that reflects the Group's unique characteristics (including an annual employee engagement plan, training, budgeting, risk management, etc.)
- b. Policy Procedure and Control Development:
 - I. Development of E&C Policies and Procedures as well as design and implementation of associated controls
 - II. Reviewing the E&C programme plan periodically in light of any changes
 - III. Working in partnership with the Yahsat Internal Audit team to establish policies and programmes that encourage employees of all levels to report suspected fraud and other inappropriate business conduct. The identification and prevention of fraud is the responsibility of management

c. Monitoring:

- I. Monitoring compliance with the Code of Ethics and incidental policies
- II. Administering and monitoring the E&C programme
- III. Coordinating internal E&C audit and oversight activities, including periodic reviews of departments. Working in partnership with the Yahsat Internal Audit team on audits with scopes relevant to E&C
- IV. Monitoring, reviewing and approving disclosures as follows:
 - I. Conflicts of Interest: Management of Conflicts of Interest disclosures by Board members and employees
 - II. Gifts Entertainment and Hospitality: Assessing and, where appropriate, granting approvals for the receiving or providing of gifts or entertainment in relation to external parties
 - III. Sponsorships: Assessing and, where appropriate, granting approvals for the receiving or providing of sponsorships in relation to external parties

d. Risk Assessment:

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

e. Training:

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

f. Reporting:

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

g. Investigations:

- I. 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:
 - I. 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 organization, 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 emphasized 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, emphasizing 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.

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 neutralized. 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 organization. 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 organization 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, recognizing the benefits that an inclusive and diverse organization 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 organization; 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 recognize 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 maximize 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 sanitization 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 sanitized 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 safety of employees, implementing many safety measures including:

- Rotational groups to reduce site occupancy
- Sanitizing tunnels at all entry points
- Daily sanitizing 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.

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:

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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 organization 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 authorizations are received in each territory. The steps required to obtain these authorizations 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 authorizations 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.

EMIRATIZATION

Yahsat has consistently maintained Emiratization 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 and resolutions of the Executive Council of Abu Dhabi to all government and semi government companies in UAE. The broad aim of the national Emiratization 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 Emiratization sections that specialize in executing the UAE National employee development strategy, and Emiratization 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 52.08% 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 Emiratization, 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) | 3.00 | 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:

| Shareholder demographic | Percentage Owned | | | |
|-------------------------|------------------|-----------|------------|---------|
| | 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% |

(viii) 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% |

(ix) 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 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% |

2021
Sustainability
Report

Institutionalizing sustainability





Contents

| | | | | | |
|--|----------|---|-----------|---|-----------|
| Chairman's Message | 3 | Approach to Sustainability | 7 | Investing in People | 24 |
| About this Report | 4 | • Stakeholders | 7 | • Building Our Workforce | 25 |
| Profile of Yahsat | 5 | Stakeholder Expectations, Interests and Modes of Engagement | 8 | Diversity & Inclusion | 26 |
| • Vision | 5 | • Materiality Matrix | 9 | Training & Development | 27 |
| • Mission | 5 | • Sustainability Framework | 10 | Employee Engagement | 29 |
| Quality | 5 | • 2021 Highlights | 11 | • Protecting Our People | 30 |
| Human Capital | 5 | | | Health & Safety | 30 |
| Growth | 5 | Reliable Corporate Governance | 12 | Human Rights | 31 |
| • Overview | 5 | • Board of Directors | 13 | Promoting Environmental Protection | 32 |
| Satellite Coverage and Radio Spectrums | 5 | • Board Committees | 14 | • Energy Management | 33 |
| Core Service Offerings | 6 | Audit, Risk and Compliance Committee | 14 | • Carbon Emissions & Climate Strategy | 33 |
| Yahsat at a Glance | 6 | Nomination and Remuneration Committee | 14 | • Environmental Management | 34 |
| | | • Key Governance Processes | 15 | Yahsat's Operations | 34 |
| | | Business Ethics | 15 | Product Lifecycles | 35 |
| | | Competitive Behaviour | 16 | Innovative Solutions | 35 |
| | | • Business Continuity & Risk Management | 16 | • Sustainable Use of Space | 36 |
| | | • Data Privacy & Security | 17 | | |
| | | Serving Customers & Communities | 18 | Developing The Right Business Partnerships | 37 |
| | | • Meeting the Communication Needs of Communities | 19 | • Supply Chain Management | 38 |
| | | Disaster Response | 21 | • Controversial Sourcing & Partnerships | 39 |
| | | • Dependable Customer Service | 22 | | |
| | | Monitoring Our Performance | 23 | Appendix A: GRI Content Index | 40 |



Message from the Chairman

In 2021, Yahsat set out to institutionalize its sustainability processes to ensure it consistently contributes towards international, United Arab Emirates (UAE) and Abu Dhabi sustainable development ambitions. Numerous governments and organizations are positioning themselves to help achieve the United Nations Sustainable Development Goals (SDGs), which continue to drive the development of a better future for current and future generations.

In the UAE, several national ambitions are aligned with the SDGs and contain multiple sustainability-related objectives. For example, the UAE's National Space Strategy 2030, which Yahsat was involved in developing, maintains specific sustainability-related objectives and contains initiatives to help achieve the SDGs. Locally in Abu Dhabi, there is the Abu Dhabi Economic Vision 2030, the Abu Dhabi Environment Vision 2030 and the environmental agency's strategies, all of which are fundamentally based on sustainable development.

Yahsat is currently structuring its own sustainability-related ambitions. These will be aligned with a range of relevant international and national ambitions, and will of course be aligned with Yahsat's overall vision and mission. Through the development of a sustainability framework and associated strategy, the intention is for Yahsat to prioritize its actions, improve its management of important sustainability-related areas and regularly disclose progress in the coming years.

When Yahsat became a publicly listed company on the Abu Dhabi Securities

Exchange (ADX) in 2021, we took this opportunity to review and enhance key governance policies and processes. New board committees were formed and others were decommissioned, an Investor Relations function was established, and our Ethics and Compliance function established two key documents: our Code of Ethics and our Business Partner Code of Conduct. We hold ourselves and our business partners to high ethical standards and are proud to report no ethical, anti-competitive or human rights violations have occurred.

As a leading integrated satellite communications solutions provider, we continue to improve our customer service capabilities and to help communities in need where possible.

As a leading integrated satellite communications solutions provider, we continue to improve our wide range of offerings to provide critical connectivity and to help communities in need where possible. We are excited to see the results of the many customer-centric programmes currently

being implemented to better understand and meet our customers' needs. For communities struggling with poor communications infrastructure or losing connectivity following natural disasters, we have helped them gain communications access to support recovery, such as the communities impacted by the recent Typhoon Rai in the Philippines.

2021 was a notable year for our workforce. As well as winning various industry awards, four of Yahsat's leaders were promoted to C-Level positions and have been well prepared for their new roles by successfully coming through our GROW programme. As leaders, we continue to regularly monitor employee satisfaction levels and other important workforce indicators. For example, since 2019, there have been a total of four recordable injuries, despite the total number of working hours increasing by over 100 percent, and employee grievances continue to steadily decline.

Throughout this report, we discuss in detail what is important to Yahsat in terms of sustainability, and how we are addressing, or planning to address, these important areas. I am proud to present Yahsat's inaugural 2021 ESG report and I hope you find our discussions and analysis insightful. In the future, we invite you to keep track of our ESG progress and to engage with us through our newly established Investor Relations function.

Musabbeh Al Kaabi
Chairman of the Board

About this Report

This is the inaugural environmental, social and governance (ESG) report of Al Yah Satellite Communications Company PJSC ('Yahsat'). The reporting period is from 1st January 2021 to 31st December 2021. The aim of the report is to provide a balanced representation of Yahsat's sustainability/ESG performance by disclosing how the sustainability issues material to our business and stakeholders are addressed under each pillar of Yahsat's sustainability framework.

This report has been prepared in accordance with the GRI Standards: Core option and takes into consideration other sustainability-related standards, including SASB Standards, Abu Dhabi Securities Exchange (ADX) ESG Disclosure Guidance, the United Nations Sustainable Development Goals (SDGs) and the United Arab Emirates (UAE) National Space Policy. The GRI content index is provided in Appendix A.

The report is available on Yahsat's website.

For any inquiries or feedback regarding this report, please contact the Investor Relations Office.

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☎ +97125010000

🌐 www.yahsat.com



PROFILE OF YAHSAT

APPROACH TO SUSTAINABILITY

1. RELIABLE CORPORATE GOVERNANCE

2. SERVING CUSTOMERS & COMMUNITIES

3. INVESTING IN PEOPLE

4. PROMOTING ENVIRONMENTAL PROTECTION

5. DEVELOPING THE RIGHT BUSINESS PARTNERSHIPS



Profile of Yahsat

VISION

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

MISSION

To deliver exceptional value to our customers, shareholder and partners by focusing 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 government, corporate and individual customers across regions.

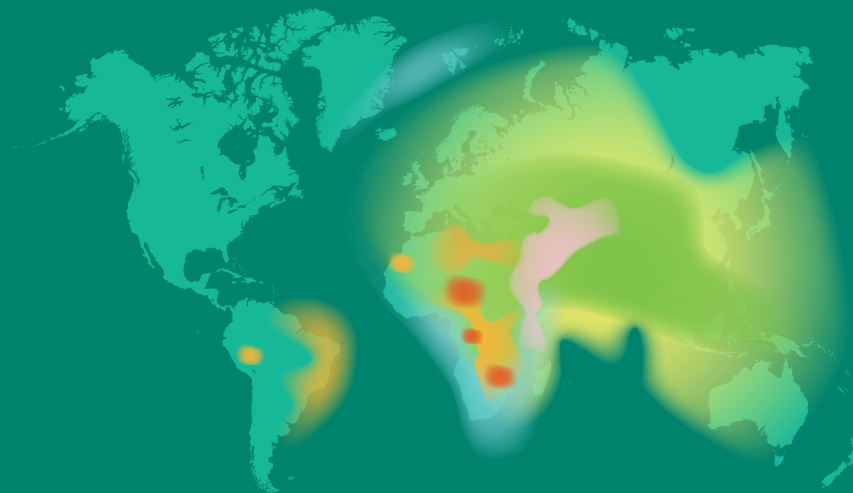
OVERVIEW

Yahsat was initially established in 2007 as a private joint-stock company and became a publicly listed company on the Abu Dhabi Securities Exchange (ADX) in July 2021. The company is headquartered in Abu Dhabi, UAE. With a fleet of five satellites reaching over 80 percent of the world's population,

Yahsat offers a variety of integrated satellite communications solutions across the radio spectrum, enabling critical communications across the globe. Our main service offerings include providing satellite capacity infrastructure, value-added managed solutions, mobility solutions, data solutions

and broadcasting services. To deliver these services, we maintain a range of key business partnerships. Yahsat's majority shareholder is Mudabala, one of the UAE's largest sovereign wealth funds.

Satellite Coverage and Radio Spectrums



● AI Yah 1 & AI Yah 2 Gov. Coverage

● AI Yah 2 & AI Yah 3 Coverage

● AI Yah 2 Ka-Band Coverage

● Thuraya L-Band Coverage

● AI Yah 3 Ka-Band Coverage

● Thuraya-4-Extended Coverage

| Band | Frequency Range (GHz) | Applications |
|------|-----------------------|---|
| C | 4 to 8 | <ul style="list-style-type: none"> IP Trunking Corporate VSAT |
| L | 1 to 2 | <ul style="list-style-type: none"> Secure military capacity and solutions Handheld voice Land mobile data IoT/M2M solutions Marine connectivity Aero connectivity |
| Ku | 12 to 18 | <ul style="list-style-type: none"> Broadcast |
| Ka | 27 to 40 | <ul style="list-style-type: none"> Secure military capacity and solutions Cellular backhaul Community Wifi hotspots Consumer broadband Enterprise networks In-flight connectivity |

Yahsat's fleet of five satellites reach

80%
of the world's population



Core Service Offerings

| Business Line | Overview of Service Offerings |
|---------------|---|
| | <p>Leases critical and secure satellite capacity.</p> <p>Military, government and enterprise managed solutions including consultancy, design, procurement, implementation, and operations and maintenance support.</p> |
| | <p>Voice and data mobility connectivity services for land, marine and aeronautical applications.</p> <p>Services include the Internet of Things (IoT), Machine to Machine (M2M), asset tracking and monitoring, and handheld voice (including GSM roaming).</p> |
| | <p>High-speed satellite broadband for consumers, enterprise and government users.</p> <p>Supports high-speed internet access, cellular backhauling, Wi-Fi hotspots and networking requirements.</p> |
| | <p>Direct-to-home (DTH) television capacity and related services, predominantly for free-to-air broadcasters.</p> |



Yahsat at a Glance



8th
largest satellite
operator in terms of
revenue (2020)



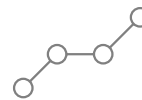
Over
1 billion
people with broadband
coverage



**Successfully
listed**
on ADX in 2021



Over
4 billion
people with mobile
coverage



**USD 407.6
million**
revenue in 2021



Number 1
satellite broadband
provider in Africa



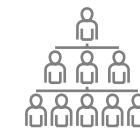
**Preferred
partner**
for satellite
solutions to the UAE
Government



**Over 100
million**
viewers on channels
carried over Yahlive
capacity



Over
150
countries covered by
Yahsat and Thuraya
satellites



416
full-time employees as
at 31 December 2021



Approach to Sustainability

Yahsat participates in numerous sustainability-related activities and, across the business, we actively seek ways to improve our overall sustainability performance.

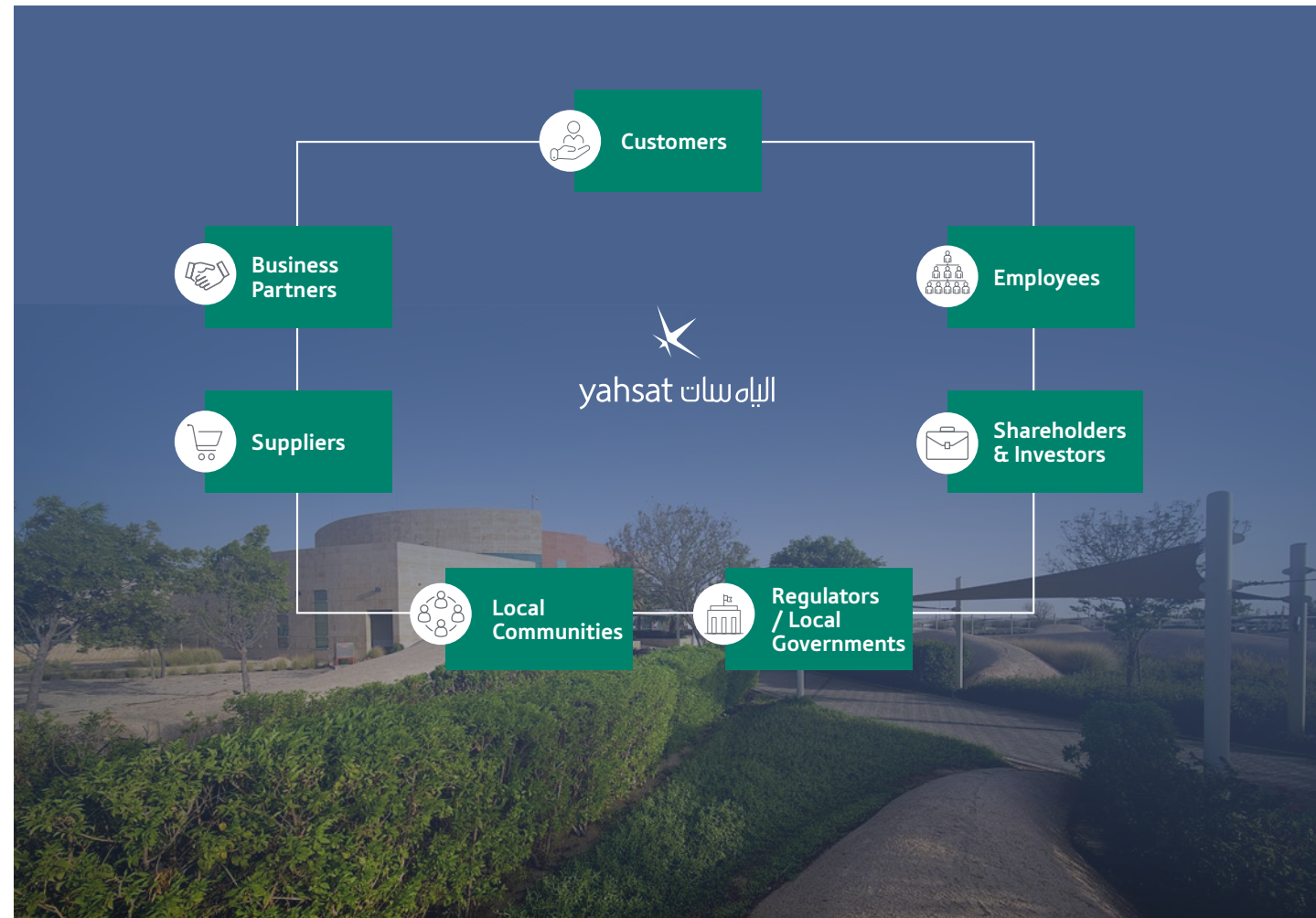
To ensure we are in the best possible position to effectively continue and, where possible, improve our contributions towards promoting sustainable development, we set out to meet three key objectives as a company in 2021 and 2022:

- Identify and understand the sustainability-related areas of most importance to Yahsat.
- Develop an appropriate approach to report on and manage these areas.
- Develop a sustainability strategy to improve our environmental, social and governance (ESG)/ sustainability performance.

We are pleased to have made progress with the first two objectives, as detailed in this report. We are now focused on developing a group-wide strategy in the first quarter of 2022 to steer our overall ESG/sustainability performance. The strategy will span three years and identify priority actions – and key opportunities to take advantage of – over this period.

STAKEHOLDERS

Through ongoing engagement with key stakeholders, we aim to understand their specific priorities, expectations and perceptions regarding Yahsat's sustainability-related activities. Stakeholders can be broadly categorized into the following groups, encompassing all those who may have an impact on, or be impacted by, Yahsat's business activities:





Stakeholder Expectations, Interests and Modes of Engagement



Regulatory Bodies / Local Governments



Employees



Customers



Suppliers



Shareholders & Investors



Local Communities



Business Partners

| Expectations & Interests | Regulatory Bodies / Local Governments | Employees | Customers | Suppliers | Shareholders & Investors | Local Communities | Business Partners |
|--------------------------|--|--|--|--|--|---|--|
| | <ul style="list-style-type: none"> Compliance with applicable regulations and laws Economic performance Nationalization Contingency planning Business ethics Prevention of corruption and anti-competitive behaviour | <ul style="list-style-type: none"> Personal and career development Competitive compensation Engaging and challenging opportunities Equal opportunities Impacts of COVID19- Knowledge sharing across the organization Human rights | <ul style="list-style-type: none"> Data privacy and security Network coverage and connectivity Prompt resolution of service-related issues Enhanced technology and solution offerings | <ul style="list-style-type: none"> Procurement practices Compliance with applicable regulations and laws Economic performance Timely payment and fair terms Health and safety standards | <ul style="list-style-type: none"> Business model and strategy Economic performance Allocation of capital Compliance with applicable regulations and laws Governance practices ESG/sustainability strategies and practices | <ul style="list-style-type: none"> Employment opportunities Community investment and development Education and knowledge transfer Access to connectivity and services | <ul style="list-style-type: none"> Business model and strategy Economic performance Compliance with applicable regulations and laws Governance practices Partnership opportunities Aligned interests |
| Modes of Engagement | Regulatory Bodies / Local Governments | Employees | Customers | Suppliers | Shareholders & Investors | Local Communities | Business Partners |
| | <ul style="list-style-type: none"> Joint programmes and partnerships Interviews and meetings Press releases Public reports Corporate website | <ul style="list-style-type: none"> Internal communications (intranet and newsletters) Performance reviews Training and development programmes Employee surveys Corporate events Public reports Townhall meetings and forums | <ul style="list-style-type: none"> Customer care relationship managers and representatives Customer service applications Call centres Industry events Public reports Corporate website | <ul style="list-style-type: none"> Industry events Screening and assessment Site visits Forums Joint projects Public reports | <ul style="list-style-type: none"> Annual General Meeting Press releases Public reports Interviews and meetings Newsletters Corporate website | <ul style="list-style-type: none"> Press releases Corporate website Community partnerships and sponsorships Forums and public consultation | <ul style="list-style-type: none"> Annual General Meeting Internal communications Management meetings Joint projects Press releases Public reporting |



MATERIALITY MATRIX

Materiality assessments are a valuable tool to identify and prioritize the relative importance of sustainability-related areas to a business. As a first step in conducting such an assessment, we strove to understand the sustainability-related areas where Yahsat has the greatest impact, or the greatest potential to be impacted – which are most likely to influence the evaluations and decisions of key stakeholders. To accurately capture 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

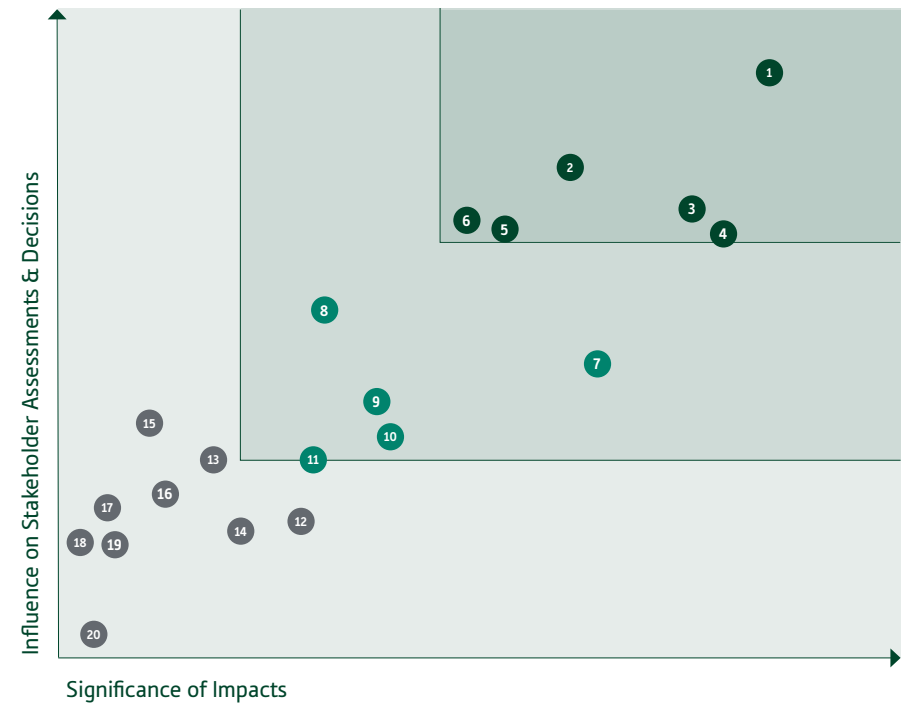


International & National Ambitions



In total, 20 sustainability-related areas were identified. To prioritize these according to greatest potential impacts and influence over stakeholder decision-making, materiality surveys were then distributed among Yahsat's executive leadership. The surveys incorporated scoring assessments and specific stakeholder feedback for each of the 20 areas.

The resulting materiality matrix below highlights the relative significance of these sustainability-related areas to Yahsat and its stakeholders, with issues categorized from 'Important' to 'Most Important'.



Most Important

- 1 Business Ethics
- 2 Data Privacy & Security
- 3 Business Continuity & Risk Management
- 4 Access to Communications & Connecting Communities
- 5 Corporate Governance
- 6 Disaster Response
- 7 Talent Attraction, Retention & Development
- 8 Customer Relationship Management
- 9 Competitive Behaviour
- 10 Sustainable Use of Space
- 11 Health & Safety

Very Important

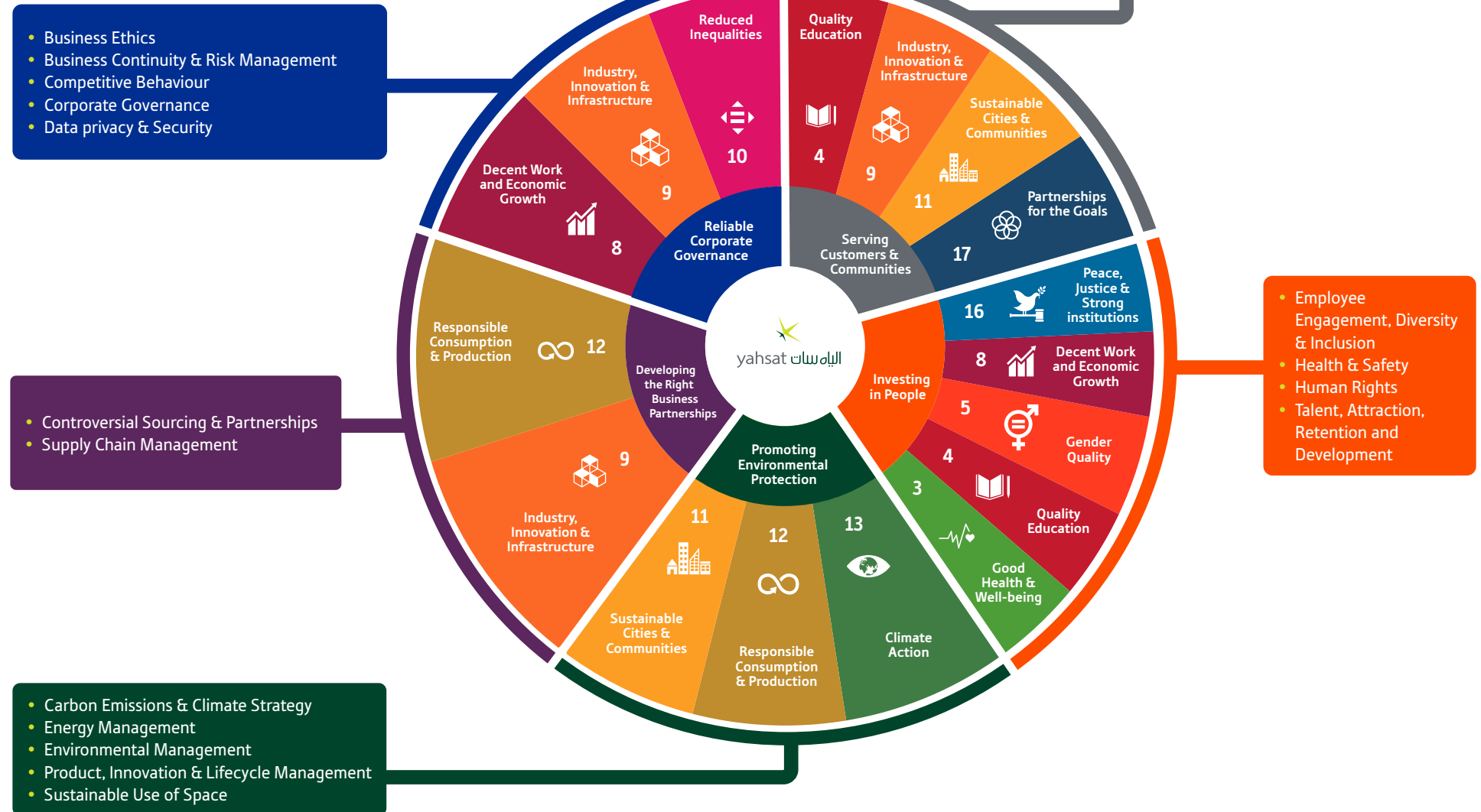
Important

- 12 Employee Engagement, Diversity & Inclusion
- 13 Product, Innovation & Lifecycle Management
- 14 Supply Chain Management
- 15 Human Rights
- 16 Community Investment
- 17 Controversial Sourcing
- 18 Environmental Management
- 19 Carbon Emissions & Climate Strategy
- 20 Energy Management



SUSTAINABILITY FRAMEWORK

Upon completing the materiality assessment, the next step was to design a robust sustainability framework to formalize and focus Yahsat'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 Yahsat and our key stakeholders.





2021 Highlights



Reliable Corporate Governance

Zero

instances of ethical-related violations reported.

Zero

instances of anti-competitive violations reported.

Zero

identified leaks, thefts or losses of customer data.

Zero

substantiated complaints received concerning breaches of customer privacy.

Two major spacecraft anomalies were successfully identified and resolved

through established and audited crisis management plans, communication plans and business continuity plans.



Serving Customers & Communities

Over 300 students

in remote areas of the UAE gained improved internet connectivity access and subsequently met their educational needs through e-learning platforms.

Transponder availability for Yahsat's satellites has averaged 99.965

percent over the past three years, enabling us to consistently transmit customer data as needed.



Investing in People

Four newly promoted C-Level executives

participated in Yahsat's GROW programme.

52.08 percent of Yahsat's full-time workforce was represented by Emirati nationals.

Zero

employee or contractor fatalities.

Only four recordable injuries

(employees and contractors) over the past three years.



Promoting Environmental Protection

We committed to developing a sustainability strategy.

The strategy will incorporate climate change-related ambitions and priority action plans for other key environmental, social and governance areas.



Developing Business Partnerships

Local supplier expenditure has increased by 22 percent

(or AED 32 million) from 2019 to 2021.

Establishment of centralized, transparent and fair procurement processes.



Chapter 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

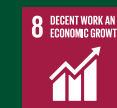
UAE National Space Policy

- 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





Board of Directors

Yahsat's Charter of the Board of Directors ('Board') establishes the Board's roles, responsibilities, structures and processes. Directors are appointed by Yahsat's shareholders through a cumulative secret ballot and a majority of the Board must be independent, non-executive and Emirati citizens.

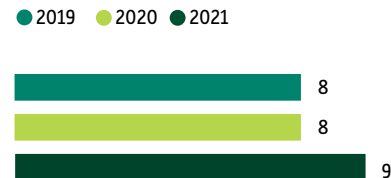
By the end of 2021, Yahsat's Board comprised only non-executive members, of which six were independent members. The categorization of an independent director adheres to the definitions used by the UAE's Securities and Commodities Authority. Moreover, Yahsat strives to maintain at least one female Board director and has achieved this goal over the past three years.

Through the leadership of the Chairperson, who is required to be an independent, non-executive director, the Board draws on a wealth of relevant and sufficiently

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 organizations, across a collective range of industries spanning telecommunications, space, defence, security, military, manufacturing, artificial intelligence, media, finance and government.

The Board's performance is evaluated on an annual basis by the Nomination and Remuneration Committee. The evaluation

Total number of Board members



| Board Members | 2019 | 2020 | 2021 |
|---|------|------|------|
| Total number of Board members | 8 | 8 | 9 |
| Total number of independent members | N/A | N/A | 6 |
| Total number of non-independent members | N/A | N/A | 3 |
| Total number of executive members | 0 | 0 | 0 |
| Total number of non-executive members | 8 | 8 | 9 |
| Total Board seats occupied by men | 6 | 6 | 8 |
| Total Board seats occupied by women | 2 | 2 | 1 |

assesses the functioning of the Board as a body, as well as individual directors, and is tentatively scheduled to occur during the third quarter of 2022. At least every three years, an independent and professional entity will also conduct Board evaluations (as yet still to occur, since Yahsat became a publicly listed company in 2021).

To ensure the Board sufficiently understands its duties and is adequately informed on Yahsat's activities and any industry-specific developments, newly appointed Board directors receive a comprehensive induction. Key topics included in the induction are the Group's:

- Strategy, objectives and continuing obligations as a listed company

- Financial and operational activities
- Duties, charters and responsibilities of directors, the Board and Board committees
- Corporate governance policies and delegation of authority
- Code of Ethics

Board trainings also occur depending on identified needs. In 2021, Board members received training in several topics from a reputable law firm. These topics included important UAE legislation; directors' duties; director liabilities and important obligations; corporate governance; disclosure obligations; shareholder relationships; information sharing; insider trading; and related-party transactions. For 2022, a Board training calendar will be developed.



Board Committees

Board committees have been established to help the Board effectively discharge its responsibilities. Each Board committee has its own charter and throughout 2021, various changes occurred in response to Yahsat becoming a publicly listed company.

Specifically, the Operations Committee (OpsCom) was disbanded, and the Human Capital Committee (HCC) was relabeled as the Nomination and Remuneration Committee (NRC). OpsCom's responsibilities have since been allocated among the Board and management, and the mandate of the HCC has been enhanced to ensure alignment with regulatory requirements and best practices for a NRC.



AUDIT, RISK AND COMPLIANCE COMMITTEE

The Audit, Risk and Compliance Committee (ARCC) is governed by the ARCC Charter and assists the Board in fulfilling its governance, risk management and internal control responsibilities. The ARCC is chaired by an independent and non-executive Board director and comprises five members, including three independent and non-executive Board directors. The ARCC is required to meet quarterly and met five times during 2021. During these meetings, key areas discussed included financial statement assessments; external audit results; the adequacy of Yahsat's internal control systems; risk management activities; internal audit results; governance and regulatory audits; and compliance activities.

NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee (NRC) is governed by the NRC Charter and assists the Board in the efficient management of compensation and general human resources management. The NRC is chaired by an independent and non-executive Board director and was made up of four members, including an independent and non-executive Board director. The NRC is required to meet quarterly and met three times during 2021 (as the NRC was formed in July it was not possible for the NRC to meet in each quarter of its inaugural year). During these meeting, key areas discussed included remuneration for the Board and senior management, the independence of Board directors, diversity and succession planning.



Key Governance Processes

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. Several important governance structures and policies have since been updated and produced, 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

We strive to promote a culture of professionalism and integrity at Yahsat and to ensure ethical conduct is at the core of how we operate. The independent Ethics and Compliance (E&C) function, empowered by its E&C Charter, has developed the necessary governance structures to help Yahsat maintain its high levels of ethical conduct. Reporting directly to the Audit, Risk and Compliance Committee of the Board quarterly, the E&C function administers a comprehensive E&C programme, assesses E&C-related risks and mitigation controls, and was responsible for the development of [Yahsat's Code of Ethics](#).

Doing the right thing, the right way... and if you see it, say it."

Yahsat Code of Ethics



Our Code of Ethics aims to enable the Group to achieve its commercial objectives while operating at the highest levels of integrity. Everyone who works directly for, or represents, Yahsat (including controlled subsidiaries) must adhere to the Code, and it is incorporated in official company policies including the following:

Conflict of Interest Policy

Anti-Bribery & Corruption Policy

Business Partner Due Diligence Policy

Personal Trading Policy

Securities Trading Policy

Data Privacy Policy

Corporate Communications Policy

Information Security Policy

Data Retention Policy

Export Control and Sanctions and Compliance Policy

Competition Law Policy

The Code of Ethics also guides our approach to selecting customers and forming strategic partnerships with governments. Consideration is given to the nature of our customers business activities and whether they are conducted professionally, ethically and comply with all applicable legislation.

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 principles of the Code of Ethics from all employees.

Any violations of Yahsat's Code of Ethics and other policies can be reported through several channels, including dedicated email addresses for employees and non-employees, and an independent 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.

Code of Ethics Violation Channels

Internal email: ethics@yahsat.ae
 External email: compliance@yahsat.ae
 Helpline: **02-507 6446**



COMPETITIVE BEHAVIOUR

Across the Group, we avoid and discourage engaging in any form of anti-competitive behaviour. Such behaviour could include engaging in prohibited conduct, entering into unlawful agreements that limit or restrain trade, or inappropriately discussing and managing non-public information. To help our employees identify, prevent, and interrupt potentially anti-competitive behaviour, Yahsat's Competition Law Policy provides specific guidance for the following activities:

- Participation in trade associations (includes limiting discussions to publicly available information only).
- Business with competitors (includes conducting reviews for price-fixing agreements which negatively impact other competitors).
- Obtaining competitive information (includes reporting improperly received information to the E&C function).
- Business in a dominant market position (includes ensuring Yahsat does not abuse its market dominance – for instance, holding greater than 50 percent of market share – to negatively impact competitors or end users of satellite-related services).
- Mergers, acquisitions or joint ventures (includes assessing potential impacts on service and product prices, availability and innovation).
- Procurement practices (includes ensuring procurement decisions are made fairly and competitively).

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.

Business Continuity & Risk Management

Business continuity management (BCM) is a fundamental practice at Yahsat. We periodically test and audit BCM plans and practices to ensure our business functions and services operate uninterrupted, and that we are ready and able to effectively and efficiently respond to any risks that may materialize. Key elements of BCM practices at Yahsat include threat risk assessments; business impact assessments; a crisis management plan; a crisis communications plan; and the development of business continuity plans (BCPs) for all of Yahsat's critical processes.

Assurance activities are periodically conducted on Yahsat's BCPs and overall BCM practices to ensure they are robust and

reliable. Throughout 2021, we conducted tests on two BCPs to review each plan's overall effectiveness, and we have scheduled a crisis simulation in 2022 to test our crisis management plan. Our BCM practices are audited annually by the UAE's Telecommunications and Digital Government Regulatory Authority (TDRA), which audits our practices according to the UAE's National Emergency Crisis and Disasters Management Authority's (NCEMA) business continuity management standards. During our most recent audit, we received the best possible result of 100 percent.

Risks to the business are identified through a comprehensive 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 the crisis management plan to ensure the ongoing operation of critical operations and reduce the risk of mass infection and unavailability of personnel. Two major spacecraft anomalies were also experienced in 2021, which led to the activation of the crisis management plan, communication plans and BCPs. Post-incident reviews were conducted on the spacecraft anomalies, resulting in the implementation of measures to prevent the reoccurrence of such incidents, and thankfully, no material damages were sustained.

Yahsat's key risks and mitigating controls are summarised below:



Fire

- Fire detection and suppression systems
- Site emergency management plan
- Trained wardens



Spacecraft Anomalies

- Monitoring and maintenance systems
- Offsite back-up control centre
- Trained engineers (regular refresher training)
- Support and service level agreements with manufacturers (Airbus, Boeing, HNS)



Power Outages

- Onsite back-up power generator
- Redundancy (i.e., two or more) power supplies at all critical points
- Multiple uninterruptable power supplies (UPS)



Unavailability of Critical Applications

- Redundancy and back-up measures for critical applications, to avoid data loss and ensure they can continue to be used
- All critical applications available at the offsite back-up control centre



Unavailability of Personnel

- Identification of minimum required personnel
- Identified primary and secondary personnel back up for all critical processes



Cyber Security

- Incident containment through dedicated 7/24 monitoring, detection and isolation control
- Security incident mitigation through third-party incident response retainer



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 charter, committee and policy. The IS Charter establishes the necessary roles, responsibilities and authorities, both to prevent information security incidents from occurring and to effectively respond to such incidents should they occur. Its three main objectives are:

- Mitigate information security risks and achieve adequate protection levels for all information assets.
- Maintain compliance with all applicable local and international regulations.
- Protect information and prevent unauthorized information use or disclosure.

Key responsibilities are defined in the IS Charter for Yahsat's Information Security Committee, Chief Operation Officer, Enterprise Security Manager and others. The IS Committee comprises Yahsat's 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 Audit, Risk and Compliance Board Committee.

The IS Policy applies to all information assets and systems, and was created to ensure the

DATA PRIVACY & SECURITY

● 2019 ● 2020 ● 2021

Total number of identified leaks, thefts, or losses of customer data

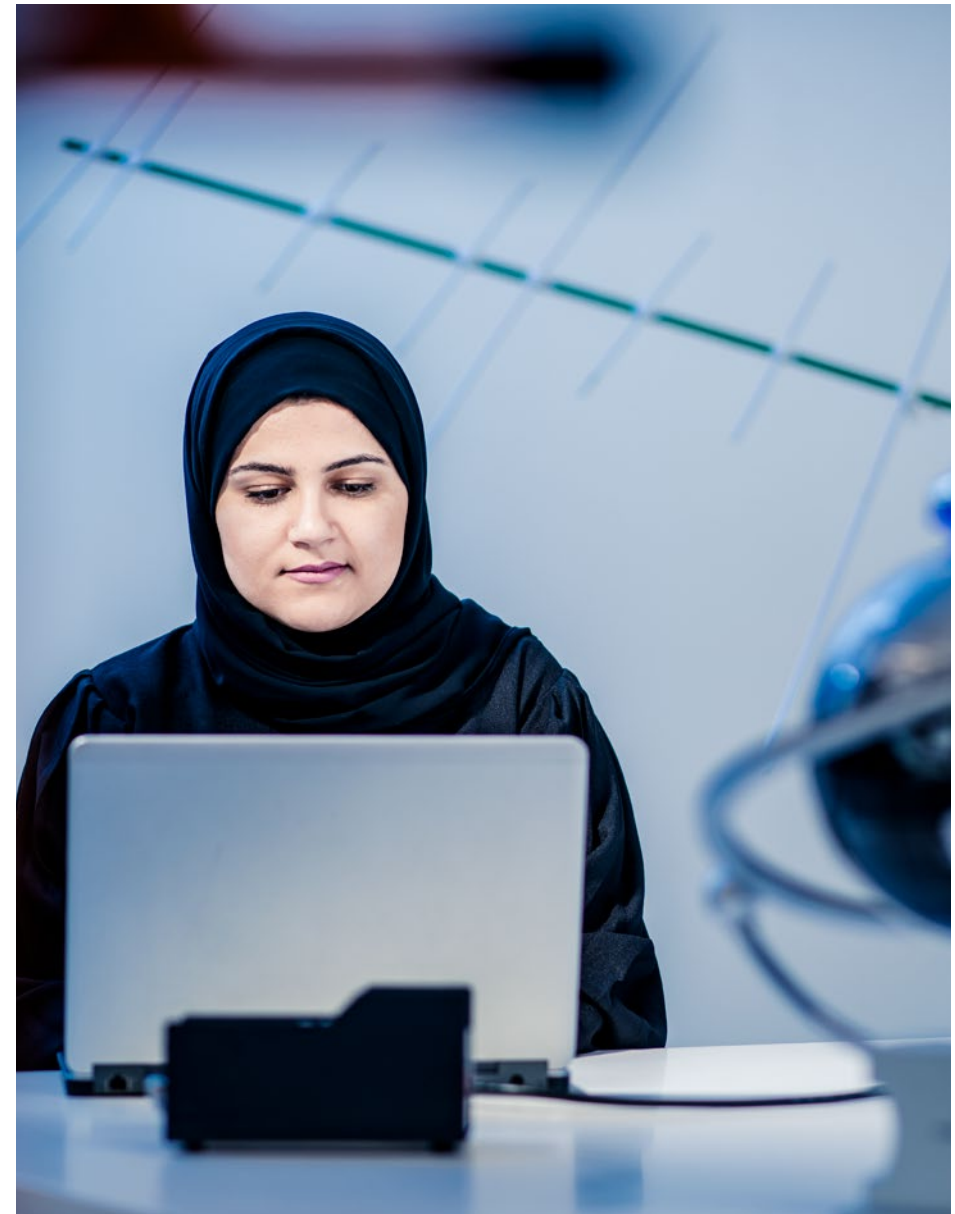
**ZERO
ZERO
ZERO**

Total number of substantiated complaints received concerning breaches of customer privacy

**ZERO
ZERO
ZERO**

confidentiality, integrity and availability of information through a uniform approach and defined responsibilities. Yahsat's Data Privacy Policy is another key information security policy. This policy can be found in the Code of Ethics and sets out eight principles for handling personal data.

Other policies that have been established to support data privacy and security relate 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.





Chapter 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 Policy

- 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





Meeting the Communication Needs of Communities

Working in partnership with international and regional service providers, Yahsat has 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 Yahsat has helped these types of 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 notable 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 (see case study).

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 percent 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.



CASE STUDY

Emirates Schools Establishment and Yahsat Collaboration

In certain rural communities throughout the UAE, poor internet connectivity was preventing students from accessing various e-learning programmes and materials. To resolve this problem, Yahsat and the UAE's Ministry of Education collaborated to provide improved internet connectivity to support distance and e-learning capabilities.

In the emirates of Fujairah, Ras Al Khaimah and Sharjah, we conducted numerous internet accessibility site surveys with families to determine the approximate number of students and locations requiring improved internet connectivity. The main issues we identified related to poor internet coverage provided by traditional terrestrial networks (including hotspot capabilities and fourth generation (4G) network speeds), costly internet connectivity requirements, and population density variabilities at each location.

The solution to these issues included installing internet connectivity equipment and providing unlimited internet packages and ongoing technical support to families. With an overall investment of approximately AED 1,080,000, YahClick unlimited capacity internet packages (with 16 Mbps download and 3 Mbps upload speeds), satellite dishes and Wi-Fi modems were provided to families in 74 villas. This resulted in over 300 students gaining improved internet connectivity access and subsequently meeting their educational needs with ease through several e-learning platforms.



“

Our collaboration with Yahsat has been part of a concerted effort by the Emirates Schools Establishment, its partners, and various education stakeholders, to maintain the gains and achievements of the education sector during the pandemic and beyond. This includes the development of a smart learning ecosystem that promises major benefits for years to come, moving the UAE's education space towards new horizons. We have seen the direct impact of this partnership on children in the UAE and we are delighted to be extending this collaboration with Yahsat into the future.

Jameela bint Salem Al Muhairi,
Minister of State for Public
Education



DISASTER RESPONSE

When humanitarian crises arise from natural disasters, such as floods and earthquakes, around the world, satellite operators find themselves in a position to provide immediate and vital communications solutions to help the people affected by them. Yahsat is a signatory of the United Nations Crisis Connectivity Charter, which aims to improve the way the global satellite community meets the communications needs of all stakeholders impacted by a disaster situation. We have also historically supported, and continue to support, several governments, international organizations, non-governmental organizations and others to resolve humanitarian crises where possible.

Most recently, during December 2021, Yahsat supported multiple organizations in the

Philippines to help over three million people affected by the category five Typhoon Rai. Earlier in the year, Yahsat entered into a Memorandum of Understanding with the Emirates Red Crescent Authority. Through this partnership, Yahsat will deploy integrated satellite communication solutions to support remote education programmes for young people, families and schools in countries affected by disasters and crises.

Prior to 2021, Yahsat supported multiple organizations addressing various humanitarian crises in areas with limited or no communications infrastructure. By supplying satellite communications solutions, we supported the humanitarian missions of the following organizations in the conflict areas of Sudan, Yemen and Afghanistan:



The World Food Programme is the world's largest humanitarian organization, saving lives in emergencies and using food assistance to build a pathway to peace, stability and prosperity for people recovering from conflict, disasters and the impact of climate change.



The United Nations Development Programme works in 170 countries and territories to eradicate poverty, reduce inequalities and exclusion, and build resilience so countries can sustain progress.



Save the Children works towards giving children a healthy start in life, the opportunity to learn and protection from harm. During a crisis, when children are most vulnerable, Save the Children is often the first organization to respond and the last to leave.



Médecins Sans Frontières brings medical humanitarian assistance to victims of conflict, natural disasters, epidemics or healthcare exclusion.





Dependable Customer Service

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 centralized 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

Key elements of this programme include:

- The establishment of a dedicated Operational Quality Assurance function to reaffirm Yahsat's commitment to providing high quality services and support.
- Governance programmes to constantly monitor and measure the quality of the services we provide. Programmes include incident management, problem management and change management. (An incident typically takes the form of an unexpected service disruption, whereas problem management seeks to address the actual and potential causes of an incident. Change management involves using systematic processes to modify information technology infrastructure.)



- The establishment of Operational Level Agreements to ensure we continue to meet service and support targets. (For example, service interruption-related problems must be addressed within 30 minutes and resolved within four hours. Failing this, hierarchical escalations are followed.)

'Voice of Customer' programmes

These programmes are designed to listen to the direct experiences of our customers and include:

- Periodic customer satisfaction, net promoter score (NPS) and customer effort score (CES) questions periodically circulated to all of our service partners. An NPS assesses how likely it is a person would recommend Yahsat's services, and a CES assesses the level of effort required by a customer to resolve an issue.
- Quarterly operational reviews conducted with strategic service partner accounts,

Our Customer Care team undergo assigned customer relationship management training to ensure they are appropriately prepared to offer our customers a positive experience with us.

covering operational support activities, service requests and special projects.

- Weekly meetings with senior management to review and address escalated and unresolved customer service issues, which are reported to the executive management monthly.

Quality assessment programmes

These programmes are intended to monitor, measure and analyse customer interactions and support processes, using customer interaction scoring mechanisms and conducting calibration and alignment activities. (Calibration activities involve comparing equipment to established standards, while alignment activities involve adjustments to equipment.)

Multiple forms of customer relationship management (CRM) systems have been implemented with planned enhancements to help us capture, manage and appropriately address customer needs. On our main CRM system, '360-degree views' of customers are available, which capture all forms of customer data including basic customer information; interaction history with Yahsat; types of customer support provided; all services availed and other types of useful information. Business intelligence dashboards are used to monitor near real-time and integrated customer data, and automated business rules have been established to create system alerts and notifications. Call management systems, including interactive voice response and automatic call distribution technologies, help our customers to find information efficiently. Moreover, our Customer Care team undergo assigned customer relationship management training to ensure they are appropriately prepared to offer our customers a positive experience with us.



MONITORING OUR PERFORMANCE

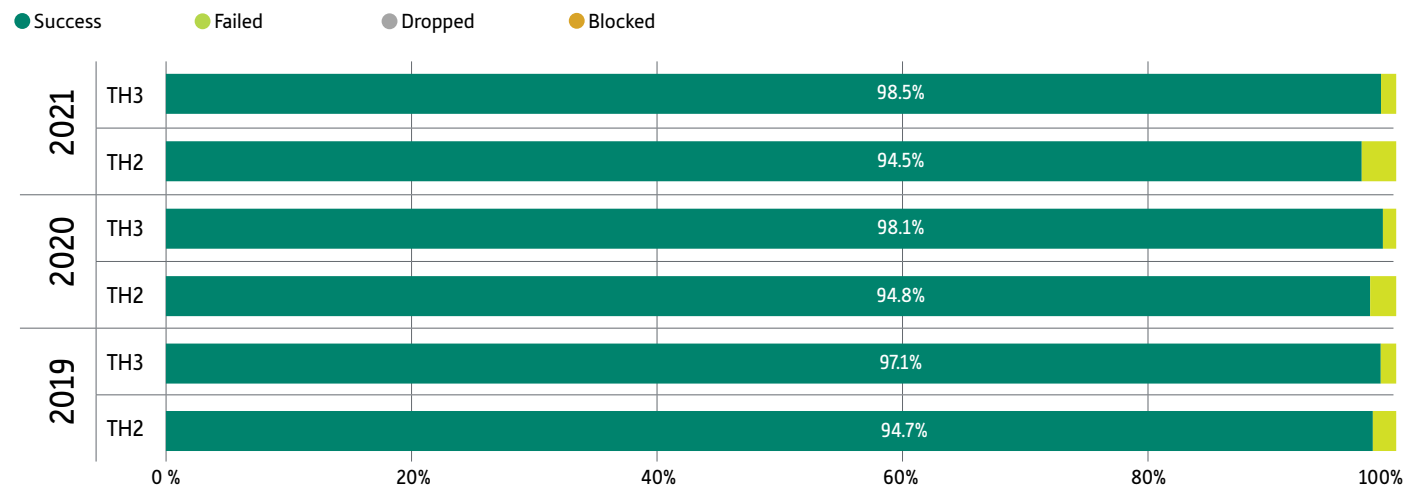
We monitor several customer service metrics across the business, and we plan to expand on these from 2022 onwards, as additional customer-centric programmes become sufficiently implemented. Key metrics monitored include First Call Resolution (FCR), customer satisfaction, call success ratios and satellite transponder availability. FCR measures the ability of the Group to resolve a customer's question or problem during their first call or contact with us. Throughout 2021, monthly FCR averaged 82 percent.

Customer satisfaction surveys were sent out in 2021 to our service partners who oversee in-country sales and service operations for end-users of Yahsat's products and services. The response rate was 11.3 percent and provided us with insightful feedback regarding our products, coverage, customer care and

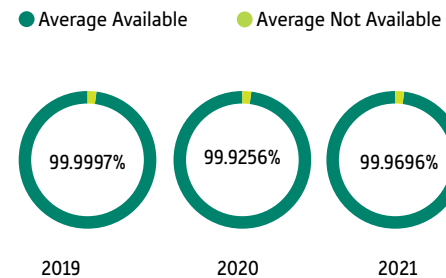
marketing activities. Due to the different types of customers we serve, it can be challenging to collect and accurately measure customer satisfaction data. To overcome these challenges, we aim to identify the most effective and appropriate data collection methods in the near future.

Call success ratios identify the percentage of customer calls that connected successfully to a dialled number. One of the main purposes of this metric is to assess overall customer accessibility to communications services. Across our two Thuraya satellites (TH3 and TH2), which are predominantly used for voice and data applications, call success ratios have remained broadly consistent since 2019, with 94.5 percent for TH2 and 98.5 percent for TH3 in 2021.

Call Success Ratio (TH2 and TH3 Satellites)



Average Satellite Transponder Availability (%)



Satellite transponder availability measures the time a satellite's transponders are operational to continue transmitting information. Transponders transmit information received by a satellite through a range of radio frequencies (bandwidth). Across Yahsat's satellite fleet, these radio frequencies include C, L, Ku and Ka. Issues that can cause transponders to stop working include satellite anomalies, problems with the information being received by a satellite, and/or configuration-related issues. During the past three years, the average transponder availability for each of the satellites in Yahsat's fleet has exceeded 99.9 percent.



99.9%
average transponder
availability for each of the
satellites in Yahsat's fleet



Chapter 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 maximize employee well-being.

Material Issues Covered

- Employee Engagement, Diversity & Inclusion
- Health & Safety
- Human Rights
- Talent Attraction, Retention & Development

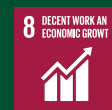
UAE National Space Policy

- 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





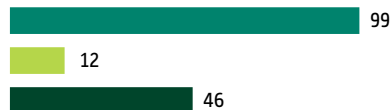
Building Our Workforce

From a workforce perspective, 2021 was an important year for Yahsat. Our efforts to meet the regulatory requirements for becoming a publicly listed company led to the development of new corporate functions, such as the Investor Relations function, and the restructuring of existing teams. Certain employees with specific skill sets and experiences were reassigned to new roles and fresh talent was brought in to support emerging business needs. Compared to 2020, employee hires increased by 283 percent to fulfil these new demands, along with any needs created by employee separations (which decreased by 7 percent for full-time employees).

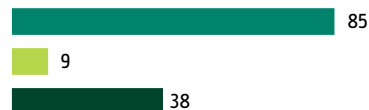
NEW EMPLOYEE HIRES

● 2019 ● 2020 ● 2021

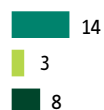
New Employee Hires



Male



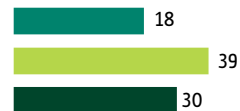
Female



TURNOVER

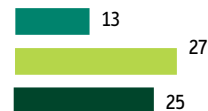
● 2019 ● 2020 ● 2021

Total number of employees, contractors and consultants who left the company



Total number of employees who left the company

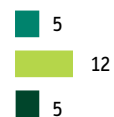
Full-time



Part-time

**ZERO
ZERO
ZERO**

Total number of contractors and consultants who left the company



We strive to optimize our workforce and to create synergies to gain operational efficiencies where possible, as well as recognize and reward our leadership's strategic corporate achievements. Our optimization efforts resulted in a 9 percent decrease in the total number of employees from 2019 to 2020, which has since remained relatively consistent. In 2022, we plan to develop long-term employee incentive (LTIP) plans for our executive leadership. The LTIP's, yet to be approved by the General Assembly, will incorporate restricted and grant stock options and bonus cancellation mechanisms. In 2021, the total compensation ratio of our CEO to a median full-time employee was 6:1.

| Workforce | 2019 | 2020 | 2021 |
|--|------|------|------|
| Employment Category | | | |
| Total number of employees | 428 | 389 | 477 |
| Full-time employees | 351 | 330 | 416 |
| Part-time employees | 0 | 0 | 0 |
| Total number of contractors and/or consultants | 77 | 59 | 61 |
| Gender Profile | | | |
| Female full-time employees | 56 | 55 | 70 |
| Male full-time employees | 295 | 275 | 346 |
| Employment Levels | | | |
| Full-time employees in senior management | 49 | 50 | 60 |
| Female | 5 | 4 | 5 |
| Male | 244 | 46 | 55 |
| Full-time employees in middle management | 68 | 65 | 88 |
| Female | 7 | 6 | 8 |
| Male | 61 | 59 | 80 |
| Full-time employee staff (other levels) | 234 | 215 | 268 |
| Female | 44 | 45 | 57 |
| Male | 190 | 170 | 211 |



DIVERSITY & INCLUSION

We understand that Yahsat's strength lies in the talent and diversity of its people and that everyone must be treated fairly, as documented in our Code of Ethics.

Female employees accounted for over 16 percent of our total full-time workforce in 2021, a level which has remained relatively consistent over the past three years. Various programmes are available at Yahsat to support female employees, including work-from-home arrangements for new mothers and educational opportunities. In 2021, annual median compensation was USD \$76,000 for males and USD \$75,000 for females. Moreover, Yahsat's Layla Al Hayyas, who was heavily involved in Yahsat's IPO activities, proudly received the 2021 'Women Leader of the Year' award from the GCC GOV HR Summit, a key human resource event in the Gulf Cooperation Council (GCC) region.

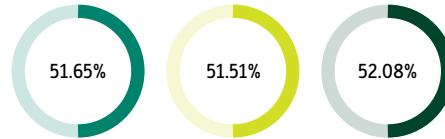
Attracting talent locally and from around the world helps Yahsat to foster a working culture that exchanges best practices and alternative perspectives, as well as contributing towards local and national workforce ambitions. UAE nationals have accounted for over 50 percent of our employees during the past three years; the remaining employees have represented up to 34 nationalities.

UAE nationals have accounted for over **50%** of our employees during the past three years

NATIONALIZATION

● 2019 ● 2020 ● 2021

Percentage of nationals among full-time workforce



Nationals among total full-time workforce



NATIONALIZATION BY GENDER

● 2019 ● 2020 ● 2021

Female national full-time employees



Male national full-time employees





TRAINING & DEVELOPMENT

We are keen to support the continuing professional and personal development of our workforce wherever possible. 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. Compared to 2020, the average hours of training undertaken per male and female full-time employee decreased by 8 percent and 27 percent, respectively.

Emiratization 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 roles. The programme incorporates succession planning by identifying high-potential employees for leadership positions, followed by rigorous on-the-job training, advanced programme enrolment at world-leading educational institutions, and engagement with international experts to gain exposure to best practices.

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 roles.

AVERAGE TRAINING PER EMPLOYEE

● 2019 ● 2020 ● 2021

Male full-time employees (hours)



Female full-time employees (hours)



AVERAGE TRAINING PER EMPLOYEE IN SPECIFIC AREAS

● 2019 ● 2020 ● 2021

Data privacy (hours)



PROFILE OF YAHSAT

APPROACH TO SUSTAINABILITY

1. RELIABLE CORPORATE GOVERNANCE

2. SERVING CUSTOMERS & COMMUNITIES

3. INVESTING IN PEOPLE

4. PROMOTING ENVIRONMENTAL PROTECTION

5. DEVELOPING THE RIGHT BUSINESS PARTNERSHIPS



GROW Programme Participants



“

Space is the final frontier, and there are ever so many opportunities to create value and make an impact on the future.

Adnan Al Muhairi
Chief Technology Officer
(appointed in June 2021)

Joined Yahsat in 2009 as a Senior Payload Operations Engineer



“

Today opportunities are so widely available. So, grasp them. Shoot for the stars.

Eisa Alshamsi
General Manager – Yahsat
Government Solutions
(appointed in June 2021)

Joined Yahsat in 2010 as a Deputy Payload Operations Manager



“

Always work, with the thought that whatever good you do – even the smallest act – will contribute to the progress and prosperity of your country.

Sulaiman Al Ali
Chief Executive Officer, Thuraya
(appointed in June 2021)

Joined Yahsat in 2014 as the Director of Business Development for Yahsat Government Solutions



“

Always focus on giving your customer the best possible service.

Khalid Alkaf
Chief Operations Officer
(appointed in June 2021)

Joined Yahsat in 2017 as a Senior Director of Operations

We are particularly proud of our work at Yahsat to establish the Khalifa University Space Technology and Innovation Centre, in partnership with the UAE Space Agency and Khalifa University. The Centre has multiple ambitions: to train UAE nationals in satellite design and manufacturing; conduct scientific research in the space sector; develop the UAE's satellite manufacturing capabilities; promote entrepreneurship in the space sector; and support the UAE's Space Agency

Initiatives. The Yahsat Space Laboratory (YSL) is a fundamental unit of the Centre, where Yahsat has invested over AED 5.5 million into design, manufacturing, assembly, integration and testing facilities for small satellites. In July 2021, YSL students launched 'DhabiSat', a small, square-shaped satellite or 'CubeSat' used primarily for research and educational purposes.

To date, the Centre has graduated 36 students with a Master of Science (MSc) qualification in Concentration in Space Systems and Technology; nine students with a Doctor of Philosophy (PhD) in space technologies and applications; and over 20 Bachelor of Science students, who have participated in five senior design projects.

In future, the YSL plans to increase the number of learning opportunities it offers to students by continuing to evolve. Specifically, by 2024 and 2028, YSL aims to help students meet customer and commercial design requirements, improve hardware development capabilities, enhance software capabilities, and enhance its testing facilities.



EMPLOYEE ENGAGEMENT

Through appropriate engagement, we endeavour to keep track of employee satisfaction levels and to understand and respond to the needs of our workforce. Overall employee satisfaction is monitored on an annual basis through third-party employee satisfaction surveys and annual staff retreats. An absolute employee satisfaction score of 82 was recorded for 2021, indicating average levels of both emotional and transactional (i.e., meeting minimal expectations of employer) engagement. The key focus areas that emerged from our 2021 staff retreat included:



Improving internal communication channels



Offering flexible working hours



Remote working



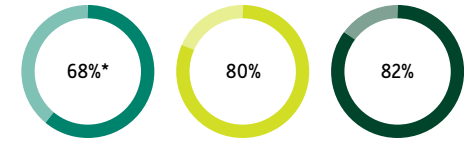
Digitizing processes to improve efficiencies

The information gleaned from these activities is discussed with all levels of management, and action plans are developed to increase overall engagement.



EMPLOYEE SATISFACTION

2019 2020 2021



*Different scoring mechanism used in 2019.

Employee grievances may be reported and investigated through our Ethics and Compliance function. The number of reported grievances has remained low and has been steadily decreasing since 2019. The few reported grievances have related to offensive language/tone, possible cases of discrimination and miscommunication. Upon completing a review of a grievance, where appropriate, a corrective action plan is administered.

GRIEVANCES

2019 2020 2021

Total number of grievances



Total number of grievances resolved



Total number of discrimination incidents



**ZERO
ZERO**

PROFILE OF YAHSAT

APPROACH TO SUSTAINABILITY

1. RELIABLE CORPORATE GOVERNANCE

2. SERVING CUSTOMERS & COMMUNITIES

3. INVESTING IN PEOPLE

4. PROMOTING ENVIRONMENTAL PROTECTION

5. DEVELOPING THE RIGHT BUSINESS PARTNERSHIPS



Protecting Our People

HEALTH & SAFETY

Together, the Health, Safety and Environment (HSE) Committee, policy, associated manual, and supporting standard operating procedures help Yahsat to effectively govern and monitor all HSE activities. To ensure the effectiveness of our HSE governance and practices, the HSE Committee meets twice a year, annual HSE targets are set, and we periodically monitor employee familiarity with HSE policies and procedures and HSE-related sentiment through internal employee surveys. Our annual HSE targets are:

- Zero employee or contractor fatalities
- Total recordable injuries must not exceed three for employees or contractors
- Employee lost-time injuries must not exceed one for employee or contractors

Encouragingly, we continue to meet our annual HSE targets. Since the beginning of 2019, there have been no fatalities and a total of four recordable injuries for employees. The responses to the questions in our internal HSE employee surveys were also encouraging: 98.19 percent of employees indicated they are familiar with Yahsat's HSE policy and procedures, and 94.22 percent indicated they feel safe and secure when they are at the office, in terms of their physical and emotional safety.



1,375,965
Total employee hours for 2021

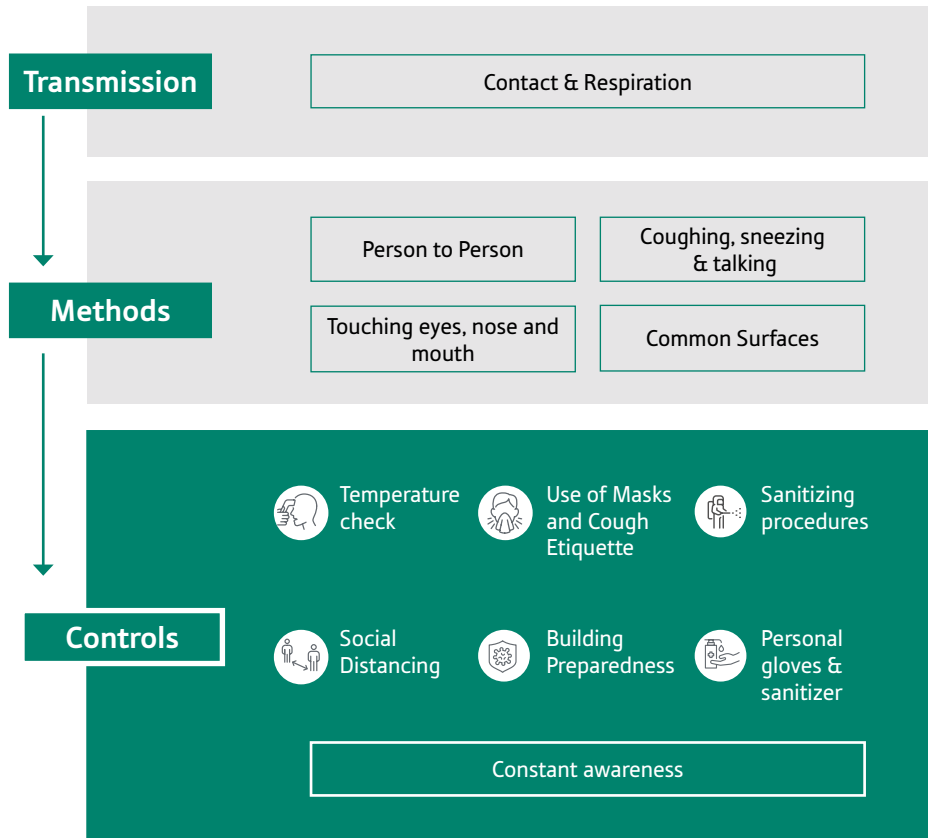
| Health & Safety | 2019 | 2020 | 2021 |
|--------------------------------------|---------|-----------|-----------|
| Total employee hours | 505,942 | 1,182,412 | 1,375,965 |
| Total contractor hours | 276,799 | 199,204 | 235,479 |
| Employee fatalities | 0 | 0 | 0 |
| Contractor fatalities | 0 | 0 | 0 |
| Employee total recordable injuries | 1 | 1 | 2 |
| Contractor total recordable injuries | 0 | 0 | 0 |
| Employee lost-time injuries | 0 | 0 | 0 |
| Contractor lost-time injuries | 0 | 0 | 0 |



As the COVID-19 pandemic continues to impact all aspects of everyday life, we continue to adapt and respond to its challenges. A COVID-19 Committee, with members representing each key function at Yahsat, meets twice a week to oversee all related HSE matters. We have also set up a special 24/7 COVID-19 hotline for our employees to use in case of emergencies, or to ask any COVID-19-related questions. In addition, we created a Back-to-Office Guide, detailing a phased approach to helping employees safely and gradually return to our offices. The guide incorporates the

World Health Organization's directions and includes topics such as employee rotations; COVID-19 testing; mask requirements; conducting virtual meetings; and business travel.

In our internal HSE employee surveys, we also asked our employees about their levels of satisfaction with our COVID-19 protection measures. Specifically, we asked, 'During the COVID-19 pandemic period, are you satisfied with all the safety measures taken by Yahsat within the Company?', to which 93.86 percent of our employees responded, 'Yes'.



HUMAN RIGHTS

The United Nations describes human rights as the 'rights inherent to all human beings, regardless of race, sex, nationality, ethnicity, language, religion, or any other status. Human rights include the right to life and liberty, freedom from slavery and torture, freedom of opinion and expression, the right to work and education, and many more.'¹ At Yahsat, we abide by all such international human rights principles – as clearly stated in our Code of Ethics – and we insist our business partners do the same.

Our Business Partner Code of Conduct sets out the imperative for our partners to abide by all applicable national and international human rights principles, as well as other important practices related to employment practices, fair treatment, child labour, forced labour, and health and safety in the workplace. Any violations of these principles can be easily reported using Yahsat's Ethics and Compliance helplines and email addresses. Since 2019, there have been no such violations.



¹<https://www.un.org/en/global-issues/human-rights>



Chapter 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

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 Yahsat'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.

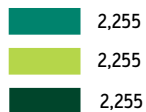
The majority of Yahsat's energy consumption comes from equipment rooms, data centres,

network operations centres, antennas and various information technology infrastructure. Yahsat's total indirect energy consumption (electricity) has remained relatively consistent for the last three years, averaging 20,560,284 kilowatt hours (kWh), or 74,017 gigajoules (GJ), per year. Annual levels of direct energy consumption have stayed the same since 2019 and are accounted for by planned load generator tests, which ensure reliable power sources are available in the event of an emergency. In the future we aim to increase energy efficiencies by installing smart electricity meters and replacing uninterruptible power sources with more modern and energy efficient ones.

DIRECT ENERGY CONSUMPTION*

● 2019 ● 2020 ● 2021

Petrol consumption from operations and vehicles (litres)



Diesel consumption from operations and vehicles (litres)



INDIRECT ENERGY CONSUMPTION**

● 2019 ● 2020 ● 2021

Electricity consumption (kWh)



* For Yahsat's Abu Dhabi facilities only

** For Yahsat and Thuraya sites

| Energy Consumption | 2019 | 2020 | 2021 |
|---|--------|--------|--------|
| Total Energy Consumption | | | |
| Total direct & indirect energy consumption (GJ) | 76,435 | 73,177 | 74,476 |
| Energy intensity (GJ/employee) | 218 | 222 | 179 |

Carbon Emissions & Climate Strategy

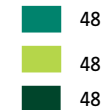
The UAE's national climate ambition is to achieve net-zero emissions by 2050, and Yahsat intends to contribute towards this ambition. We are currently in the process of developing and setting our climate change strategy and ambitions. One initiative being explored is the use of renewable solar energy 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. Our total Greenhouse Gas (GHG) emission levels (Scope 1 and 2) over the past three years have averaged 13,946 tons of carbon dioxide (CO₂) equivalent. Almost all of Yahsat's GHG emissions are accounted for by indirect energy consumption (Scope 2). All Scope 1 emissions are generated from the planned load generator tests for Yahsat's emergency power sources.

One initiative 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.

EMISSIONS

● 2019 ● 2020 ● 2021

Direct GHG emissions* (Scope 1) (tons of CO₂eq)



Indirect GHG emissions** (Scope 2) (tons of CO₂eq)



Total GHG emissions (tons of CO₂eq)



GHG emissions intensity (tons of CO₂eq/full-time employee)



*For Yahsat's Abu Dhabi facilities only

** For Yahsat and Thuraya sites.



Environmental Management

YAHSAT'S OPERATIONS

Across our business, we strive for efficiency in our consumption of material resources and for reductions in 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. Wastepaper and cardboard generated from internal departmental activities account for most of the materials we recycle. We also segregate and recycle e-waste, furniture, and various forms of green waste (e.g., branches). From 2020 to 2021, our consumption and recycling of wastepaper and cardboard reduced by 62 percent, mostly due to work-from-home measures implemented in response to the COVID-19 pandemic.

The majority of Yahsat's water consumption is accounted for by softscape activities, such as irrigating plants and trees on our grounds. Our total water consumption has averaged 105,157 cubic metres, approximately 15 to 20 percent of which is accounted for by employee water use (kitchens, toilets etc.). Compared to 2019, water consumption has decreased in subsequent years due to work-from-home measures implemented in response to the COVID-19 pandemic. As employees gradually returned to our offices, water consumption increased in 2021 compared to 2020.

Yahsat's Abu Dhabi facilities have generated, on average, 3,167 cubic metres of wastewater per year. As with the materials we recycle, an approved agent of Tadweer collects

Yahsat's wastewater. We currently do not have any water reclamation mechanisms, such as treating used water for other purposes. However, we plan on exploring the possibilities of using treated sewage water for irrigation purposes. We will also be increasing the scope of our wastewater monitoring activities to include Thuraya's sites in 2022.

From 2020 to 2021, our consumption and recycling of wastepaper and cardboard reduced by

 **62%**

| Resource Consumption & Waste | 2019 | 2020 | 2021 |
|---|----------|----------|----------|
| Resources** | | | |
| Recycled wastepaper & cardboard (kg) | 7,140 | 10,627 | 4,030 |
| Total water consumption (m³) | 122,288 | 89,880 | 103,304 |
| Water consumption intensity (m³/employee) | 348.40 | 272.36 | 248.33 |
| Wastewater* | | | |
| Total volume of wastewater generated (m³) | 3,339.17 | 3,084.93 | 3,166.65 |

*For Yahsat's Abu Dhabi facilities only

** For Yahsat and Thuraya sites.



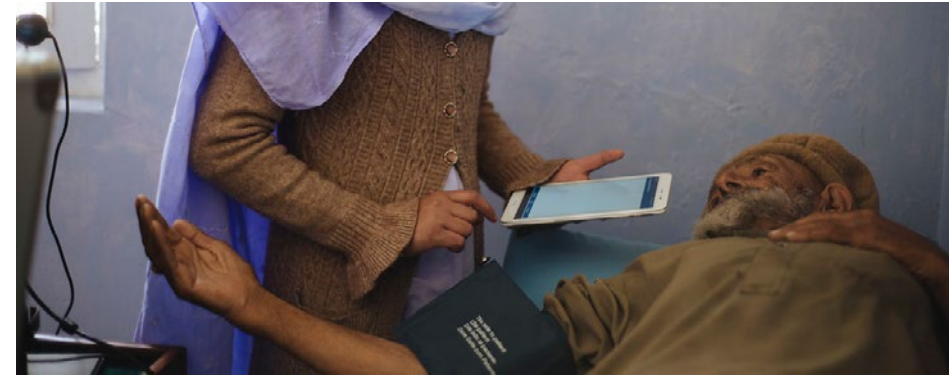


PRODUCT LIFECYCLES

How end-users dispose of the hardware (products) used to avail Yahsat's satellite-related services is an area we are keen 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.

For example, the packaging on Thuraya satellite phones displays a crossed-out wheelie bin symbol, indicating that the phones should be recycled and not disposed of as normal municipal waste. For any obsolescent stock we maintain, it is disposed of through government nominated and/or approved waste management companies.



INNOVATIVE SOLUTIONS


The nature of our business as an integrated satellite communications solutions provider brings with it the potential to create positive social and environmental impacts. As previously highlighted, Yahsat's services have enabled communities to gain improved internet access, improve the management of healthcare data, and effectively respond to natural disasters. In addition, there are many other innovative applications for our service offerings, with potentially far-reaching benefits. Some of these are outlined in the table below:


| Application Type | Overview and Application Examples |
|---------------------------|---|
| Internet of Things | Enables the real-time monitoring, communication, management and control of remote assets and operations on land and in the sea. Applications can assist with security, border control, lone worker safety and more. |
| Encryption | Supports defence grade security solutions that are essential to communication requirements of the military, government, energy, marine and relief authorities. |
| Machine to machine | Enables the simultaneous collection of data from multiple points and sources including location information, data from external sensors and peripheral devices. |
| Aeronautical | Communication services are available for a wide range of applications including ISR (intelligence, surveillance and reconnaissance), SAR (search and rescue), relief, BLOS (beyond line-of-sight) and business aviation. |
| Marine | Reliable maritime voice and data products are available, from low-cost basic solutions to high-end broadband data terminals supporting voice, SMS, narrowband and broadband data connectivity, helping ship owners reduce operational costs while improving crew welfare. |





Sustainable Use of Space

Yahsat is committed to promoting the sustainable use of space. 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. Key ways Yahsat supports these principles include:

 Registration of our satellites with the United Nations Office of Outer Space Affairs

 Procuring satellites designed to minimize the risk of debris

 Launching and operating our satellites in ways that minimize the risk of space object collisions

 Deorbiting and deactivation of obsolete satellites in accordance with best practices



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. 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, which cover the following:

- Limitation of debris released during normal operations
- Minimisation of the potential for on-orbit break ups
- Post-mission disposal
- Prevention of on-orbit collisions

We adhere to the IADC's guidelines in several ways. By procuring reliable satellites, which are built using the best available methods, this significantly reduces the risk of a component failure occurring and disabling the satellite. Through continuous satellite tracking and monitoring, we ensure our satellites are always in the correct position and are maneuvered to avoid any passing debris. For satellites reaching the end of their lifespans, remaining fuel reserves are used to deorbit the satellite where it is permanently powered down.

Yahsat's fleet of satellites have an average lifespan of approximately 19.4 years and Thuraya-2 is our oldest satellite, which could potentially be decommissioned in 2026. This will involve moving the satellite beyond the geostationary earth orbit and towards the

'graveyard orbit'² – an orbit that removes the risk of non-operational satellites colliding with operational satellites.

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 additional and related opportunities too. Such opportunities include joining and contributing towards the 'Net Zero Space' initiative³, which calls for a global commitment to achieving sustainable use of outer space for the benefit of all humankind by 2030.

To further promote the sustainable use of space, Yahsat participates in domestic and international forums addressing the rules for the sustainable use of space.

²Space Industry Debris Statement. World Economic Forum. https://www3.weforum.org/docs/WEF_Space_Industry_Debris_Statement_2021.pdf

³Net Zero Space. Paris Peace Forum. <https://parispeaceforum.org/en/initiatives/net-zero-space/>



Chapter 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 Policy

- 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 set of minimum consistent standards. In recent years, the Group's Procurement function has become centralized; a new procurement system (Oracle Fusion) has been implemented with supplier management and sourcing modules; 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.

We do our utmost to make sure our suppliers are selected in a fair and transparent manner. Our centralized Procurement function now manages all purchase requisitions and supplier management activities. Suppliers are invited to register through our supplier portal and can respond to published requests for proposals. All submitted supplier proposals are subsequently evaluated and scored based on defined business rules and automated approvals as per Yahsat's delegation of authority matrices. For higher value purchases, a tender committee must also be established with representatives (who may be C-Level, depending on the purchase value) from the relevant end-user department, Finance department, Legal department and others if necessary.

From 2019 to 2021, annual procurement expenditure has averaged AED 763 million, and

annual expenditure increased by 55 percent in 2021 compared to 2020. This increase is mostly accounted for by our next generation satellite (NGS) project, Thuraya-4 NGS, that will bring many value-added services, including:

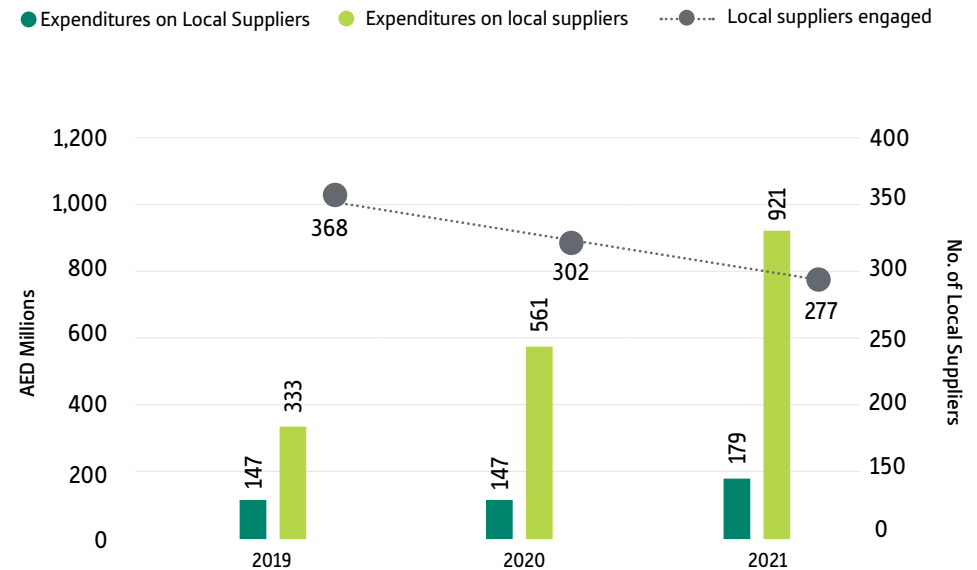
Enabling a wider range of interoperable fixed and mobile satellite services

Delivering next-generation capabilities and flexibility while increasing capacity and coverage across the Middle East, Central Asia, Europe and Asia

Increasing L-band capacity

The total number of local suppliers engaged, and the relative expenditure of local to total procurement expenditure, has declined each year since 2019. From 2019 to 2021, the total number of local suppliers engaged decreased by 25 percent. Local suppliers accounted for 16.27 percent of total expenditure in 2021, a decrease from 30.63 percent in 2019. These decreases can be attributed mainly to capital expenditure related to Thuraya 4-NGS, which has been sourced from international companies like Airbus, a leader in designing, manufacturing and delivering aerospace products and services. However, total expenditure on local suppliers has continued to increase over the same period, increasing by 22 percent, or AED 32 million, from 2019 to

Procurement Expenditure








2021. This expenditure has mostly related to projects to strengthen and maintain ground and network services.

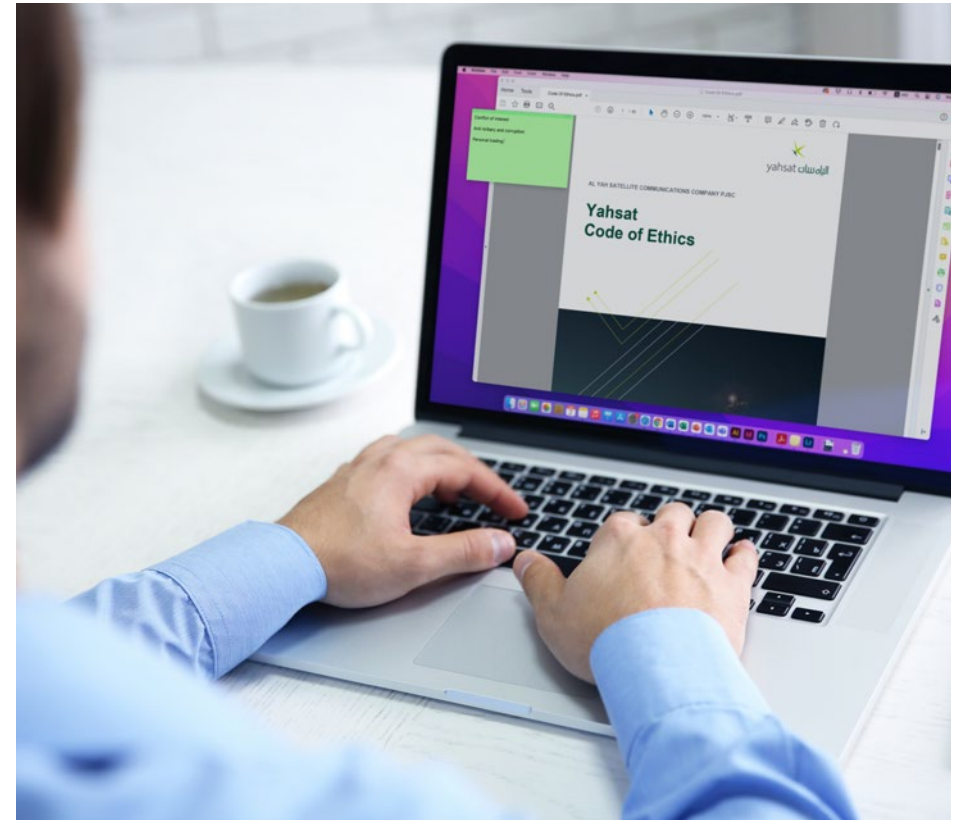
For 2022, the centralized Procurement function plans to improve its supplier management activities. Specifically, it will be developing key performance indicators (KPIs) to help monitor existing supplier performance, and questionnaires for end-user feedback. Additional KPIs will also be developed for the Procurement function itself, which will relate to turnaround times of certain procurement phases, efficiency of procurement process, savings targets and more.

 **22%**
increase in total expenditure on local suppliers

Controversial Sourcing & Partnerships

We are committed to conducting all of Yahsat's 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 as previously stated, all of Yahsat's business partners must comply with our [Business Partner Code of Conduct](#) and are screened through a due diligence process. When registering through our supplier portal, suppliers must confirm their willingness to comply with the Code of Conduct by checking a mandatory checkbox. The Code comprises five key components, each 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, bookkeeping, 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. This screening criteria incorporates:

- Politically exposed persons – e.g., those with a prominent public function, including heads of state, senior politicians, senior government officials and similar types of positions.
- Sanctions lists – lists of persons or entities subject to international or domestic restrictions.
- Watch lists – lists of persons or entities subject to enhanced monitoring and screening (e.g., the FBI, World Bank, Interpol).
- Other forms of screening criteria including enforcement lists, court actions, and adverse media monitors.



Appendix A:

GRI Content Index

This report was prepared according to the GRI Sustainability Reporting Standards: core option. The table below serves as the GRI content index.

| GRI Standard | Disclosure | Page number(s) and/or direct answer | PROFILE OF YAHSAT | APPROACH TO SUSTAINABILITY | 1. RELIABLE CORPORATE GOVERNANCE | 2. SERVING CUSTOMERS & COMMUNITIES | 3. INVESTING IN PEOPLE | 4. PROMOTING ENVIRONMENTAL PROTECTION | 5. DEVELOPING THE RIGHT BUSINESS PARTNERSHIPS |
|--------------|---|-------------------------------------|-------------------|----------------------------|----------------------------------|------------------------------------|------------------------|---------------------------------------|---|
| | GRI 101: Foundation 2016 | | | | | | | | |
| | General Disclosures | | | | | | | | |
| | Organizational profile | | | | | | | | |
| | 102-1 Name of the organization | 4 | | | | | | | |
| | 102-2 Activities, brands, products, and services | 3,18 - 23 | | | | | | | |
| | 102-3 Location of headquarters | 5 | | | | | | | |
| | 102-4 Location of operations | 5 | | | | | | | |
| | 102-5 Ownership and legal form | 5 | | | | | | | |
| | 102-6 Markets served | 6,19 | | | | | | | |
| | 102-7 Scale of the organization | 5,6,25 | | | | | | | |
| | 102-8 Information on employees and other workers | 25,26 | | | | | | | |
| | 102-9 Supply chain | 38,39 | | | | | | | |
| | 102-10 Significant changes to the organization and its supply chain | 5 | | | | | | | |
| | 102-11 Precautionary Principle or approach | 9,14-17,36 | | | | | | | |
| | 102-12 External initiatives | 4 | | | | | | | |
| | 102-13 Membership of associations | 16 | | | | | | | |
| | Strategy | | | | | | | | |
| | 102-14 Statement from senior decision-maker | 3 | | | | | | | |
| | 102-15 Key impacts, risks, and opportunities | 16 | | | | | | | |
| | Ethics and integrity | | | | | | | | |
| | 102-16 Values, principles, standards, and norms of behavior | 5,15,16,39 | | | | | | | |

GRI 102: General Disclosures 2016



| GRI Standard | Disclosure | Page number(s) and/or direct answer | PROFILE OF YAHSAT |
|-----------------------------------|---|-------------------------------------|---|
| GRI 102: General Disclosures 2016 | Governance | | APPROACH TO SUSTAINABILITY |
| | 102-18 Governance structure | 13-17,30,31,36,38 | |
| | Stakeholder engagement | | |
| | 102-40 List of stakeholder groups | 7,8 | 1. RELIABLE CORPORATE GOVERNANCE |
| | 102-41 Collective bargaining agreements | Not applicable | |
| | 102-42 Identifying and selecting stakeholders | 7,8 | |
| | 102-43 Approach to stakeholder engagement | 8 | 2. SERVING CUSTOMERS & COMMUNITIES |
| | 102-44 Key topics and concerns raised | 8 | |
| | Reporting practice | | |
| | 102-45 Entities included in the consolidated financial statements | 6 | 3. INVESTING IN PEOPLE |
| | 102-46 Defining report content and topic Boundaries | 2,12,18,24,32,37 | |
| | 102-47 List of material topics | 9 | |
| | 102-48 Restatements of information | Not applicable | 4. PROMOTING ENVIRONMENTAL PROTECTION |
| | 102-49 Changes in reporting | Not applicable | |
| | 102-50 Reporting period | 4 | |
| | 102-51 Date of most recent report | Not applicable | 5. DEVELOPING THE RIGHT BUSINESS PARTNERSHIPS |
| | 102-52 Reporting cycle | 4 | |
| | 102-53 Contact point for questions regarding the report | 4 | |
| | 102-54 Claims of reporting in accordance with the GRI Standards | 4 | |
| | 102-55 GRI content index | 40 | |
| | 102-56 External assurance | Not applicable | |



| GRI Standard | Disclosure | Page number(s) and/or direct answer |
|---|--|-------------------------------------|
| Material Topics | | |
| GRI 200 Economic Standard Series | | |
| | Economic Performance | |
| GRI 103: Management Approach 2016 | 103-1 Explanation of the material topic and its Boundary | 9,10 |
| | 103-2 The management approach and its components | 9,10 |
| | 103-3 Evaluation of the management approach | 9,10 |
| GRI 201: Economic Performance 2016 | 201-1 Direct economic value generated and distributed | 2021 Annual Report |
| | Indirect Economic Impacts | |
| GRI 103: Management Approach 2016 | 103-1 Explanation of the material topic and its Boundary | 9,10,18,19 |
| | 103-2 The management approach and its components | 9,10,18,19 |
| | 103-3 Evaluation of the management approach | 19,20,21 |
| GRI 203: Indirect Economic Impacts 2016 | 203-1 Infrastructure investments and services supported | 19 |
| | 203-2 Significant indirect economic impacts | 19,20,21 |
| | Procurement Practices | |
| GRI 103: Management Approach 2016 | 103-1 Explanation of the material topic and its Boundary | 9,10,37,38,39 |
| | 103-2 The management approach and its components | 9,10,37,38,39 |
| | 103-3 Evaluation of the management approach | 38 |
| GRI 204: Procurement Practices 2016 | 204-1 Proportion of spending on local suppliers | 38 |



| GRI Standard | Disclosure | Page number(s) and/or direct answer |
|---|---|-------------------------------------|
| | Anti-corruption | |
| GRI 103: Management Approach 2016 | 103-1 Explanation of the material topic and its Boundary | 9,10,12,15 |
| | 103-2 The management approach and its components | 9,10,12,15 |
| | 103-3 Evaluation of the management approach | 15,39 |
| GRI 205: Anti-corruption 2016 | 205-1 Operations assessed for risks related to corruption | 39 |
| | 205-2 Communication and training about anti-corruption policies and procedures | 15 |
| | Anti-competitive Behavior | |
| GRI 103: Management Approach 2016 | 103-1 Explanation of the material topic and its Boundary | 9,10,12,16 |
| | 103-2 The management approach and its components | 9,10,12,16 |
| | 103-3 Evaluation of the management approach | 11,16 |
| GRI 206: Anti-competitive Behavior 2016 | 206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices | 16 |
| GRI 300 Environmental Standards Series | | |
| | Materials | |
| GRI 103: Management Approach 2016 | 103-1 Explanation of the material topic and its Boundary | 9,10,32,34-36 |
| | 103-2 The management approach and its components | 9,10,32,34-36 |
| | 103-3 Evaluation of the management approach | 9,10,32,34-36 |
| GRI 301: Materials 2016 | 301-1 Materials used by weight or volume | 34 |
| | 301-2 Recycled input materials used | 34 |

PROFILE OF YAHSAT

APPROACH TO SUSTAINABILITY

1. RELIABLE CORPORATE GOVERNANCE

2. SERVING CUSTOMERS & COMMUNITIES

3. INVESTING IN PEOPLE

4. PROMOTING ENVIRONMENTAL PROTECTION

5. DEVELOPING THE RIGHT BUSINESS PARTNERSHIPS



| GRI Standard | Disclosure | Page number(s) and/or direct answer |
|-----------------------------------|--|-------------------------------------|
| | Energy | |
| GRI 103: Management Approach 2016 | 103-1 Explanation of the material topic and its Boundary | 9,10,32 |
| | 103-2 The management approach and its components | 9,10,32,33 |
| | 103-3 Evaluation of the management approach | 33 |
| GRI 302: Energy 2016 | 302-1 Energy consumption within the organization | 33 |
| | 302-2 Energy consumption outside of the organization | 33 |
| | 302-3 Energy intensity | 33 |
| | 302-4 Reduction of energy consumption | 33 |
| | Water | |
| GRI 103: Management Approach 2018 | 103-1 Explanation of the material topic and its Boundary | 9,10,32 |
| | 103-2 The management approach and its components | 9,10,32,34 |
| | 103-3 Evaluation of the management approach | 34 |
| GRI 303: Water and Effluents 2018 | 303-1 Interactions with water as a shared resource | 34 |
| | 303-2 Management of water discharge-related impacts | 34 |
| | 303-5 Water consumption | 34 |
| | Emissions | |
| GRI 103: Management Approach 2016 | 103-1 Explanation of the material topic and its Boundary | 9,10,32 |
| | 103-2 The management approach and its components | 9,10,32,33 |
| | 103-3 Evaluation of the management approach | 33 |
| GRI 305: Emissions 2016 | 305-1 Direct (Scope 1) GHG emissions | 33 |
| | 305-2 Energy indirect (Scope 2) GHG emissions | 33 |
| | 305-4 GHG emissions intensity | 33 |
| | 305-5 Reduction of GHG emissions | 33 |



| GRI Standard | Disclosure | Page number(s) and/or direct answer |
|--|---|-------------------------------------|
| | Effluents and Waste | |
| GRI 103: Management Approach 2016 | 103-1 Explanation of the material topic and its Boundary | 9,10,32 |
| | 103-2 The management approach and its components | 9,10,32,34,35 |
| | 103-3 Evaluation of the management approach | 34 |
| GRI 306: Waste 2020 | 306-3 Waste generated | 34 |
| | 306-4 Waste diverted from disposal | 34 |
| | 306-5 Waste directed to disposal | 35 |
| GRI 400 Social Standards Series | | |
| | Employment | |
| GRI 103: Management Approach 2016 | 103-1 Explanation of the material topic and its Boundary | 9,10,24,25 |
| | 103-2 The management approach and its components | 9,10,24,25 |
| | 103-3 Evaluation of the management approach | 25 |
| GRI 401: Employment 2016 | 401-1 New employee hires and employee turnover | 25 |
| | Occupational Health and Safety | |
| GRI 103: Management Approach 2016 | 103-1 Explanation of the material topic and its Boundary | 9,10,24,30,31 |
| | 103-2 The management approach and its components | 9,10,24,30,31 |
| | 103-3 Evaluation of the management approach | 30,31 |
| GRI 403: Occupational Health and Safety 2018 | 403-1 Occupational health and safety management system | 30 |
| | 403-3 Occupational health services | 30 |
| | 403-4 Worker participation, consultation, and communication on occupational health and safety | 30 |
| | 403-6 Promotion of worker health | 30,31 |
| | 403-9 Work-related injuries | 31 |
| GRI 103: Management Approach 2016 | 103-1 Explanation of the material topic and its Boundary | 9,10,24,30,31 |
| | 103-2 The management approach and its components | 9,10,24,30,31 |
| | 103-3 Evaluation of the management approach | 30,31 |



| GRI Standard | Disclosure | Page number(s) and/or direct answer |
|---|---|-------------------------------------|
| GRI 103: Management Approach 2018 | 403-1 Occupational health and safety management system | 30 |
| | 403-3 Occupational health services | 30 |
| | 403-4 Worker participation, consultation, and communication on occupational health and safety | 30 |
| | 403-6 Promotion of worker health | 30,31 |
| | 403-9 Work-related injuries | 31 |
| | Training and Education | |
| GRI 103: Management Approach 2016 | 103-1 Explanation of the material topic and its Boundary | 9,10,27 |
| | 103-2 The management approach and its components | 9,10,27 |
| | 103-3 Evaluation of the management approach | 27 |
| GRI 404: Training and Education 2016 | 404-1 Average hours of training per year per employee | 27 |
| | 404-2 Programs for upgrading employee skills and transition assistance programs | 13,15,17,22,27 |
| | Diversity and Equal Opportunity | |
| GRI 103: Management Approach 2016 | 103-1 Explanation of the material topic and its Boundary | 9,10,26 |
| | 103-2 The management approach and its components | 9,10,27 |
| | 103-3 Evaluation of the management approach | 28 |
| GRI 405: Diversity and Equal Opportunity 2016 | 405-1 Diversity of governance bodies and employees | 25 |
| | Non-discrimination | |
| GRI 103: Management Approach 2016 | 103-1 Explanation of the material topic and its Boundary | 9,24,29 |
| | 103-2 The management approach and its components | 9,24,30 |
| | 103-3 Evaluation of the management approach | 29 |
| GRI 406: Non-discrimination 2016 | 406-1 Incidents of discrimination and corrective actions taken | 29 |

PROFILE OF YAHSAT

APPROACH TO SUSTAINABILITY

1. RELIABLE CORPORATE GOVERNANCE

2. SERVING CUSTOMERS & COMMUNITIES

3. INVESTING IN PEOPLE

4. PROMOTING ENVIRONMENTAL PROTECTION

5. DEVELOPING THE RIGHT BUSINESS PARTNERSHIPS



| GRI Standard | Disclosure | Page number(s) and/or direct answer |
|---------------------------------------|--|-------------------------------------|
| | Human Rights Assessment | |
| GRI 103: Management Approach 2016 | 103-1 Explanation of the material topic and its Boundary | 9,10,24, |
| | 103-2 The management approach and its components | 9,10,24, |
| | 103-3 Evaluation of the management approach | 9,10,24, |
| GRI 412: Human Rights Assessment 2016 | 412-2 Employee training on human rights policies or procedures | 31 |
| | Local Communities | |
| GRI 103: Management Approach 2016 | 103-1 Explanation of the material topic and its Boundary | 9,10,18,19 |
| | 103-2 The management approach and its components | 9,10,18,19 |
| | 103-3 Evaluation of the management approach | 19,20,22,23 |
| GRI 413: Local Communities 2016 | 413-1 Operations with local community engagement, impact assessments, and development programs | 18-23 |
| | Customer Privacy | |
| GRI 103: Management Approach 2016 | 103-1 Explanation of the material topic and its Boundary | 9,10,12,17 |
| | 103-2 The management approach and its components | 9,10,12,17 |
| | 103-3 Evaluation of the management approach | 17 |
| GRI 418: Customer Privacy 2016 | 418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data | 17 |

