This is a non-certified translation of the original Arabic version of the Prospectus. This English version is provided for convenience only and does not constitute a legal document. Subscribers should only rely on the Arabic version of the Prospectus. In the case of any discrepancies or omissions, the Arabic version of the Prospectus shall prevail.

OFFER TO SUBSCRIBE FOR SHARES
IN A PUBLIC SUBSCRIPTION IN THE UAE ONLY

Prospectus for the Public Offering of Shares in

Al Yah Satellite Communications Company PJSC

(a public joint stock company incorporated
in the Emirate of Abu Dhabi, United Arab Emirates)

Dated: 20 June 2021

This is the prospectus (the **Prospectus**) for the sale, in a public subscription in the United Arab Emirates (the **UAE**) only, of a minimum of 731,931,080 (seven hundred thirty-one million nine hundred thirty-one thousand eighty) and a maximum of 975,908,106 (nine hundred seventy-five million nine hundred eight thousand one hundred six) ordinary shares with a nominal value of AED 1.00 each (the **Offer Shares**) of Al Yah Satellite Communications Company PJSC (the **Company**), representing a minimum of 30% and a maximum of 40% of the issued share capital of the Company, all of which are being sold by the Company's sole shareholder Mamoura Diversified Global Holding PJSC (the **Founder**).

The Offer Price Range will be announced in the announcement published on the first day of the Offer Period on 27 June 2021.

The Final Offer Size and the Final Offer Price will be announced after the closing of the subscription. Please refer to the section on the Final Offer Size and the Final Offer Price in the first section of this Prospectus which sets out a description of how the Final Offer Price will be calculated.

Except in the UAE, no action has been taken or will be taken in any jurisdiction that would permit a public subscription of the Offer Shares pursuant to this Prospectus or the possession, circulation or distribution of this Prospectus. Accordingly, the Offer Shares may not be offered or sold, directly or indirectly, nor may this Prospectus or any other offering material or advertisement or other document or information in connection with the Offer Shares be distributed or published, in or from any jurisdiction except in compliance with any applicable rules and regulations of any such jurisdiction.

The Offer Period for the First Tranche, the Second Tranche and the Third Tranche (as described in this Prospectus) starts on 27 June 2021 and is expected to close on 6 July

2021 for the First Tranche and the Third Tranche and on 8 July 2021 for the Second Tranche.

This is the initial public offering (the **Offering**), including the offer to the Emirates Investment Authority (**EIA**), of a minimum of 36,596,554 (thirty-six million five hundred ninety-six thousand five hundred fifty-four) Offer Shares and a maximum of 48,795,406 (forty-eight million seven hundred ninety-five thousand four hundred six) Offer Shares in the capital of the Company, a public joint stock company incorporated in the UAE (**PJSC**), which are being offered for sale by the Founder.

The Final Offer Price will be determined through the application of a book building process, where a subscription orders ledger will be created through the subscription orders made only by the Second Tranche Subscribers.

If all of the Offer Shares are subscribed for and allocated, the Offer Shares will represent a minimum of 30% and a maximum of 40% of the total issued ordinary shares in the capital of the Company (the **Shares**). Prior to this Offering, the Shares have not been listed on any financial market and there has been no public market for the Shares.

Following the closing of the Offer Periods in respect of the First Tranche, the Second Tranche and the Third Tranche, the Company will apply to list its Shares on the Abu Dhabi Securities Exchange (the **ADX**).

This Prospectus contains data that has been submitted in accordance with the rules for issuance and disclosure issued by the UAE Securities and Commodities Authority (the **Authority**) in the UAE and this Prospectus has been approved by the Authority on 17 June 2021. However, the Authority's approval of this Prospectus does not constitute an endorsement of the feasibility of investment nor a recommendation to subscribe to the Offer Shares; the approval only confirms that this Prospectus contains the minimum information required in accordance with the applicable rules issued by the Authority with respect to prospectuses. The Authority is not responsible for the accuracy, completeness or adequacy of the information contained in this Prospectus and the Authority does not bear any responsibility for any damages or losses incurred by any person as a result of relying on this Prospectus or any part of it. The members of the Company's board of directors bear full responsibility regarding the validity of the information and data contained in this Prospectus, and they confirm, to the extent of their knowledge and belief, and subject to due diligence and after conducting reasonable enquiries, that there are no other facts or material information, which were not included in this Prospectus that renders any statement contained therein misleading to the Subscribers or which may influence their decision to invest.

Method of sale of the Offer Shares in a public subscription:

The Offer Shares represent a minimum of 731,931,080 (seven hundred thirty-one million nine hundred thirty-one thousand eighty) Shares and a maximum of 975,908,106 (nine hundred seventy-five million nine hundred eight thousand one hundred six) Shares, which will be sold by the Founder in a public offering whereby the Final Offer Price will be determined through the application of a book building process, where a subscription orders ledger will be created through the subscription orders made only by the Second Tranche Subscribers.

In creating the subscription orders ledger, the Offer Shares subscribed by the Second Tranche Subscribers will constitute the Offer Shares used in calculating the Final Offer Price of each Offer Share. In order for the subscription to succeed, the subscription percentage of the Second Tranche Subscribers must not be less than 60%, and the subscription percentage of First Tranche Subscribers must not be no more than 40%, of the Offer Shares. If the First Tranche is not subscribed to in full, the remaining Offer Shares will be allocated to the Second Tranche.

If the Third Tranche is not subscribed to in full, the remaining Offer Shares will be allocated, at the discretion of the Founder, to the First Tranche or to the Second Tranche. The Receiving Banks commit to refund the oversubscription amounts received from First Tranche Subscribers and Third Tranche Subscribers for Offer Shares and the proceeds accrued on such amounts from the date of receipt until the date of refund to the First Tranche Subscribers and Third Tranche Subscribers, provided that the refund is made within five working days from the date on which all allocations of Offer Shares to successful First Tranche Subscribers, Second Tranche Subscribers and Third Tranche Subscribers is determined.

The Founder may not, whether directly or indirectly or through any of its subsidiaries, subscribe for any of the Offer Shares.

Book Building Mechanism

Book building is a mechanism carried out during the Offering which assists in determining the Final Offer Price.

The book building process comprises the following steps:

1. The company whose shares are to be listed hires one or more investment banks who are tasked with determining the price range at which the shares can be sold.

2. The investment banks invite certain qualified investors, typically institutional and sophisticated investors and fund managers, to submit bids for the number of shares that they are interested in purchasing and the prices at which they would be willing to pay for such shares. The qualified investors' bids are recorded in a register specifically for recording the subscription orders for the shares being offered.

3. The book is 'built' by listing and evaluating the aggregated demand for the share offer from the submitted bids. The investment banks analyse the subscription orders register from qualified investors and, based on that, determine with the company and the founder(s) the final price for the shares, which is termed the final offer price.

4. Shares are then allocated to the accepted qualified investor bidders, at the discretion of the company and the founder(s).

A list of further definitions and abbreviations is provided in the *"Definitions and Abbreviations"* section of this Prospectus.

Tranche Structure

A. *First Tranche*

The First Tranche offer will be made pursuant to this Prospectus.

9% (nine per cent) of the Offer Shares, representing a minimum of 65,873,797 (sixty-five million eight hundred seventy-three thousand seven hundred ninety-seven) Shares and a maximum of 87,831,729 (eighty-seven million eight hundred thirty-one thousand seven hundred twenty-nine) Shares, are allocated to the First Tranche, which is restricted to the following persons:

- *Individual Subscribers*

  Natural persons (including Qualified High Net Worth Individual Subscribers (as described under the Second Tranche) who do not participate in the Second Tranche) who hold a NIN with the ADX and have a bank account in the UAE (except for any person who is resident in the United States within the meaning of the US Securities Act 1933, as amended (the **US Securities Act**)). There is no citizenship or residence requirement in order to qualify as an Individual Subscriber.

  Minors are permitted to apply for Offer Shares in accordance with the procedures applied by the Receiving Banks and the laws in force in this regard.

- *Other investors*

  Other investors (companies and establishments) who do not participate in the Second Tranche that hold a NIN with the ADX and have a bank account in the UAE (except for any person who is resident in the United States within the meaning of the US Securities Act, as amended).

All First Tranche Subscribers must hold a NIN with the ADX.

If all of the Offer Shares in the First Tranche are not fully subscribed, the unsubscribed Offer Shares will be made available to Second Tranche Subscribers, or alternatively (in consultation with the Authority) the Founder may (i) extend the Closing Date for the First Tranche and the Second Tranche and/or (ii) close the Offering at the level of applications received.

The minimum application size for First Tranche Subscribers is AED 10,000 with any additional application to be made in increments of AED 1,000.

There is no maximum application size for First Tranche Subscribers.

B. *Second Tranche*

90% (ninety per cent) of the Offer Shares, representing a minimum of 658,737,972 (six hundred fifty-eight million seven hundred thirty-seven thousand nine hundred seventy-two) Shares and a maximum of 878,317,295 (eight hundred seventy-eight million three hundred seventeen thousand two hundred ninety-five) Shares, are allocated to the Second Tranche, which is restricted to the following persons:

- *Qualified Institutional Subscribers*

  Juridical persons capable of making investments on their own, and who satisfy any of the following conditions:

  (i) the federal government of the UAE and governments of each Emirate in the UAE, governmental entities, institutions and authorities and companies wholly owned by any of them; or

  (ii) foreign governments, and their entities, institutions and authorities or entities wholly owned by them; or

  (iii) international organizations and entities; or

  (iv) bodies licensed by the Authority or similar regulatory bodies; or

  (v) legal persons who, as of the date of their last financial statements, satisfy at least two of the following requirements:

  a. total assets are valued at AED 75,000,000 (seventy-five million UAE dirhams);

  b. generate net annual revenues of AED 150,000,000 (one hundred fifty million UAE dirhams);

  c. have net worth or paid-up capital with a minimum of AED 7,000,000 (seven million UAE dirhams),

  who, in each case, have been approved by the Company and the Founder, in consultation with the Joint Lead Managers and to which the following characteristics apply: (a) a person in the United States who is a qualified institutional buyer (**QIB**), as defined in Rule 144A under the US Securities Act (**Rule 144A**) and to whom an offer can be made in accordance with Rule 144A, (b) a person outside the United States to whom an offer can be made in reliance on Regulation S under the US Securities Act, (c) a person in the DIFC to whom an offer can be made pursuant to an exemption from registration under the Market Rules Module of the DFSA's Rulebook, or (d) a person in the ADGM to whom an offer can be made pursuant to an exemption from registration under the FSMR Regulations Markets Rules and made only to persons who meet the Professional Client criteria set out in the ADGM Financial Services Regulatory Authority (**FSRA**) Conduct of Business Rulebook.

- *Qualified High Net Worth Individual Subscribers*

  Natural persons who have been approved by the Company and the Founder, in consultation with the Joint Lead Managers (excluding HSBC Bank Middle East Limited), and:

  (i) who are certified by the Authority or a similar regulatory authority to conduct any tasks associated with financial activities or services; or

  (ii) who fulfil the following conditions:-

a. have a net worth, excluding his or her principal residence, amounting to at least AED 4,000,000 (four million UAE dirhams);

b. have an annual income of not less than AED 1,000,000 (one million UAE dirhams); and

c. undertakes that he or she has the sufficient knowledge and experience in the field of the relevant investment and its risks, or that he or she is represented by an entity licensed by the Authority in a manner that does not contravene the terms of its licensing.

All Second Tranche Subscribers must hold an NIN with the ADX.

If all of the Offer Shares in the Second Tranche are not fully subscribed, then the Offering will be withdrawn.

The minimum application size for Second Tranche Subscribers is AED 500,000.

There is no maximum application size for Second Tranche Subscribers.

C. *Third Tranche*

The Third Tranche offer will be made pursuant to this Prospectus.

Up to 1% (one per cent) of the Offer Shares, subject to a maximum of 9,759,081 (nine million seven hundred fifty-nine thousand eighty-one) Shares, are allocated to the Third Tranche, which is restricted to certain employees and directors of Mubadala Investment Company PJSC, the Company and their respective group companies.

All Third Tranche Subscribers must hold a NIN with the ADX.

If all of the Offer Shares in the Third Tranche are not fully allocated, the unsubscribed Offer Shares will be made available, at the discretion of the Founder, to either First Tranche Subscribers or Second Tranche Subscribers.

The minimum application size for Third Tranche Subscribers is AED 5,000 with any additional application to be made in increments of AED 1,000.

D. *EIA*

A minimum of 36,596,554 (thirty-six million five hundred ninety-six thousand five hundred fifty-four) Offer Shares and a maximum of 48,795,406 (forty-eight million seven hundred ninety-five thousand four hundred six) Offer Shares (representing 5% of all the Offer Shares) are reserved for the Emirates Investment Authority (**EIA**), in accordance with the requirements of article 127 of Federal Law No. 2 of 2015 Concerning Commercial Companies, and its amendments (the **Companies Law**). Offer Shares allocated to the EIA under this preferential rights regime will be deducted from the total size of the Second Tranche. If the EIA does not exercise its preferential rights to apply for Offer Shares then those Offer Shares will be available to other Second Tranche Subscribers.

Every Subscriber must hold a NIN with ADX and bank account number in order to be eligible to apply for Offer Shares. Subscribers may apply for Offer Shares in only one tranche. In the event a person applies in more than one tranche, the Receiving Banks and the Joint Lead Managers may disregard one or both of such applications.

The approval of the Authority has been obtained for publication of this Prospectus for the sale of the Offer Shares in a public subscription in the UAE (outside the ADGM and the DIFC). The Shares have not been registered with any other regulatory authority in any other jurisdiction.

The publication of the Arabic version of this Prospectus has been approved by the Authority in accordance with the provisions of the Companies Law on 17 June 2021.

A copy of the offering document for the Second Tranche (in English only), referred to as the **Second Tranche Document**, which was not reviewed, endorsed or approved by the Authority, will be available at https://www.yahsat.com/IPO. No information contained in, or referred to in, the Second Tranche Document, forms part of, or is incorporated into, this Prospectus.

An investment in the Offer Shares involves a high degree of risk. Prospective Subscribers should carefully read the "Investment Risks" section of this Prospectus to inform themselves about factors that should be considered before investing in the Offer Shares.

This Prospectus was issued on 20 June 2021

This Prospectus is available on the website of the Company https://www.yahsat.com/IPO

Name and Contact Details of the Offer Participants

Joint Lead Managers

Abu Dhabi Commercial Bank PJSC

Sheikh Zayed Bin Sultan Street
P.O. Box 939
Abu Dhabi, United Arab Emirates

First Abu Dhabi Bank PJSC

FAB Building
Khalifa Business Park
Al Qurm District
P.O. Box 6316
Abu Dhabi, United Emirates

HSBC Bank Middle East Limited

HSBC Tower, Level 17
Downtown Dubai
P.O. Box 66
Dubai, United Arab Emirates

Lead Receiving Bank

First Abu Dhabi Bank PJSC

FAB Building
Khalifa Business Park
Al Qurm District
P.O. Box 6316
Abu Dhabi, United Emirates

Receiving Bank

Abu Dhabi Commercial Bank PJSC

Sheikh Zayed Bin Sultan Street
P.O. Box 939
Abu Dhabi, United Arab Emirates

IPO Subscription Legal Counsel

Legal advisor to the Company as to UAE, English and US law

Allen & Overy LLP
5th Floor, Al Mamoura B Building
Muroor Road
P.O. Box 7907
Abu Dhabi, United Arab Emirates

Legal advisor to the Joint Lead Managers as to UAE, English and US law

Clifford Chance LLP

Level 15, Burj Daman, DIFC

P.O. Box 9380
Dubai, United Arab Emirates

Independent Auditors

For the years ended 31 December 2019 and 2020

Ernst & Young Middle East (Abu Dhabi Branch)

Nation Tower 2, Corniche
P.O. Box 136
Abu Dhabi,
United Arab Emirates

For the three months ended 31 March 2021

KPMG Lower Gulf Limited

Nation Tower 2, 19th Floor, Corniche
P.O. Box 7613
Abu Dhabi,
United Arab Emirates

IPO Subscription Auditors

KPMG Lower Gulf Limited

Nation Tower 2, 19th Floor, Corniche
P.O. Box 7613
Abu Dhabi,

United Arab Emirates

Investor Relations Officer

Layla Al Hayyas
Yahsat Headquarters, Sweihan Road,
P.O. Box 93693
Abu Dhabi
United Arab Emirates

IMPORTANT NOTICE

(To be read carefully by all Subscribers)

- This Prospectus is intended to provide potential Subscribers with information to assist in deciding whether or not to apply for Offer Shares. Potential Subscribers should read this document in its entirety, and carefully review, examine and consider all data and information contained in it, before deciding whether or not to apply for Offer Shares (and, in particular, the Third Section (*Investment Risks*)), as well as the Memorandum of Association and Articles of Association of the Company, when considering making an investment in the Company.

- In making an investment decision, each potential Subscriber must rely on its own examination, analysis and enquiry of the Company and the terms of the Offering, including the merits and risks involved and obtain any necessary advice from his or her legal and financial advisors regarding the investment. An investment in Offer Shares entails considerable risks. Potential Subscribers should not apply for Offer Shares unless they are able to bear the loss of some or all of that investment.

- Recipients of this Prospectus are authorised solely to use this Prospectus for the purpose of considering the subscription in the Offer Shares, and may not reproduce or distribute this Prospectus, in whole or in part, and may not use any information herein for any purpose other than considering whether or not to apply for Offer Shares under the First Tranche. Recipients of this Prospectus agree to the foregoing by accepting delivery of this Prospectus.

- The contents of this Prospectus should not be construed as legal, financial or tax advice.

- The information contained in this Prospectus shall not be subject to revision or addition without securing the approval of the Authority and informing the public of such revision or addition by publication in two daily newspapers circulating in the UAE in accordance with the rules issued by the Authority. The Founder reserves the right to cancel the Offering at any time and at its sole discretion with the prior written approval of the Authority.

- The Offer Shares are being offered under this Prospectus for the purpose of subscription in the UAE only. This Prospectus does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, any securities other than the Offer Shares or any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, Offer Shares by any person in any jurisdiction outside of the UAE (including the ADGM and the DIFC).

- This document is not being published or distributed, and must not be forwarded or transmitted, in or into or to any jurisdiction outside the UAE (including the ADGM and the DIFC). The Offer Shares have not been registered with any regulatory authority in any jurisdiction other than the Authority.

- If the Offer Shares are offered in another jurisdiction, the Offer Shares shall be offered in a manner that is compliant with the applicable laws and rules and acceptable to the relevant authorities in the relevant jurisdiction.

- This Prospectus is not intended to constitute a financial promotion, offer, sale or

delivery of shares or other securities under the FSRA Markets Rules or the DIFC Markets Law or under the DIFC Markets Rules.

- The Offering has not been approved or licensed by the FSRA or DFSA, and does not constitute an offer of securities in the ADGM in accordance with the FSRA Markets Rules or in the DIFC in accordance with the DIFC Markets Law or the DIFC Markets Rules.

- The publication of this Prospectus has been approved by the Authority. The Authority's approval of the publication of this Prospectus shall neither be deemed as an endorsement or approval of the subscription feasibility nor a recommendation of investment, but it means only that the minimum requirements according to the issuance rules and information disclosure applicable to the prospectuses and issued by the Authority have been met. The Authority and the ADX shall not be held liable for the accuracy, completeness or sufficiency of the information contained in this Prospectus, nor shall they be held liable for any damage or loss suffered by any person due to reliance upon this Prospectus or any part thereof.

This Prospectus was approved by the Authority on 17 June 2021

FORWARD-LOOKING STATEMENTS

This document includes forward-looking statements. The forward-looking statements contained in this document speak only as of the date of this document. These forward-looking statements involve known and unknown risks and uncertainties, many of which are beyond the control of the Company and all of which are based on current beliefs and expectations about future events. Forward-looking statements are sometimes identified by the use of forward-looking terminology such as "believe", "expects", "may", "will", "could", "should", "shall", "risk", "intends", "estimates", "aims", "plans", "predicts", "continues", "assumes", "positioned" or "anticipates" or the negative thereof, other variations thereon or comparable terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this document and include statements regarding intentions, beliefs and current expectations concerning, among other things, results of operations, financial condition, liquidity, prospects, growth, strategies, and dividend policy and the industry in which the Company operates.

These forward-looking statements and other statements contained in this Prospectus regarding matters that are not historical facts as of the date of this Prospectus involve predictions. No assurance can be given that such future results will be achieved.

There is no obligation or undertaking to update the forward-looking statements contained in this document to reflect any change in beliefs or expectations or any change in events, conditions, or circumstances on which such statements are based unless required to do so (i) as a result of an important change with respect to a material statement in this Prospectus or (ii) by the applicable laws of the UAE.

Actual events or results may differ materially as a result of risks and uncertainties that the Company faces. Such risks and uncertainties could cause actual results to vary materially from the future results indicated, expressed, or implied in such forward-looking statements. Please refer to the Third Section (*Investment Risks*) for further information.

IMPORTANT INFORMATION

This Prospectus does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, any securities other than the securities to which it relates or any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, such securities by any person in any circumstances in which such offer or solicitation is unlawful.

Prior to making any decision as to whether to invest in the Offer Shares, prospective Subscribers should read this Prospectus in its entirety (and, in particular, the section headed "Investment Risks") as well as the Memorandum of Association and Articles of Association of the Company. In making an investment decision, each Subscriber must rely on their own examination, analysis and enquiry of the Company and the terms of the Offering, including the merits and risks involved.

No person is authorised to give any information or to make any representation or warranty in connection with the Offering or the Offer Shares which is not contained in this Prospectus and, if given or made, such information or representation must not be relied on as having been so authorised by the Company, the Founder or the other Offer Participants. By applying for Offer Shares under the First Tranche or the Third Tranche, a Subscriber acknowledges that (i) they have relied only on the information in this Prospectus and (ii) no other information has been authorised by the Company, the Founder, any Offer Participants, the Joint Lead Managers, the Joint Bookrunners or any of the Company's or the Founder's other advisors (the **Advisors**).

No person or Advisor, except the Joint Lead Managers and the Receiving Banks set out in page 8, are participating in, receiving subscription funds from, or managing, the public offering of the Offer Shares in the UAE. Neither HSBC Bank Middle East Limited nor any of its respective affiliates is responsible for participating in, marketing or managing any aspect of the Offering to natural persons (including Qualified High Net Worth Individual Subscribers).

Neither the content of the Company's website or any other website, nor the content of any website accessible from hyperlinks on any of such websites, forms part of, or is incorporated into, this Prospectus, and neither the Company, the Founder, any other Offer Participant, nor the Advisors bears or accepts any responsibility for the contents of such websites.

None of the Company, the Founder, the Offer Participants, the Joint Lead Managers, the Joint Bookrunners or the Advisors accepts any responsibility for the accuracy or completeness of any information reported by the press or other media, nor the fairness or appropriateness of any forecasts, views or opinions expressed by the press or other media regarding the Company, the Offering or the Offer Shares. None of the Company, the Founder, the Offer Participants, the Joint Lead Managers, the Joint Bookrunners or the Advisors makes any representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication.

None of the Company, the Founder, any of the Offer Participants, the Joint Lead Managers, the Joint Bookrunners or the Advisors, warrants or guarantees the future performance of the Company, or any return on any investment made pursuant to this Prospectus.

Statements contained in this Prospectus are made as at the date of this Prospectus unless some prior time is specified in relation to them and the publication of this Prospectus (or any action taken pursuant to it) must not be interpreted as giving rise to any implication that there has been no change in the condition, facts or affairs of the Company since such date.

This Prospectus may be subject to revision, with the prior written approval of the Authority. Any revision will become effective only after it has been announced in two daily newspapers circulating in the UAE. The Founder reserves the right, with the prior approval of the Authority,

to withdraw this Prospectus and cancel the Offering at any time and in their sole discretion. Neither the delivery of this Prospectus nor any sale made under it may, under any circumstances, be taken to imply that there has been no change in the affairs of the Company since the date of this document or that the information in it is correct as of any subsequent time. First Abu Dhabi Bank PJSC, HSBC Bank Middle East Limited and Abu Dhabi Commercial Bank PJSC have been appointed as the joint lead managers (the **Joint Lead Managers**) and will manage the issuance, marketing and promotion of the Offer Shares in the UAE and coordinate with the Company, the Authority and the other Offer Participants with regard to the offering of the Offer Shares in the UAE. First Abu Dhabi Bank PJSC has also been appointed as lead receiving bank (the **Lead Receiving Bank**) and, in its capacity as such, is responsible for receiving the subscription amounts set out in this Prospectus in accordance the rules and laws applicable in and within the UAE under the First Tranche.

First Abu Dhabi Bank PJSC, HSBC Bank Middle East Limited and Abu Dhabi Commercial Bank PJSC have been appointed as joint bookrunners (the **Joint Bookrunners**). HSBC Bank Middle East Limited is not participating in receiving the subscription funds or bookrunnings or otherwise participating in, or managing, any aspect of the public offering of the Offer Shares in the UAE.

The Joint Lead Managers are acting exclusively for the Company and the Founder and no one else in connection with the Offering and will not regard any other person (whether or not a recipient of this document) as a client in relation to the Offering.

The Joint Lead Managers and the Joint Bookrunners may have engaged (directly or through their respective affiliates) in transactions with, and provided various investment banking, financial advisory and other services for, the Company and the Founder for which they would have received customary fees. Any previous transactions between the Joint Lead Managers and the Joint Bookrunners and the Company or the Founder do not constitute any conflict of interest as between them.

The Board members of the Company (whose names are set out in this Prospectus) assume responsibility for the completeness, accuracy and verification of the contents of this Prospectus. They declare that they have carried out appropriate due diligence investigations and, to the best of their knowledge and belief, the information contained in this Prospectus is, at the date hereof, factually accurate, complete and correct in all material respects and that there is no omission of any information that would make any statement in this Prospectus materially misleading.

The Joint Lead Managers and the Receiving Banks have confirmed to the Company that (i) they will comply with the terms of the respective engagement letters that they have entered into with the Company in relation to the Offering and (ii) pursuant to the terms of their respective engagement letters, they will comply with, and to the extent of, those obligations applicable to them (in their capacity as Joint Lead Manager (in the case of Abu Dhabi Commercial Bank PJSC, First Abu Dhabi Bank PJSC and HSBC Bank Middle East Limited) and Receiving Bank (in the case of First Abu Dhabi Bank PJSC and Abu Dhabi Commercial Bank PJSC)), under the Regulations for Issuing and Offering of Public Joint Stock Companies issued by the Authority pursuant to Resolution No. (11/R.M. of 2016) in connection with the Offering and their receipt (if any) of Subscriptions in relation thereto.

In accordance with Article 121 of the Companies Law, each of the Offer Participants shall exercise the care of a prudent person, and each of them shall be responsible for the performance of their duties.

Apart from the responsibilities and liabilities, if any, which may be imposed on any of the Joint Lead Managers and the Joint Bookrunners under the regulatory regime of any jurisdiction where the exclusion of liability under the relevant regulatory regime would be illegal, void or

unenforceable, none of the Joint Lead Managers and the Joint Bookrunners and their respective subsidiary undertakings and affiliates and their (or their subsidiary undertakings' or affiliates') respective directors, officers, employees or agents accepts any responsibility whether arising in tort, contract or otherwise for, or makes any representation or warranty, express or implied, as to the accuracy, completeness or verification of the contents of this document or for any other statement made or purported to be made by it, or on its behalf, in connection with the Company, the Offer Shares or the Offering and nothing in this Prospectus should be relied upon as a promise or representation in this respect, whether or not to the past or future. Each of the Joint Lead Managers and the Joint Bookrunners and their respective subsidiary undertakings and affiliates and their (or their subsidiary undertakings' or affiliates') respective directors, officers, employees or agents accordingly disclaims all and any responsibility or liability, whether arising in tort, contract or otherwise (save as referred to above), which it might otherwise have in respect of this Prospectus or any such statement or the public offering of the Offer Shares in the UAE generally.

This Prospectus contains data submitted according to the issuance and disclosure rules issued by the Authority.

In making an investment decision, each potential Subscriber must rely on its own examination and analysis having reviewed the information contained in this Prospectus (in its entirety).

No action has been taken or will be taken in any jurisdiction other than the UAE that would permit a public subscription or sale of the Offer Shares or the possession, circulation or distribution of this Prospectus or any other material relating to the Company or the Offer Shares, in any country or jurisdiction where any action for that purpose is required. Offer Shares may not be offered or sold, directly or indirectly, nor may this Prospectus or any other offer material or advertisement or other document or information in connection with the Offer Shares be distributed or published, in or from any country or jurisdiction except in compliance with any applicable rules and regulations of any such country or jurisdiction. Persons into whose possession this Prospectus comes must inform themselves of and observe all such restrictions.

None of the Company, the Founder, any Offer Participants, the Joint Lead Managers, the Joint Bookrunners or the Advisors accepts any responsibility for any violation of any such restrictions on the sale, offer to sell or solicitation to purchase Offer Shares by any person, whether or not a prospective purchaser of Offer Shares in any jurisdiction outside the UAE (including the ADGM and the DIFC), and whether such offer or solicitation was made orally or in writing, including electronic mail. None of the Company, the Founder, Offer Participants, the Joint Lead Managers, the Joint Bookrunners or the Advisors (or their respective representatives) makes any representation to any potential Subscriber regarding the legality of applying for Offer Shares by such potential Subscriber under the laws applicable to such potential Subscriber.

Definitions and Abbreviations

AED or UAE Dirham	The lawful currency of the United Arab Emirates
ADGM	Abu Dhabi Global Market
Articles of Association	The articles of association of the Company, as set out in Annex 2
Authority	The Securities and Commodities Authority of the UAE
Board	The board of Directors of the Company
Closing Date	6 July 2021 for the First Tranche and the Third Tranche and 8 July 2021 for the Second Tranche
Companies Law	The Federal Law No. 2 of 2015 Concerning Commercial Companies, as amended
Company	Al Yah Satellite Communications Company PJSC, a public joint stock company in the UAE
ADX	Abu Dhabi Securities Exchange in the UAE
DFSA	Dubai Financial Services Authority
DIFC	Dubai International Financial Centre
Directors	The directors on the Board
EIA	Emirates Investment Authority
Electronic Applications	Applications via online internet banking
EU	The European Union
Final Offer Price	The offer price at which all the Subscribers in the First Tranche, the Second Tranche and the Third Tranche will purchase each Offer Share will be at the Final Offer Price The Final Offer Price of each Offer Share will be determined following a book building process for the Second Tranche

	and following consultation between the Joint Lead Managers, the Founder and the Company. The Offer Shares of the Second Tranche Subscribers must represent all of the Offer Shares used to calculate the Final Offer Price of each Offer Share Following closing of the Second Tranche, the Company will publish an announcement setting out the Final Offer Price, which will be published in two Arabic local daily newspapers and one English newspaper in the UAE and on the website https://www.yahsat.com/IPO
Final Offer Size	The number of the Offer Shares that will be offered for sale by the Founder and which will be determined following closing of the Second Tranche by publishing an announcement setting out the Final Offer Size.
Financial Year	The financial year of the Company will start on 1st January and end on 31st December of each year
First Tranche	The Offering of the Offer Shares in the UAE to First Tranche Subscribers
First Tranche Subscribers	Individual Subscribers and other investors (including natural persons, companies and establishments) who do not participate in the Second Tranche and who hold a NIN with the ADX and have a bank account in the UAE
Founder	Mamoura Diversified Global Holding PJSC (previously known as Mubadala Development Company PJSC), a wholly owned subsidiary of Mubadala Investment Company PJSC (**Mubadala**)
FTS Fund Transfer Mode	UAE Central Bank Fund Transfer (**FTS**) mode
FSRA	ADGM Financial Services Regulatory Authority
FSMR Regulations	Financial Services and Markets Regulations
FZCO	Free Zone Company
GDP	Gross domestic product
GCC	Gulf Cooperation Council countries comprising the United Arab Emirates, Kingdom of Saudi Arabia, Sultanate of Oman, State of Qatar, State of Kuwait and Kingdom of

	Bahrain.
Government	Unless otherwise specified, the Federal Government of the UAE, the Government of Abu Dhabi and any instrumentality or body of either of them, including the General Headquarters of the UAE Armed Forces
Group	The Company and its subsidiaries and subsidiary undertakings
Governance Rules	The Chairman of Authority's Board of Directors' Decision no (3/RM) of 2020 Concerning approval of Joint Stock Companies Governance Guide, as amended from time to time
HSEQ	Health, Safety, Environment and Quality
IFRS	International Financial Reporting Standards
Individual Subscribers	Natural persons who hold a NIN with the ADX and have a bank account in the UAE (including Qualified High Net Worth Individual Subscribers who do not participate in the Second Tranche). There is no citizenship or residence requirement
Joint Bookrunners	First Abu Dhabi Bank PJSC, HSBC Bank Middle East Limited and Abu Dhabi Commercial Bank PJSC
Joint Lead Managers	First Abu Dhabi Bank PJSC, HSBC Bank Middle East Limited and Abu Dhabi Commercial Bank PJSC
Lead Receiving Bank	First Abu Dhabi Bank PJSC
Listing	The listing of the Shares to trading on the ADX
Listing of the Shares	Following the closing of the subscription, the allocation to successful Subscribers, the Company will apply to list all of its Shares on the ADX Trading in the Shares on the ADX will be effected through the ADX Share Registry
Manager's Cheque	Certified bank cheque drawn on a bank licensed and operating in the UAE

Memorandum of Association	The memorandum of association of the Company, as set out in Annex 2
Minimum Subscription	The minimum subscription for Offer Shares in the First Tranche and the Third Tranche has been set at AED 10,000 and AED 5,000 respectively, with any additional investment to be made in increments of at least AED 1,000 The minimum subscription for Offer Shares in the Second Tranche has been set at AED 500,000
NIN	A national investor number that a Subscriber must obtain from the ADX for the purposes of subscription
Non-Executive Directors	The non-executive directors of the Company
OFAC	The Office of Foreign Assets Control of the US Department of the Treasury
Offer Participants	The entities listed on pages 8 and 9 of this Prospectus
Offering	The public subscription for a minimum of 731,931,080 (seven hundred thirty-one million nine hundred thirty-one thousand eighty) and a maximum of 975,908,106 (nine hundred seventy-five million nine hundred eight thousand one hundred six) of the total Shares of the Company all of which are being offered by the Founder
Offer Price Range	The Offer Shares are being offered at an offer price range that will be published on the first day of the Offer Period
Offer Period	The subscription period for the First Tranche and the Third Tranche starts on 27 June 2021 and will close on 6 July 2021 The subscription period for the Second Tranche starts on 27 June 2021 and will close on 8 July 2021
Offer Shares	A minimum of 731,931,080 (seven hundred thirty-one million nine hundred thirty-one thousand eighty) Shares and a maximum of 975,908,106 (nine hundred seventy-five million nine hundred eight thousand one hundred six) Shares which will be sold by the Founder in a public subscription process
Ownership Restrictions	It is prohibited for more than 49% of the Shares of the

	Company to be held by non UAE nationals
Professional Client	Persons who meet the Professional Client criteria set out in Rule 2.3.2 of the DFSA Conduct of Business Module
QIB	A "qualified institutional buyer" as defined in Rule 144A.
Qualified High Net Worth Individual Subscribers	Natural persons who have been approved by the Company and the Founder, in consultation with the Joint Lead Managers (excluding HSBC Bank Middle East Limited) and: i. who are certified by the Authority or a similar regulatory authority to conduct any tasks associated with financial activities or services; or ii. who fulfil the following conditions:- a) have a net worth, excluding his or her principal residence, amounting to at least AED 4,000,000 (four million UAE dirhams); b) have an annual income of not less than AED 1,000,000 (one million UAE dirhams); and c) undertakes that he or she has the sufficient knowledge and experience in the field of the relevant investment and its risks, or that he is represented by an entity licensed by the Authority in a manner that does not contravene the terms of its licensing.
Qualified Institutional Subscribers	Juridical persons capable of making investments on their own, and who satisfy any of the following conditions: i. the federal government of the UAE and governments of each Emirate in the UAE, governmental entities, institutions and authorities and companies wholly owned by any of them; or ii. foreign governments, and their entities, institutions and authorities or entities wholly owned by them; or iii. international organizations and entities; or iv. bodies licensed by the Authority or similar regulatory bodies; or v. legal persons who, as of the date of their last financial statements, satisfy at least two of the following requirements: a) total assets are valued at AED 75,000,000

	(seventy-five million UAE dirhams); b) generate net annual revenues of AED 150,000,000 (one hundred fifty million UAE dirhams); c) have net worth or paid-up capital with a minimum of AED 7,000,000 (seven million UAE dirhams), who, in each case, has been approved by the Company and the Founder, in consultation with the Joint Lead Managers and to which the following characteristics apply: (a) a person in the United States who is a QIB and to whom an offer can be made in accordance with Rule 144A, (b) a person outside the United States to whom an offer can be made in reliance on Regulation S, (c) a person in the DIFC to whom an offer can be made pursuant to an exemption from registration under the Market Rules Module of the DFSA's Rulebook, or (d) a person in the ADGM to whom an offer can be made pursuant to an exemption from registration under the FSMR Regulations and made only to persons who meet the Professional Client criteria set out in the FSRA Conduct of Business Rulebook
Receiving Banks	The group of banks led by the Lead Receiving Bank, comprising that bank and Abu Dhabi Commercial Bank PJSC
Regulation S	Regulation S under the US Securities Act
Rule 144A	Rule 144A under the US Securities Act
Second Tranche	The offer of Offer Shares to Second Tranche Subscribers made under the Second Tranche Document
Second Tranche Document	The offer document which has been drafted in a specific manner to be addressed only to Qualified Institutional Subscribers subscribing for Offer Shares in the Second Tranche and in compliance with the laws and regulations of the relevant competent jurisdictions and acceptable to such jurisdictions, which has not been reviewed, endorsed or approved by the Authority, and the offer document does not form part of this Prospectus and the information contained therein does not form part of this Prospectus The offer document for the Second Tranche which will be available at https://www.yahsat.com/IPO
Second Tranche Subscribers	Qualified Institutional Subscribers and Qualified High Net

	Worth Individual Subscribers
Shares	The ordinary shares of the Company with a nominal value of AED 1.00 (one UAE dirham) each
Shareholder	A holder of Shares
SMS	Short Message Service
Subscriber	A natural or juridical applicant, in either case who applies for subscription in the Offer Shares
TDRA	Telecommunications and Digital Government Regulatory Authority of the UAE
Third Tranche	The Offering of the Offer Shares in the UAE to Third Tranche Subscribers
Third Tranche Subscribers	Certain employees and directors of Mubadala, the Company and their respective group companies
UAE	United Arab Emirates
UAE Central Bank	The Central Bank of United Arab Emirates
UK	The United Kingdom of Great Britain and Northern Ireland
US Securities Act	The US Securities Act of 1933, as amended
United States or U.S.	The United States of America, its territories and possessions, any State of the United States of America, and the District of Columbia

FIRST SECTION: SUBSCRIPTION TERMS AND CONDITIONS

1.1 Key details of Offer Shares offered for sale to the public

- **Name of the Company:** Al Yah Satellite Communications Company PJSC, a public joint stock company in the UAE.

- **Commercial license number of the Company:** 1005700

- **Company head office:** Yahsat Headquarters, Sweihan Road, Al Falah, P.O. Box 93693, Abu Dhabi, United Arab Emirates

- **Share capital**: The share capital of the Company as at the date of Listing has been set at AED 2,439,770,265, divided into 2,439,770,265 Shares, with the nominal value of each Share being AED 1.00 (one UAE dirham), all of which are paid in full.

- **Percentage, number and type of the Offer Shares:** a minimum of 731,931,080 (seven hundred thirty-one million nine hundred thirty-one thousand eighty) Shares and a maximum of 975,908,106 (nine hundred seventy-five million nine hundred eight thousand one hundred six) Shares, all of which are ordinary shares and which constitute a minimum of 30% and a maximum of 40% of the Company's total issued share capital and which are being offered for sale by the Founder. All Shares are of the same class and carry equal voting rights and rank *pari passu* in all other rights and obligations.

- **Offer Price Range per Offer Share:** The Offer Price Range will be published on the same day of opening the Offer Period on 27 June 2021.

- **Eligibility of the qualified categories of Subscriber to apply for the acquisition of the Offer Shares:**

  - **First Tranche:** The First Tranche of the Offering will be open to First Tranche Subscribers as described in the "*Definitions and Abbreviations*" section of this Prospectus. All Subscribers in the First Tranche must hold a NIN with ADX and a bank account number in the UAE.

  - **Second Tranche:** The Second Tranche of the Offering will be open to Second Tranche Subscribers as described in the "*Definitions and Abbreviations*" section of this Prospectus. All Subscribers in the Second Tranche must hold a NIN with ADX.

  - **Third Tranche:** The Third Tranche of the Offering will be granted to Third Tranche Subscribers as described in the "*Definitions and Abbreviations*" section of this Prospectus. All Subscribers in the Third Tranche must hold a NIN with ADX and a bank account number in the UAE.

- **Public subscription in the Offer Shares is prohibited as follows:** Public subscription is prohibited to any Subscriber whose investment is restricted by the laws of the jurisdiction where the Subscriber resides or by the laws of the jurisdiction to which the Subscriber belongs. It is the Subscriber's responsibility to determine whether the Subscriber's application for, and investment in, the Offer Shares conforms to the laws of the applicable jurisdiction(s).

- **Minimum subscription:** The minimum subscription in Offer Shares in the First Tranche and the Third Tranche has been set at AED 10,000 and AED 5,000 respectively with any additional investment to be made in increments of AED1,000. The minimum subscription

for Offer Shares in the Second Tranche has been set at AED 500,000.

- **Maximum subscription:** No maximum subscription in Offer Shares has been set.

- **Subscription by Founder:** The Founder may not subscribe for Offer Shares, whether directly or indirectly, or through its subsidiaries.

- **UAE ownership:** The Company must be owned at least 51% by natural and corporate shareholders holding the UAE nationality.

- **Use of Offering proceeds:** All of the net proceeds of the Offering will be received by the Founder. The Company will not receive any proceeds from the Offering.

- **Subscription costs / Offering expenses**: The Founder will be responsible for all of the expenses of the Offering.

1.2 Further Information on the First Tranche and the Third Tranche

(i) Subscription applications

Each Subscriber in the First Tranche and the Third Tranche may submit one subscription application only (i) in the case of a subscription application by a natural person, in his or her personal name (unless he or she is acting as a representative for another Subscriber, in which case the subscription application will be submitted in the name of such Subscriber) or (ii) in the case of a subscription application by a corporate entity, in its corporate name. In case a Subscriber submits more than one application in his or her personal name or its corporate name, the Receiving Banks and the Joint Lead Managers reserve the right to disqualify all or some of the subscription applications submitted by such Subscriber and not to allocate any Offer Shares to such Subscriber.

Subscribers must complete all of the relevant fields in the subscription application and submit it to any Receiving Bank or through one of the electronic subscription channels as set below, together with all required documents and the subscription amount during the Offer Period for the First Tranche and the Third Tranche.

The completed subscription application should be clear and fully legible. If it is not, the Receiving Bank shall refuse to accept the subscription application from the Subscriber until the Subscriber satisfies all the required information or documentation before the close of the subscription.

Subscription for Offer Shares would deem the Subscriber to have accepted the Memorandum of Association and Articles of Association of the Company and complied with all the resolutions issued by the Company's General Assembly. Any conditions added to the subscription application shall be deemed null and void. No photocopies of subscription applications shall be accepted. The subscription application should only be fully completed after reviewing the Prospectus and the Company's Memorandum of Association and Articles of Association. The subscription application then needs to be submitted to any of the Receiving Banks' branches mentioned herein. The Subscribers or their representatives shall affirm the accuracy of the information contained in the application in the presence of the bank representative in which the subscription was made. Each subscription application shall be clearly signed or certified by the Subscriber or his representative.

The Receiving Banks may reject subscription applications submitted by any Subscriber in the First Tranche or the Third Tranche for any of the following reasons:

- the subscription application form is not complete or is not correct with regard to the amount paid or submitted documents (and no Offer Participant takes responsibility for non-receipt of an allotment of Offer Shares if the address of the Subscriber is not filled in correctly);
- the subscription application amount is paid using a method that is not a permitted method of payment;
- the subscription application amount presented with the subscription application does not match the minimum required investment or the increments set for the First Tranche offer; and
- the completed subscription application form is not clear and fully legible.

The Receiving Banks may also reject subscription applications submitted by any Subscriber in the First Tranche or the Third Tranche for any of the following reasons:

- the manager's cheque is returned for any reason;
- if the amount in the bank account mentioned in the subscription application form is insufficient to pay for the application amount mentioned in the subscription application form or the Receiving Bank is unable to apply the amount towards the application whether due to signature mismatch or any other reasons;
- if the NIN is not made available to ADX or if the NIN is incorrect;
- if the subscription application is found to be duplicated (any acceptance of such duplicate application is solely at the discretion of the Company and the Founder);
- if the subscription application is otherwise found not to be in accordance with the terms of the Offering;
- if the Subscriber is found to have submitted more than one application (it is not permitted to apply in the First Tranche, the Second Tranche and the Third Tranche, nor is it permitted to apply in any tranche more than once);
- if the Subscriber is a natural person and is found to have submitted the subscription application other than in his or her personal name (unless he or she is acting as a representative for another Subscriber);
- a Subscriber has not adhered to the rules applicable to the First Tranche or the Third Tranche offer;
- if it is otherwise necessary to reject the subscription application to ensure compliance with the provisions of the Companies Law, the Articles of Association, this Prospectus or the requirements of the UAE Central Bank, the Authority or the ADX; and
- if for any reason FTS/SWIFT/ FAB or other Receiving Banks Channels transfer fails or the required information in the special fields is not enough to process the application.

The Receiving Banks and the Joint Lead Managers may reject the application for any of the reasons listed above at any time until allocation of the Offer Shares and have no obligation to inform the Subscribers before the notification of the allocation of Shares to such rejected Subscribers.

Documents accompanying subscription applications

Subscribers shall submit the following documents along with their subscription application forms:

For *individuals* who are UAE or GCC nationals or nationals of any other country:

- the original and a copy of a valid passport or Emirates ID;
- in the case of Third Tranche Subscribers only, proof of employment or directorship with Mubadala, the Company or their respective group companies; and
- in case the signatory is different from the Subscriber:

- the duly notarized power of attorney held by that signatory or a certified copy by UAE-regulated persons/bodies, such as a notary public, or as otherwise duly regulated in the country;
- the original passport or Emirates ID of the signatory for verification of signature and a copy of the original passport or Emirates ID; and
- a copy of the passport or Emirates ID of the Subscriber for verification of signature.

- In case the signatory is a guardian of a minor, the following will be submitted:
  - original and copy of the guardian's passport or Emirates ID for verification of signature;
  - original and copy of the minor's passport; and
  - if the guardian is appointed by the court, original and copy of the guardianship deed attested by the court and other competent authorities (e.g. notary public).

For *corporate bodies* including banks, financial institutions, investment funds and other companies and establishments:

- UAE registered corporate bodies:
  - the original and a copy of a trade licence or commercial registration for verification or a certified copy by one of the following UAE-regulated persons/bodies: a notary public or as otherwise duly regulated in the country;
  - the original and a copy of the document that authorizes the signatory to sign on behalf of the Subscriber and to represent the Subscriber, to submit the application, and to accept the terms and conditions stipulated in the Prospectus and in the subscription form; and
  - the original and a copy of the passport or Emirates ID of the signatory.
- Foreign corporate bodies: the documents will differ according to the nature of the corporate body and its domicile. Accordingly, please consult with the Joint Lead Managers to obtain the list of required documents.

(ii) Method of subscription and payment for the First Tranche and the Third Tranche

Method of payment for First Tranche and the Third Tranche

The subscription application must be submitted by a Subscriber to any of the Receiving Banks listed in this Prospectus and the NIN with ADX and the Subscriber's bank account number must be provided, together with payment in full for the amount it wishes to use to subscribe for the Offer Shares, which is to be paid in one of the following ways:

- Certified bank cheque (Manager's cheque) drawn on a bank licensed and operating in the UAE, in favor of Al Yah Satellite Communications Company PJSC – IPO; or

- Debiting a Subscriber's account with a Receiving Bank; or
- Electronic subscriptions (please refer to the section on Electronic subscription below).

Details of the Subscriber's bank account must be completed on the subscription application form even if the application amount will be paid by Manager's cheque.

Prior to Listing, the relevant amount of the proceeds for the acquisition of the Offer Shares will be paid to, as appropriate, the Founder.

The subscription amount may not be paid or accepted by a Receiving Bank using any of the following methods:

- In cash;
- Personal cheques (not certified); or
- Any other mode of payment other than mentioned above.

Details of the Receiving Banks' participating branches are set out in Annex 3.

Electronic subscription

Electronic subscriptions: The Receiving Banks may also have their own electronic channels (ATMs, on-line internet banking applications, mobile banking applications, etc.) interfaced with the ADX eKtetab IPO system. By submitting the electronic subscription application the customer submitting the application is accepting the Offering terms and conditions on behalf of the Subscriber and is authorizing the relevant Receiving Bank to pay the total subscription amount by debiting the amount from the respective bank account of the customer and transferring the same to the Offering account in favour of "Al Yah Satellite Communications Company PJSC – IPO" held at the Receiving Banks, as detailed in the subscription application. The submission of an electronic application will be deemed to be sufficient for the purposes of fulfilling the identification requirements and accordingly, the supporting documentation in relation to applications set out elsewhere in this Prospectus will not apply to electronic applications under this section. Notification of the final allocation of Offer Shares and the refund of proceeds for unallocated Offer Shares (if any) and any interest thereon following the closing of the Offer Period and prior to the Listing of the Shares shall be performed solely by, and processed through, the Receiving Banks in which the electronic subscription application was submitted.

FAB E-Subscription

Subscribers choosing the FTS/ SWIFT/ FAB channels will be required to transfer their Subscription amount:

i. Online Transfer via UAE FTS Payment/ FAB online/mobile banking - Steps (INSIDE UAE)

   Please use "Payment Purpose Code" as "IPO".
   Subscriber to remit funds, first, in full without deduction of any Foreign Bank charges.
   Please mention "NIN Number, Broker Name and mobile Number under "Remittance Instructions" field or "Remarks"

ii. SWIFT Payment Steps (OUTSIDE UAE)

Select Payment message MT103
Capture in Field 70 relevant "NIN Number, Broker Name, mobile number. And number of shares applied"

IMPORTANT NOTE: Last Day for receiving FTS/ SWIFT/FAB Channels remittances is 5 July 2021 at 12:00 PM. Please note that if the funds are received after the cutoff date and time, the same will be rejected and returned. Please allow for 12 to 24 hours for the funds to be transferred to the beneficiary account. Please schedule your subscription early accordingly.

iii. Details for subscription funds transfer:

BANK NAME: First Abu Dhabi Bank PJSC
IBAN: AE710354031000000001097
Beneficiary Account Name: Al Yah Satellite Communications Company PJSC-IPO
Currency: AED
Account Number: 4031000000001097
SWIFT Code: NBADAEAASSD

After transferring the funds to the FAB account as provided above, access https://www.bankfab.com/en-ae/cib/iposubscription and download subscription application and fill- in all the details and affix signature and scan the subscription application and save.

Access https://www.bankfab.com/en-ae/cib/iposubscription fill in the details in FAB web page and upload the subscription application and the relevant documents as listed below, as applicable

- Filled and signed subscription application form.
- Copy of ADX NIN card or first page of the ADX statement.
- Copy of Emirates ID or passport.
- Copy of the payment acknowledgement.
- Mobile Number

Subscription application and Prospectus can also be downloaded from: https://www.yahsat.com/IPO (Issuer's Website)

In case of any issues or support, please contact at email to: IPO.online@bankfab.com.

In case the details provided are insufficient / incorrect and / or payment not received / partially received, the subscription will be rejected and notified to the Subscriber and the amount, if any, remitted will be refunded to the Subscriber.

Important dates relevant to the methods of payment of the subscription amounts

- Subscription amounts paid by way of cheque must be submitted by 12pm on 4 July 2021.

- Subscription applications received through FTS must be made before 12pm on 5 July 2021.

Subscription amounts

Subscribers in the First Tranche and the Third Tranche must submit applications to purchase Offer Shares in the amount of AED 10,000 and AED 5,000 (respectively) or more, with any subscription over such amounts to be made in increments of AED 1,000. Subscribers in the First Tranche and the Third Tranche shall accordingly apply for an AED subscription amount which shall be applied towards purchasing Offer Shares at the Final Offer Price, rather than applying for a specific number of Offer Shares.

Final Offer Price

The offer price at which all the Subscribers will purchase Offer Shares will be at the Final Offer Price.

The Offer Shares will be sold in an initial public offer and the Final Offer Price will be determined by way of the application of a book building process, where an application orders' ledger will be created through the application orders made only by the Second Tranche Subscribers (see details of who may apply in the Second Tranche). Second Tranche Subscribers will be invited to bid for Offer Shares within the Offer Price Range using price sensitive orders (as in, by indicating application amounts that vary in size depending on price). The Joint Lead Managers will use the information on the extent of demand at various prices provided by these Second Tranche Subscribers to determine and recommend to the Company and the Founder the Final Offer Price (which must be within the Offer Price Range) for all participants in the Offering.

The Shares of the Qualified Institutional Subscribers must represent the majority of the Offer Shares used to calculate the Final Offer Price of the Offer Shares.

Final Offer Size

The Final Offer Size will be determined in light of the outcome of the book building process and will be published in the local newspapers and the website of ADX on 9 July 2021.

Subscription process

Subscribers must complete the application form relevant to their tranche, providing all required details. Subscribers who do not provide the NIN with ADX and bank account details will not be eligible for subscription and will not be allocated any Offer Shares.

Subscribers may only apply in one tranche. In the event a person applies in more than one tranche, then the Receiving Banks and the Joint Lead Managers may disregard one or both such applications.

The Receiving Bank through which the subscription is made will issue to the Subscriber an acknowledgement of receipt which the Subscriber has to keep until the Subscriber receives the allotment notice. One copy of the subscription application after being submitted, signed, and stamped by the Receiving Bank shall be considered as an acknowledgement for receipt of the subscription application. This receipt shall include the data of the Subscriber, address, amount paid, details of the payment method, and date of investment. The acknowledgement in the case of Electronic Applications via online internet banking and ATM would provide basic information of the application such as NIN number, amount, date and customer bank account details.

If the address of the Subscriber is not filled in correctly, the Company, the Founder, the Joint Lead Managers and the Receiving Banks take no responsibility for non-receipt of such allotment advice.

(iii) Further information on various matters

Offer Period

Commences on 27 June 2021 and closes on 6 July 2021 for the First Tranche and the Third Tranche and on 8 July 2021 for the Second Tranche.

Receiving Banks

First Abu Dhabi Bank PJSC (Lead Receiving Bank) and Abu Dhabi Commercial Bank PJSC.

Method of allocation of Offer Shares to different categories of Subscribers

Should the total size of subscriptions received exceed the number of Offer Shares, then the Founder will allocate the Offer Shares according to the allotment policy specified below and will refund to Subscribers the excess subscription amounts and interest thereon.

Notice of Allocation

A notice to successful Subscribers in the First Tranche and the Third Tranche will be sent by way of SMS initially confirming to successful Subscribers that their applications were successful and that they have been allocated Offer Shares. They will also be notified by SMS of the number of Offer Shares allocated to them. This will be followed by a notice setting out each Subscriber's allocation of Offer Shares, which will be sent by registered mail to each Subscriber.

Method of refunding surplus amounts to Subscribers

By no later than 15 July 2021 (being within five (5) working days of the Closing Date of the Second Tranche), the Offer Shares shall be allocated to Subscribers and, within five (5) working days of such allocation, the surplus subscription amounts, and any interest resulting thereon, shall be refunded to Subscribers in the First Tranche and the Third Tranche who did not receive Offer Shares, and the subscription amounts and any interest resulting thereon shall be refunded to the Subscribers in the First Tranche and the Third Tranche whose applications have been rejected for any of the above reasons. The surplus amount and any accrued interest thereon will be returned to the same Subscriber's account through which the payment of the original application amount was made. In the event that payment of the subscription amount is made by certified bank cheque, these amounts shall be returned by sending a cheque with the value of such amounts to the Subscriber at the address mentioned in the subscription application.

The difference between the subscription amount accepted by the Company and the Founder for a Subscriber, if any, and the application amount paid by that Subscriber will be refunded to such Subscriber pursuant to the terms of this Prospectus.

Inquiries and complaints

Subscribers who wish to submit an enquiry or complaint with respect to any rejected requests, allocation, or refunding of the surplus funds, must contact the Receiving Bank through which the subscription was made, and if a solution cannot be reached, then the Receiving Bank must refer the matter to the Investor Relations Manager. The Subscriber must remain updated on the status. The Subscriber's relationship remains only with the party receiving the subscription request.

Listing and trading of Shares

Subsequent to the allocation of Offer Shares, the Company will list all of its Shares on the ADX in accordance with the applicable listing and trading rules as at the date of Listing. Trading in the Shares will be effected on an electronic basis, through the ADX's share registry, with the commencement of such trading estimated to take place after completion of the registration.

Voting rights

All Shares are of the same class and shall carry equal voting rights and shall rank *pari passu* in all other rights and obligations. Each Share confers on its holder the right to cast one vote on all Shareholders' resolutions.

Risks

There are certain risks that are specific to investing in this Offering. Those risks have been discussed in a section of this Prospectus headed "*Investment Risks"* and must be considered before deciding to subscribe in the Offer Shares.

Emirates Investment Authority

The EIA shall be entitled to subscribe to up to (5%) five per cent. of the Offer Shares, and the percentage of subscription which the EIA will purchase shall be allocated in full before the commencement of allocation. Shares allocated to the EIA under this preferential rights regime will be deducted from the total size of the Second Tranche. If the EIA does not exercise its preferential rights then its reserved portion shall be available to Second Tranche Subscribers for subscription.

(iv) Timetable for subscription and listing

The dates set out below outline the expected timetable for the Offering. However, the Company reserves the right to change any of the dates/times, or to shorten or extend the specified time periods upon obtaining the approval of the appropriate authorities and publishing such change(s) during the Offering period in daily newspapers.

Event	**Date**
Offering commencement date	27 June 2021
Closing Date of the First Tranche and the Third Tranche	6 July 2021
Closing Date of the Second Tranche	8 July 2021
Announcement of Final Offer Price and Final Offer Size	9 July 2021
Allocation of First Tranche and the Third Tranche	10 July 2021
Expected date of Listing the Shares on the ADX	14 July 2021
Refund of surplus subscription monies plus accrued funds (if any)	15 July 2021

(v) Tranches

The Offering of the Offer Shares is divided as follows:

The First Tranche:

Size:	a minimum of 65,873,797 (sixty-five million eight hundred seventy-three thousand seven hundred ninety-seven) Shares and a maximum of 87,831,729 (eighty-seven million eight hundred thirty-one thousand seven hundred twenty-nine) Shares (representing 9% of the Offer Shares).
Eligibility:	First Tranche Subscribers (as described in the section of this Prospectus headed "*Definitions and Abbreviations*")
Minimum application size:	AED 10,000 with any additional application in increments of AED 1,000.
Maximum application size:	There is no maximum application size.
Allocation policy:	In case of over-subscription in the First Tranche, Offer Shares will be allocated to First Tranche Subscribers pro rata to each Subscriber's subscription application amount based on the Final Offer Price. Applications will be scaled-back on the same basis if the First Tranche is over-subscribed. Any fractional entitlements resulting from the pro rata distribution of Offer Shares will be rounded down to the nearest whole number. Shares will be allocated in accordance with the aforementioned allotment policy, based on the Final Offer Price.
Unsubscribed Offer Shares	If all of the Offer Shares allocated to the First Tranche are not fully subscribed, the unsubscribed Offer Shares shall be available to Second Tranche Subscribers, or alternatively (in consultation with the Authority) the Founder may extend the Closing Date for the First Tranche and the Second Tranche.

The Second Tranche:

Size:	a minimum of 658,737,972 (six hundred fifty-eight million seven hundred thirty-seven thousand nine hundred seventy-two) Shares and a maximum of 878,317,295 (eight hundred seventy-eight million three hundred seventeen thousand two hundred ninety-five) Shares (representing 90% of the Offer Shares).
Eligibility:	Second Tranche Subscribers (as described in the section of this Prospectus headed "*Definitions and Abbreviations*")
Minimum application size:	The minimum application size is AED 500,000.
Maximum application size:	There is no maximum application size.

Allocation policy:	Allocations within the Second Tranche will be determined by the Company and the Founder, in consultation with the Joint Lead Managers (excluding HSBC Bank Middle East Limited in connection with any Offering to natural persons). It is therefore possible that Subscribers who have submitted applications in this tranche may not be allocated any Shares or that they are allocated a number of Shares lower than the number of Shares mentioned in their subscription application.
Discretionary allocation:	The Company and the Founder reserve the right to allocate Offer Shares in the Second Tranche in any way they deem necessary.
Unsubscribed Offer Shares:	If all the Offer Shares allocated to the Second Tranche are not fully subscribed, the Offer will be withdrawn.

The Third Tranche:

Size:	Up to 1% of the Offer Shares, subject to a maximum of 9,759,081 (nine million seven hundred fifty-nine thousand eighty-one) Shares.
Eligibility:	Third Tranche Subscribers (as described in the section of this Prospectus headed "*Definitions and Abbreviations*").
Minimum application size:	AED 5,000, with any additional application in increments of AED 1,000.
Maximum application size:	There is no maximum application size.
Allocation policy:	Offer Shares in the Third Tranche shall be allocated to Third Tranche Subscribers at the discretion of the Founder.
Unallocated Offer Shares	If all of the Offer Shares allocated to the Third Tranche are not fully subscribed, the unsubscribed Offer Shares shall, at the discretion of the Founder, be available to either the First Tranche Subscribers or the Second Tranche Subscribers.

(vi) Multiple applications

A Subscriber should only submit an application for Offer Shares under one tranche. In the event a Subscriber applies for subscription in more than one tranche, the Receiving Banks and the Joint Lead Managers may deem one or both applications invalid.

(vii) Emirates Investment Authority

A minimum of 36,596,554 (thirty-six million five hundred ninety-six thousand five hundred fifty-four) Offer Shares and a maximum of 48,795,406 Offer Shares (representing 5% of all Offer Shares) are reserved for the EIA, in accordance with the requirements of article 127 of the Companies Law. Offer Shares allocated to the EIA

under this preferential rights regime will be deducted from the total size of the Second Tranche. If the EIA does not exercise its preferential rights to apply for Offer Shares then those Offer Shares will be available to other Second Tranche Subscribers for application.

(viii) Important notes

Subscribers in the First Tranche and the Third Tranche will be notified of whether they have been successful in their application for Offer Shares by means of an SMS.

Upon Listing of the Shares on the ADX, the Shares will be registered on an electronic system applicable to the ADX. The information contained in this electronic system will be binding and irrevocable, unless otherwise specified in the applicable rules and procedures governing the ADX.

Subject to the approval of the Authority, the Company reserves the right to alter the percentage of the Offer Shares which is to be made available to the First Tranche, the Second Tranche or the Third Tranche provided that the total number of Offer Shares is not increased.

SECOND SECTION: KEY DETAILS OF THE COMPANY

2.1 Overview of the Company

Name of the Company:	Al Yah Satellite Communications Company PJSC
Objects of the Company:	Please see Article 6 of the Articles of Association
Head office:	Yahsat Headquarters, Sweihan Road, Al Falah, P.O. Box 63693, Abu Dhabi, United Arab Emirates
Branches:	The Company has not established any branches The Company's approximately 90% owned subsidiary, Thuraya Telecommunications Company PJSC (**Thuraya**), has established branches in the Emirates of Abu Dhabi and Sharjah in the UAE and in Singapore
Details of trade register and date of engaging in the activity:	Licence No. 1005700 The Company was incorporated in Abu Dhabi on 23 January 2007 as a private joint stock company
Term of the Company:	100 years from its date of incorporation, to be automatically continued thereafter unless terminated
Financial year:	1 January to 31 December
Independent Auditors	Ernst & Young Middle East (Abu Dhabi Branch) (**EY**) of Nation Tower 2, Corniche, P.O. Box 136, Abu Dhabi, United Arab Emirates have audited the Company's consolidated financial statements as of and for the years ended 31 December 2019 and 2020 as stated in their reports included at Annex 1. KPMG Lower Gulf Limited (**KPMG**) of Nation Tower 2, 19th Floor, Corniche, P.O. Box 7613, Abu Dhabi, United Arab Emirates, have reported on the Company's historical financial information as of and for the three month period ended 31 March 2021 and as stated in their report included at Annex 1

Major banks dealing with the Company:

Bank	**Nature of Relationship**
Intesa	Lender
Natixis, Dubai Branch	Lender
Société Generale Paris (Marches De Capitaux)	Lender
Sumitomo Mitsui Banking Corporation	Lender and banking operations

	Crédit Agricole Corporate and Paris	Lender
	Abu Dhabi Commercial Bank PJSC	Lender and banking operations
	National Bank of RAK	Lender
	First Abu Dhabi Bank PJSC	Lender and banking operations
	DBS – Singapore	Lender
	ING Bank N.V.	Lender and banking operations
	Mizuho Corporate Bank, Ltd, London Branch	Lender
	Dubai Islamic Bank	Lender to Thuraya and banking operations
	Stanbic IBTC Bank	Lender
	Standard Bank Of South Africa	Lender
	Abu Dhabi Islamic Bank	Lender
	BNP Paribas	Lender
Details of the Board:	Please see section 5.2	
Details of management:	Please see section 5.3	
Details of corporate governance:	Please see section 5	

2.2 Business Description:

Investors should read this section of the Prospectus in conjunction with the more detailed information contained in this Prospectus including the financial and other information appearing in the "Presentation of Financial Information" section. Where stated, financial information in this section of this Prospectus has been extracted from the Historical Financial Information.

OVERVIEW

The Group is one of the largest providers of multi-mission (government and commercial) satellite communications services in the world (in terms of annual revenues) as at 31 December 2020 according to management estimates. The Group is based in the Middle East and through its critical satellite infrastructure provides both government and commercial satellite capacity and solutions, including government networks, enterprise networks, broadband, mobility (voice and narrowband data) and television broadcast, through a fleet currently comprising five geostationary satellites covering Europe, Middle East and Africa (**EMEA**), Asia-Pacific (**APAC**) and Brazil. The Group has a high-quality satellite fleet that provides services using a wide selection of spectral bands (Ka-band, Ku-band, C-band and L-band). Its first two satellites, Al Yah 1 and Al Yah 2, were launched in April 2011 and April 2012, respectively. The Group's third satellite, Al Yah 3, was launched in January 2018. The Group also added two satellites, Thuraya-2 and Thuraya-3, to its fleet through the acquisition of Thuraya in 2018, with these satellites launched in June 2003 and January 2008, respectively. The Group expects to launch its new satellite, Thuraya 4 Next Generation System (**T4-NGS**), in the second half of 2023, with commercial operations scheduled to commence in the second half of 2024.

The Group has five business lines, which are organised as follows:

- **Infrastructure**: The Group's largest revenue line is the leasing of secure satellite capacity on Al Yah 1 and Al Yah 2, principally to the Government. The Group provides critical and secure Ka-band satellite capacity to the Government on Al Yah 1 and Al Yah 2 under a 15-year contract expiring in 2026, with a new 15-year agreement on a replacement fleet beyond 2026 already being discussed with the Government. The Group also entered into a 15-year contract in 2021 with the Government for capacity and associated services on T4-NGS. This T4-NGS capacity contract will expire in 2039. As at 31 March 2021, the Group's total contracted backlog for infrastructure contracts amounted to U.S.$2.1 billion, the vast majority of which relates to the Government. The Group has a C-band payload on the Al Yah 1 satellite covering the EMEA region, capacity on which is leased to satellite service providers and telecoms operators for use in corporate or telecommunications networks, marketed under the YahLink brand (**YahLink**). The Group also provides infrastructure and related support services, such as satellite and payload control and monitoring services including telemetry, tracking and control (**TT&C**) to companies within the Group. Additionally, from time to time the Group enters into spectrum-related agreements with other satellite operators, in order to generate revenues.

- **Managed Solutions**: Managed Solutions is principally comprised of Yahsat Government Solutions (**YGS**), which delivers critical, secure, defence-focused, value added solutions primarily to the Government and other international governmental entities. YGS also provides operations and maintenance (**O&M**) services to the Government, related to supporting the infrastructure capacity contracted to the customer, which is based on multi-year engagements. As the

O&M services are critical to Government operations, the current O&M agreement was extended until 31 December 2021.The Group is negotiating a new O&M agreement with the Government, which will ensure continuity of the current O&M services with options for additional services, expected to be signed by the end of 2021. The new O&M agreement is expected to expire at the end of 2026, and is expected to result in U.S.$175 million of additional contracted backlog for Managed Solutions. As a trusted partner of the Government for satellite system delivery skills, YGS also provides consultancy or programme management support to the Government from time to time. In addition to YGS, the Group also provides managed satellite connectivity solutions to commercial customers, principally in the UAE, such as Abu Dhabi National Oil Company (**ADNOC**), Emirates Nuclear Energy Corporation (**ENEC**), Dubai Petroleum and Abu Dhabi Ship Building, either using its own capacity or that leased from third parties, including oil and gas as well as other sectors.

- **Mobility Solutions (MSS)**: The Group provides MSS through its approximately 90% owned subsidiary Thuraya, a UAE based company providing MSS services using L-band capacity on its two satellites, Thuraya-2 and Thuraya-3. Thuraya is a leading MSS operator for L-band based voice and data services, covering more than two thirds of the world's population across the EMEA and APAC regions. According to NSR, in 2019, Thuraya was the second largest operator for global MSS operators handheld market share by subscribers Thuraya offers innovative communications solutions to a variety of sectors including energy (oil and gas), government, broadcast media, maritime, military, aviation, enterprise, consumer, transportation and non-governmental organisations (**NGOs**). Providing advanced communication solutions in more than 150 countries, as at the date of this document, Thuraya delivers GSM roaming capabilities with over 390 active roaming partners globally. Thuraya's portfolio of integrated solutions, satellite phones, broadband terminals and internet of things (**IoT**) and machine to machine (**M2M**) services are recognised for reliability, flexibility and resilience on land, at sea and in the air. Thuraya has over 240,000 subscribers (as of the end of 2020).

- **Data Solutions**: The Group offers satellite-based broadband data solutions using Ka-band to end-users including consumers, enterprises and government customers, as well as high-speed data links for use by telecommunications companies, internet service providers and other satellite service providers. The Ka-band capacity and related business on Al Yah 2 (excluding that reserved for use by the Government) and Al Yah 3 forms part of two equity partnerships the Group has with Hughes as follows:

    - *BCS:* The first equity partnership, Broadband Connectivity Solutions (**BCS**), which operates its business under the YahClick brand (**YahClick (powered by Hughes)** or **YahClick**), offers Ka-band capacity in Africa, the Middle East and in Southwest Asia on both Al Yah 2 and Al Yah 3. The Group controls 80% of this equity partnership. BCS provides commercial broadband and data solutions to consumers, enterprises, mobile network operators (**MNOs**) and governments across its footprint using the "YahClick (powered by Hughes)" brand. The Ka-band capacity on Al Yah 2 (excluding that reserved for use by the Government) and the Africa payload of Al Yah 3 is dedicated to, and owned by, BCS and covers 45 countries. As of 31 March 2021, BCS had launched in 34 of the 45 countries covered. In addition to broadband satellite services, BCS also provided raw wholesale capacity to Eutelsat from 2017 to 2021. BCS has grown significantly from 12,571 subscribers as at 31 December 2019, to over 15,000 subscribers as at 31 March 2021, and was using approximately 8.5 of approximately 37 Gbps of

the aggregate Ka-band capacity on its payloads. BCS also provides services in Africa using capacity from Avanti Communications Group Plc (**Avanti**), a third party, to cater to capacity demands in specific markets not available on Al Yah 2 or Al Yah 3. BCS also utilises the YahLink brand as needed for higher-end solutions, typically for enterprise and MNOs.

- *HPE:* The second equity partnership, HPE, operating under the brand Hughes do Brasil (**HdB**), offers Ka-band capacity on the Brazil payload of Al Yah 3, along with capacity from other leased satellites. The Group owns 20% of HPE and accounts its investments as an associate. HPE provides commercial broadband and data solutions to consumers, enterprises, MNOs and government entities within Brazil. The Ka-band capacity over Brazil on Al Yah 3 is dedicated to, and owned by, HPE. HPE leases Ka-band, Ku-band and L-band capacity from other satellite operators to operate its business. As of 31 March 2021, HPE had over 275,000 subscribers for its consumer satellite broadband offering and was delivering enterprise and carrier solutions to numerous customers.

- **Broadcast**: The Group has a 65% shareholding in Al Maisan Satellite Communication Company LLC (**Al Maisan**), the equity partnership with a member of the SES Group operating under the brand "YahLive" (**YahLive**). SES Finance controls the business, which provides capacity to direct-to-home (**DTH**) television broadcasters using Ku-band capacity on the Al Yah 1 satellite, principally in the Middle East and North Africa (**MENA**) region and Southwest Asia.

The table below provides a breakdown of the Group's revenue for the business lines for the three months ended 31 March 2021 and the year ended 31 December 2020, presented in accordance with the Group's segments, except for revenue from the Group's investments in HPE and Al Maisan, which are not consolidated by the Group:

	Revenue			
	For the three months ended 31 March 2021	**(% of total)**	**For the year ended 31 December 2020**	**(% of total)**
	(Amounts in U.S.$ thousands, except percentages)			
Infrastructure	59,956	66.5%	238,496	58.5%
Managed Solutions	12,053	13.4%	63,220	15.5%
Mobility Solutions	12,702	14.0%	79,035	19.4%
Data Solutions				
BCS(1)	5,504	6.1%	26,756	6.6%
Total	**90,215**	**100.0%**	**407,507**	**100.0%**

Note:

(1) Revenue for consolidated entity (BCS)

STRENGTHS

Leading satellite operator providing critical connectivity solutions through a differentiated fixed (FSS) and mobile (MSS) services infrastructure

The Group is a leading player in the provision of connectivity solutions that fill an important gap in the critical communications infrastructure needs of its customers

across the markets in which it operates, with unique offerings that combine both FSS and MSS. The Group's FSS offering is comprised of its infrastructure, managed solutions, data solutions and broadcast business line offerings, while its MSS offering is comprised of the Group's mobility solutions business line offering. The Group offers a wide range of such critical satellite-based solutions to both governmental and commercial customers in the UAE and the rest of the Middle East as well as in Africa, Asia, Australasia and Latin America, through its controlled operations and associates. The Group has been expanding rapidly in its core markets, and was the fastest growing FSS satellite operator between 2012 and 2020, ranked eighth among all FSS and MSS satellite operators in the world by revenue based on management estimates.

In addition to its strong position in the UAE, the Group has established expertise and technical capabilities in working in diverse emerging markets, having launched broadband services under the YahClick brand in 34 markets since 2013. YahClick's markets typically have significant gaps in terrestrial (e.g. fibre, 4G) broadband coverage and access for its government, enterprise and consumer users to high speed internet is a critical component to national socio-economic advancement. Bridging this digital divide by using terrestrial means is often too costly or operationally challenging, hence the need for affordable satellite-based internet connectivity solutions using Ka-band.

In addition to the growth of its Ka-band commercial broadband service, the Group has achieved strong commercial utilisation of its C-band capacity through its wholesale YahLink connectivity service, with a high utilisation (also referred to as the fill rate) on its C-band payload of 51% as at 31 March 2021. The C-band payload, through intermediaries who lease C-band capacity from the Group, is currently being used to service customers in more than 47 countries in the Middle East and Africa (**MEA**).

The Group's MSS business, offered through Thuraya, has over 240,000 subscribers (as of the end of 2020), using various products including handheld voice terminals, narrowband and broadband data terminals and data, IoT/M2M terminals adapted for use on land (mobile, transportable and fixed), at sea as well in air. Thuraya has over 390 active roaming partners globally. The Thuraya business has an estimated 7% market share within the MSS industry and is ranked fourth amongst MSS players globally as of 2019 according to NSR.

Thuraya is a pioneer MSS operator with respect to the land voice (handheld) segment, with an estimated global market share of over 30% and over 50% in MEA (its core market). Historically, Thuraya was established to serve the land voice market and address the infrastructure gaps in terrestrial networks, hence the interoperability with GSM. Subsequently, Thuraya expanded into the land data, maritime, M2M/IoT and aero segments and has lower, but growing, market share in these segments compared to its land voice business. In general, such satellite based narrowband solutions with the ability to connect to small mobile user terminals helps close a gap in the critical infrastructure needs of government and commercial users across the world that are increasingly dependent on ubiquitous coverage and redundancy or failover for continuous operations in case of terrestrial infrastructure outages. Furthermore, Thuraya is growing rapidly in APAC and building its regional market share, a result of the favourable market dynamics in APAC as well as the five-year timing gap between the launch of Thuraya-2 over EMEA and Thuraya-3 over Asia. While market share is growing in several segments, growth in the APAC maritime market has been particularly strong in recent years with 46% growth in gross revenues in 2018-2020,

despite some headwinds faced in 2020 revenues due to pandemic related supply chain disruptions.

In addition, the Group has coverage in a number of regional markets that are currently restricted due to legal, regulatory or political factors, including India, Saudi Arabia, Egypt and Iran. Further, the Group's broad range of offerings combines both FSS and MSS infrastructure, which differentiates it from other separate FSS and MSS competitors. The Group believes that these factors provide additional opportunities for future growth.

The Government's preferred partner in space for essential satellite solutions with significant contracted revenue

Since its inception, the Group has enjoyed a long-term and strong relationship with the Government, providing highly secure and reliable essential satellite services, including military and civil communication services over land, sea and air. In particular, the Group is a trusted partner to the Government, with total contracted backlog for government contracts amounting to U.S.$2.1 billion as of 31 March 2021 (which is 98% of the Group's total backlog), more than 5x of the Group's 2020 revenue of U.S.$407,507 thousand. In 2020, 70.3% of the Group's revenue (approximately 72% in 2019 and 81% in 2018) and 97.3% Group's backlog was attributable to the Government. The Group's existing contracts with the Government, a highly rated counterparty (rated "Aa2" by Moody's and "AA" by S&P and Fitch), provide clear earnings visibility for the Group, with committed revenue streams until 2039. As at 31 March 2021, the ratio of the Group's total backlog, the vast majority of which relates to Government contracts, to its revenue for the 12 months ended 31 December 2020 was more than 5x. The Group believes that its strong and long-term relationship with the Government, as well as its track record in delivering critical solutions to the Government, gives the Group significant insight into future government satellite service needs and positions it strongly to capitalise on such opportunities going forward. Based on management's preliminary discussions with the Government, the Government's secure satellite communications capacity requirements are expected to exceed the capacity currently provided by Al Yah 1 and Al Yah 2, and extend well beyond the current capacity services agreement that is due to expire in 2026. Accordingly, the Group is currently in preliminary discussion and planning stages with the Government and, should those discussions result in an agreement, may launch additional FSS satellites in the medium term. Although the funding, services to be provided and timing of launch are still being discussed, the Group expects to follow the same approach as Al Yah 1 and Al Yah 2, whereby the Government would take capacity on a long term, committed basis, further increasing the Group's contracted backlog. Additionally, the construction of the Group's sixth satellite, T4-NGS, is underway with a significant up-front advance payment of U.S.$300 million from the Government to be made during the construction phase, and a managed capacity services contract for the provision of services on T4-NGS to the Government expected to generate revenue of over U.S.$700 million (inclusive of the U.S.$300 million advanced payment) over a 15-year period following commencement of commercial operations, which is currently expected in the second half of 2024. The Group believes that its relationship with the Government in particular benefits from the Group being based in Abu Dhabi and positions the Group to continue being the main provider of critical satellite infrastructure, solutions and capacity going forward.

The Group's relationship with the Government has evolved from solely providing communications services to being a key partner of the Government across the full satellite solutions value chain. For example, the Group was awarded a mandate of over U.S.$50 million to manage the multi-year, end-to-end programme delivery of the Government's FalconEye programme, a high-performance optical Earth-observation satellite system manufactured by Airbus for the Government, which launched in December 2020. It is anticipated that this relationship will lead to more scale and scope over the coming years, already evident in the pipeline of discussions ongoing with various Government entities, and that the ability to serve their needs is expected to be further accentuated and differentiated with the Group's involvement in the "made in the UAE" technology platform that the potential equity partnership with Tawazun Economic Council (**Tawazun**), which is the defence and security acquisitions authority for the Government and Abu Dhabi Police, or one of its group entities, offers. The Group entered into a memorandum of understanding (**MoU**) in February 2021 to form the equity partnership to develop critical in-country capabilities in relation to the development and manufacture of advanced SATCOM solutions within the UAE. The Company is expected to own a minority stake of the equity partnership with the majority owned by Tawazun.

Furthermore, as a trusted partner of the Government, the Group believes it is well positioned within the UAE to serve other Government entities and industry leaders. For example, the Group has secured contracts with ADNOC, Abu Dhabi Ship Building and ENEC to which it provides satellite communications services. In addition, the Group also believes that it is well placed to leverage its government experience in the wider Middle East to serve other regional governments, government-related entities and the rapidly growing private sector. Current examples of such contracts include the provision of customised services and hardware to the Bahrain Defence Force and the services provided to the Secretariat General of the Gulf Cooperation Council.

Industry pioneer in fast-growing emerging markets benefiting from first-mover advantage and strong distribution networks

The Group has been an industry pioneer in both its FSS and MSS businesses. As a relatively young player, it has had to pursue gaps in the market using pioneering technologies and business models that were viewed as less crucial by its competitors. Overall, the Group's approach in this respect has become a key differentiating factor and the Group intends to continue building upon this approach.

In many of the emerging markets in which it operates, the Group has been a first-mover in satellite broadband and internet protocol (**IP**) connectivity. These markets typically have fast-growing middle classes and significant high-speed internet requirements, but lack the necessary terrestrial communications infrastructure, bringing about opportunities to bridge the gap in infrastructure to meet such increasing broadband demand. Similarly, the HPE business in Brazil is a key growth opportunity for the Group given the similar dynamics in the market.

From a technology standpoint, the Group has been a pioneer in delivering Ka-band services, both to governmental and commercial customers. Ka-band systems today are widely accepted as a more effective option for higher throughput solutions for land-, sea- and air-based communications. The band is now widely used for a variety of critical applications that were traditionally in either C-band or Ku-band, including

consumer broadband, enterprise networks, and defence and civil government connectivity.

In MSS, Thuraya has been an industry-leading operator and a global telecommunications provider offering innovative solutions to a variety of sectors. Thuraya's choice of a complex and innovative satellite system design, including capabilities like digital signal processing and beam forming to allow in-orbit configuration of capacity to follow demand, coupled with a clear wholesale business model allowed its regional focus to tap into a new market segment that did not exist before. Personal communications in the form of handheld terminals combining terrestrial (Global System for Mobile (**GSM**) communication) and satellite (dual mode) led to Thuraya becoming the pioneer in the Middle East and Africa for satellite handheld telephony services.

Thuraya's advanced and dynamic technology choice for its space and ground segments has proved itself over the years as it allowed it to launch innovative services and products and has enabled it to compete in additional markets such as land data and maritime. This has led to a number of firsts achieved by Thuraya, including being the first to introduce a dual mode satellite and GSM phone in 2001, the first to launch the lightest satellite phones in 2006 and the first to introduce the bring-your-own-device (**BYOD**) concept in the MSS with its Sat Sleeve product in 2013, enabling smartphones to connect with Thuraya's satellites.

In addition to the Group's early mover advantage in new technology, the Group believes that its choice of markets has also been key to its success. The Group was, in most cases, the first operator to bring Ka-band solutions to many of its markets in Africa and amongst the first in Brazil. The Group sought to maximize its first-mover advantage through a differentiated go-to-market model which is tailored to its specific markets, rather than relying on a "one size fits all" traditional wholesale distribution model used by other satellite operators.

In particular, the Group has developed a differentiated go-to-market model for YahClick and for Thuraya in the Middle East, Africa, Asia and Australasia. Although these markets provide attractive characteristics for satellite operators, they also require capabilities and market presence that many satellite operators have not typically developed due to a historical focus on selling raw capacity, with such market facing components being performed by specialised satellite service providers focused on higher end market needs. By contrast, the Group has been proactive in pushing its offerings further downstream across the value chain, delivering value added solutions along with deeper partnership or go-to-market models. This has created a differentiation and overall value proposition that is often difficult to match for other players resulting in relatively limited competition.

In these markets, the Group has adopted a hybrid-channel approach with each market adopting one or more "go-to-market" models, including:

- Direct-to-market (or retail) model, where the Group develops local operational eco-systems to complement the distribution value chain, such as call centres, licensed installer networks and tropicalised billing systems, using a combination of in-house and outsourced resources. This approach was used successfully in Brazil, prior to the merger of the business with HPE, which continues to use the same model for its consumer satellite broadband business, and is also being rolled out in specific high-potential and scalable markets in Africa, including South Africa and Nigeria;

- Service partner model, where the Group's managed satellite broadband products or mobile satellite solutions are sold via international service partners and/or in-country licensed operators. The model has been used successfully in many markets by YahClick, such as with Emirates Telecommunications Company PJSC (**Etisalat**) in Afghanistan, Redtone in Pakistan and Telkom in South Africa, which has a large-scale deal to provide YahClick terminals to ensure broadband services for underserved customers who were previously only able to use asymmetric digital subscriber line (**ADSL**). Similarly, Thuraya leverages international service partners such as Cygnus, IEC and Comsat, who typically target specific verticals, and national service partners such as Softbank in Japan and SMART in the Philippines, and multi-country partners such as Bharti Airtel Limited (**Airtel**);

- Virtual Network Operator (**VNO**) model, where the Group's managed capacity (including the ground network and platform capabilities) is sold in bulk and the capacity is distributed by a specialised partner within one or more markets for various uses (e.g. enterprise networks, cellular backhaul). The model was successfully used by the Group to sign a multi-year deal with Telespazio in 2016, a leading satellite solutions integrator in Brazil (prior to the equity partnership with Hughes). Similarly, the Group recently signed a multi-year deal with Hotspot and with Global Communications Extension Services (**GCES**), integrators of backhaul solutions that will be connecting over 2,000 rural cellular sites for two MNOs in Nigeria; and

- Raw capacity, where the resources are limited to the satellite capacity and termination to the ground only and where the customer will build their own network, with no involvement from the Group. This has been widely used as a model for its C-band capacity with long-term contracts initially with Emerging Markets Communications, Inc. (a subsidiary of Global Eagle Entertainment) and now with Marlink, but has also been adopted for Ka-band with a multi-year large scale supply of Ka-band capacity in Africa to Eutelsat in recent years.

This hybrid-channel approach enables the Group to effectively manage and scale-up its distribution without significant capital investment or, in most cases, the need to be directly licensed in the country in which its services are being made available. The Group engages extensively with its service providers to prepare them for the launch of their services, and provides training to ensure the quality of service delivered to its end customers. The Group believes that, by virtue of having robust capacity and a range of service offerings, it is able to attract national and international service providers in each of those markets, which are able to access a wide range of end customers across different sectors. As at 31 March 2021, the Group had 91 service providers that market and sell YahClick, across 34 countries. At the same point in time, Thuraya had over 100 channel partners across its footprint.

An important outcome of this first-mover advantage and differentiated market presence and distribution model is that, as the Group grows these segments, it not only has the opportunity to pursue more infrastructure programmes to underpin the growing capacity needs but, in cases where capacity is available, it also has the opportunity to enter into agreements to lease capacity from other operators. This ultimately offers the Group a flexible and scalable capacity model that blends pay-as-you-grow with larger long-term capex investments, but preserves the opportunity to leverage its in-market depth and differentiation to incorporate newer technologies as they come along, possibly using NGSO constellation capacity in the future.

Sizeable and well-identified areas of growth

As a result of the Group's strong links with the Government, its significant contracted revenue base, its wide technology platform and its presence in rapidly growing markets, the Group not only believes it has significant growth opportunities within its current markets and business lines, but also believes there is a strong platform to further grow its geographical presence and potentially its business lines using future capacity investments and partnerships. In particular, the Group expects strong growth opportunities in four areas:

- *Infrastructure*: As a result of its strong relationship with the Government, the Group expects that it will have further opportunities to develop new services and capabilities for the Government and its related entities as their satellite-related needs develop based on upcoming and new requirements. The Group is currently pursuing a number of opportunities related to the need for additional satellite capacity for the Government and expects that further opportunities will develop. This has been recently demonstrated by the signing of a 15-year capacity contract to provide L-band services on T4-NGS to the Government. Based on management's latest discussions with the Government, the Government's capacity requirements are expected to exceed the capacity currently provided by Al Yah 1 and Al Yah 2 and will extend well beyond the current capacity services agreement that is due to expire in 2026. It is also understood that the Government will aim to augment capacity, as well as other key technical capabilities, with these collectively being a key motivation in securing a new long-term infrastructure agreement with the Group. Accordingly, the Group is currently in preliminary discussions and planning stages with the Government to identify the needs for the next generation of longer term FSS satellite needs, coverage and capacity.

- *Managed Solutions*: YGS' strategy is to deepen its participation both up and down the value chain, providing richer solutions by utilising improved in-house capabilities, and yielding higher margins. It anticipates expanding its offerings both within the UAE to other civil and defence-related government entities, such as the Ministry of Foreign Affairs, the Ministry of Interior, Federal Police and Homeland Security, and to regional and international government users, either directly or in partnership with international service providers. Additionally, the Group expects there will be further opportunities to provide O&M services to complement the leased infrastructure, including on T4-NGS.

- *Mobility Solutions*: The Group believes that it is well positioned to capture more of the growing MSS market, across EMEA and APAC. Since acquiring Thuraya in 2018, the Group has been focused on updating and renewing the space and ground infrastructure while ensuring the company is given the operational support it needs to be competitive. As such, the Group is able to roll out new products to capture MSS growth areas, including maritime, government and IoT/M2M. The Group believes it is also well-positioned to further penetrate the Asian market where the MSS growth is expected to be the highest globally in the coming decade. The expected commencement of operation of T4-NGS in 2024 is expected to strengthen Thuraya's value proposition and portfolio, allowing it to capture greater market share in existing segments and to enter into new high-growth verticals such as transportation and logistics, smart agriculture and autonomous vehicles.

- *Data Solutions*: Since the launch of Al Yah 3 and the formation of the HPE and BCS equity partnerships in Brazil and MEA, respectively, with Hughes, the leading company globally for Ka-band broadband solutions, the Group believes that its ability to expand its Data Solutions business has increased significantly. The Group believes that several markets continue to present a key opportunity for satellite broadband services due to characteristics such as a widely spread population, a lack of terrestrial broadband infrastructure and high demand for reliable internet services from consumers, enterprises and government users, resulting in a large under-served or unserved addressable market. For example, according to the Datareportal – Digital 2021 Global Overview Report, in Nigeria it is estimated broadband penetration is still approximately 50%, with a large number of small and medium enterprises (**SMEs**) and households remaining un-served or under-served, with less than 1% of premises connected directly to fibre (**FTTx**). Similarly, in South Africa, while access to 3G and 4G is expanding according to the Datareportal Digital 2021 Global Overview Report, the penetration of high-quality broadband access remains at approximately 65% Across Africa, broadband penetration is approximately 40%, with significantly lower speeds offered than in markets with higher proliferation of FTTx, providing a potentially significant opportunity for affordable satellite-based solutions across the continent. Furthermore, there is an increasing migration from legacy C-band and Ku-band data solutions to Ka-band, driving more affordable satellite broadband solutions. There is also a broader acceptance of the reliability of Ka-band for higher-end users and applications, including by providing cellular backhaul solutions to mobile network operators, allowing them to expand their own 3G, 4G and 5G reach beyond areas connected via fibre. In order to capture this opportunity, YahClick is implementing a number of new channel models, to allow it to expand its reach and increase sales across all segments, whilst further optimising margins. Although a number of markets remain currently closed due to regulatory and/or legal restrictions (such as export control and sanctions), the Group is working on resolving these bottlenecks, where possible, through dialogue with national regulators and international governments, whilst always strictly respecting and observing such restrictions. As an example, the Group has been granted the benefit of a specific licence from OFAC to sell its YahClick service in Iran via an approved distributor and is in the process of getting final approvals from the local regulator to roll out these services.

High quality asset base incorporating a wide range of technologies

The Group has a high-quality asset base that incorporates a wide range of technologies, including satellite systems enabling Ka-band, Ku-band, C-band and L-band frequency transmissions in its target markets, along with strategically positioned orbital slots. The Group's current fleet of five satellites enables it to offer high-throughput satellite (**HTS**) services using the Ka-band on Al Yah 1, Al Yah 2 and Al Yah 3 and also narrowband satellite services using the L-band on Thuraya-2 and Thuraya-3. T4-NGS is expected to greatly enhance the narrowband services and increase the capacity available once it becomes operational. The Group has a relatively healthy satellite fleet, with a replacement currently underway for the Thuraya-2 satellite, which is fully operational with sufficient propellant for another 8 years of operation, but has seen some degradation to its power and propellant subsystems, and options being explored to extend the life of Al Yah 3 by approximately six years (which had its estimated life reduced to 8.74 years due to a launch anomaly) using a mission extension solution.

Ka-band capacity is commercially more competitive for the Group's satellite broadband service compared to the more expensive technologies prevailing in the market (such as Ku-band and C-band), primarily as a result of greater available bandwidth and the use of small spot beams whereby satellite spectrum can be re-used several times to maximise capacity. The L-band services on the Thuraya satellites offer superior capabilities and features, including higher power levels compared to other MSS operators, enabling unique offerings such as smaller terminals and higher link availability. Despite being launched more than 10 years ago, Thuraya's satellites also employ multi-spot beam and frequency reuse schemes in addition to in-orbit coverage reconfiguration and dynamic resource allocation allowing the system to cope with varying market requirements whether from coverage, technology or demand perspectives.

The Group's strong orbital slots portfolio also provides a platform for future growth, containing over 170 International Telecommunication Union (**ITU**) filings located strategically worldwide. Over the medium to longer term, the Group intends to develop its business through strategic use of its orbital slots and by expanding its satellite fleet, subject to sufficient customer demand. The Group's orbital filing strategy is to maintain a significant portfolio of filings with high priority in good standing to permit coverage across its target regions and to ensure it possesses a platform of orbital assets that supports growth in capacity and in line with evolving technologies. Furthermore, the Group's L-band spectrum rights at 33E, 44E and 98.5E form part of an MSS spectrum rights portfolio that is only shared with two other commercial MSS operations in its region of operations, namely Inmarsat and Iridium, and is an asset that has been strengthening over the years both in terms of amount of spectrum and coverage rights.

The Group believes that its current asset base and technology provide a strong platform to build market share further in all of its focus strategic segments, namely government, data and mobility.

Highly attractive financial profile underpinned by a strong backlog with a highly rated counterparty in the Government, supporting robust and growing dividend capacity

The Group has highly attractive financial characteristics with strong cash flow generation and a low level of net debt. For the year ended 31 December 2020, the Group generated profit for the year and Adjusted EBITDA (U.S.$61,400 thousand and U.S.$246,930 thousand respectively), corresponding to an Adjusted EBITDA Margin of 60.6% (as compared to an Adjusted EBITDA Margin of 56.5% as at 31 December 2019 and 80% as at 31 December 2018). As at 31 December 2020, the Group's net debt to Adjusted EBITDA ratio was 0.1x and net cash flow from operating activities of U.S.$228,929 thousand, representing a high conversion of Adjusted EBITDA. Moreover, the Group's leverage ratio for the year ended 31 December 2020 was 0.2x and is expected to be around 1.1x at the end of 2021.

All of the Group's satellites are fully operational. The construction of the Group's sixth satellite, T4-NGS, is underway with a significant up-front advance payment of U.S.$300 million from the Government to be made during the construction phase, and a managed capacity services contract for the provision of services on T4-NGS to the Government expected to generate revenue of over U.S.$700 million (inclusive of the U.S.$300 million advanced payment) over a 15 year period following commencement of commercial operations, which is currently expected in the second half of 2024. The

Group's contracted backlog as at 31 March 2021, the vast majority of which relates to the Government, totalled U.S.$2.2 billion, more than five times its annualised revenues**,** which is significantly higher than the sector average (backlog to annualised revenues in 2019 of Eutelsat, SES Group and Viasat and were 3.5x and 3.3x and 1.1x respectively, according to their respective annual reports for the financial year ended 31 December 2020).

In June 2021, the Group completed a refinancing, entering into the New Term Loan and the ECA Facility. The ECA Facility will provide funding of up to 85% of the eligible costs of the satellite construction, launch insurance and associated costs in relation to the T4-NGS contract with Airbus and 100% of the interest during the construction period. These facilities have been obtained to optimise the Group's capital structure and have been secured at competitive rates.

In recent years, the Group has successfully managed its cost base by pursuing operational expenditure optimisation and capital expenditure savings on an on-going basis, and has found significant cost synergies with Thuraya since the acquisition in 2018, to the benefit of Thuraya and the wider Group. All of these factors have helped the Group generate strong profitability and cash flow. In the year ended 31 December 2020 and the three months ended 31 March 2021, the Group's profit was U.S.$61,400 thousand and U.S.$14,073 thousand, respectively, the Group's Adjusted EBITDA was U.S.$246,930 thousand and U.S.$54,410 thousand, respectively, and its net cash from operating activities was U.S.$228,929 thousand and U.S.$95,248 thousand, respectively. The Group believes that its highly attractive financial characteristics, with strong cash flow generation and a low level of net debt, are supportive of the Group's robust and growing dividend capacity.

The Group also currently benefits from a favourable tax regime in the UAE, where it currently derives the majority of its revenue.

Highly experienced management team with proven track record, benefitting from the continued backing of the Government and controlling shareholder, the Founder

The Group has an experienced and strong management team with complementary skills and functional expertise across the satellite, communications, technology and other key areas. Following the Offering, the Founder will remain the Group's majority shareholder and the Group expects that the Founder will continue to be supportive of the Group's growth objectives and in building relationships in the UAE and globally.

STRATEGY

Grow government and government-related revenues in the UAE, the GCC and the wider Middle East region

A key component of the Group's strategy is to continue building its Government business by leveraging its existing relationships to provide a broad range of government communications solutions. For example, the Group's strategic priority for its YGS business line in particular is to remain focussed on its high-value customers, including the Government, as well as expanding its role to become the primary supplier for all the Government's critical space infrastructure needs. A prime example of this is the Group's on-going discussions with the Government for the provision of additional secure military capacity and services, which would increase

the contracted backlog on its secure government capacity beyond the current capacity services agreement for Al Yah 1 and Al Yah 2, due to expire in 2026, whilst increasing the amount of capacity and coverage available. The Group also intends to broaden its relationship across the Government, in particular with local and federal government entities such as the Ministry of Foreign Affairs, emergency services and the Ministry of Interior, which have communications needs that can be served by satellite-based services. The Group believes that its relationship with the Government benefits from the Group being based in Abu Dhabi and positions the Group to continue being the main provider of critical satellite infrastructure, solutions and capacity going forward. In line with broader global trends, the Government continues to require additional use of satellite solutions to support its critical communications infrastructure. Examples of this are the increasing needs of communications-on-the-move terminals, on land, at sea and in the air, typically requiring smaller terminals and with higher throughput, both increasing the Government's need for satellite capacity and capabilities offered by the Group.

In addition, the Group believes that there is an opportunity to expand its satellite communications solutions business with large national enterprises, such as ADNOC, which is already a customer, leveraging its UAE presence, network and expertise. Other potential customers include government entities across the GCC and MENA region, as well as large international companies with operations in the UAE, which require FSS or MSS solutions for their international networks or operations, which the Group believes it is well-positioned to provide as a result of its currently available satellite capacity, ground network and technical expertise.

Continue developing broadband business

The Group intends to grow YahClick by continuing to expand its distribution network in underserved and/or growing markets with strong economic and demographic fundamentals, such as Nigeria and South Africa, whilst further penetrating existing markets.

Maximise penetration and uptake in existing markets

The markets where the Group offers its satellite broadband solutions typically have a large population of home, enterprise and government users that are unserved or under-served by terrestrial alternatives to connect to the internet with a reliable, high-speed connection, yet have the means to be able to afford a satellite broadband subscription. According to NSR, it is estimated that the total number of consumers connected to the internet via satellite broadband across MEA is approximately 110,000 and is expected to increase by a factor of four or five in the next 5 years. In terms of very small aperture terminals in service across the region, 200,000 are estimated to be in current use, with high-throughput geostationary earth orbit (**GEO**) capacity, such as the Group's Ka-band solution, is fulfilling around two-thirds, at around 20 gigabits per second (**Gbps**) of the current throughput demand, and expected to grow by 400% to around 83 Gbps by 2025. Furthermore, the general trend is for enterprise users, mobile network operators or government users towards higher throughput and speed when using IP or internet connection and therefore are looking for faster and better value alternatives, such as those offered using Ka-band, versus those provided by legacy C-band and Ku-band.

Continue to build out existing businesses

The Group intends to continue developing YahClick as follows:

- *Active management of transponder capacity*. The Group intends to continue seeking opportunities to actively manage its customer base, especially where there is higher demand relative to supply of its capacity whereby it seeks to accommodate more customers and improve yield (i.e. the dollar amount per megabits per second (**Mbps**) sold), reducing the proportion of "low value" customers. The Group also intends to increase the amount of capacity being sold to enterprise, government or MNO users, which generally have high average revenue per user, reduced price sensitivity, lower credit risk and higher margins. Whilst the Group does not control or operate the HPE equity partnership in Brazil, a similar approach has been implemented in that business with respect to active management of the customer base whilst awaiting additional capacity to become available on the ultra-HTS, EchoStar XXIV, which offers significant growth capacity in Ka-band over Brazil.

- *Develop distribution channels*. The Group intends to continue strengthening its distribution capabilities and flexibility through a variety of means, including by expanding and diversifying its network of partners and service providers, and continuously enhancing its business model in a value-adding way.

- *Opportunistically expand coverage*. The Group expects to have increased transponder capacity that it can opportunistically deploy in its existing markets, such as Africa, where the Group has existing knowledge of the market. According to NSR, demand is expected to increase driven by market and consumer dynamics.

Further opportunistic expansion

The Group expects that substantial further expansion opportunities may exist both for services provided by Al Yah 2 and Al Yah 3. The Group expects that, subject to gaining regulatory approval, Iran, Oman, Saudi Arabia and Egypt could provide strong growth opportunities for Al Yah 2, whilst Algeria or Morocco could allow for much of the capacity in North Africa to be put into use on a long-term basis. The Group has entered into short to medium term lease agreements with Avanti to augment or enhance the capacity where it is accretive to the current business where possible on Al Yah 2 and Al Yah 3, and is exploring options to do the same with other operators that have complementary capacity offerings. The Group also expects to closely monitor other markets in Africa, such as Ethiopia, that are currently not sufficiently developed to warrant expansion of the Group's services, with a view to becoming the first-mover in those markets once they are considered to be commercially viable.

Diversify products and markets

The Group is seeking to broaden its appeal to existing and new customers, through the rollout of products and services that capitalise on the Group's technical base.

In particular, the Group expects to continue developing products and services from YahClick, such as:

- VNO or managed capacity service, which allows its wholesale customers to configure and manage their own products on a dedicated pool of capacity. The Group has had significant success in this area in the past, for example with Telespazio, a leading satellite solutions integrator in Brazil, and more recently with iSAT Africa and CAMTEL in Cameroon;

- Cost-effective internet trunking and backhaul solutions on Ka-band for MNOs and internet service providers. In 2021, the Group signed a multi-year backhaul capacity deal with Hotspot in Nigeria, which is a leading network infrastructure aggregator and integrator for mobile network operators;

- WiFi hotspot service that enables multiple users to connect to the internet for a limited period of time or limited amount of data, via the same WiFi access point and using prepaid vouchers. For example, over 160 taxi rank locations in South Africa have a WiFi hotpspot offering in conjunction with YahClick, where the quality and price are competitive or better than the cellular alternative. Additionally, in Ghana approximately 250 schools have a similar service available. These hotspot solutions are operated in conjunction with the Facebook Express WiFi eco-system and platform, allowing service providers to partner with local communities and local entrepreneurs to extend WiFi coverage; and

- Mobility services, including high-speed broadband on commercial aircrafts, which are increasingly tapping into Ka-band capacity from a broader set of FSS operators as an alternative and/or complement to Ku-band capacity or capacity on mobility-focused FSS satellites. In the past, the Group has engaged in discussions with major airlines, including Etihad, as well as in-flight connectivity and entertainment integrators and, whilst the airline industry is in a current negative cycle due to the pandemic, the Group believes that its presence in the UAE which is a major hub for regional and global airlines may open up more opportunities on this front again in the future.

The Group expects significant opportunities to materialise for renewing growth in its mobile satellite solutions business with Thuraya beyond the UAE. The Group believes that Thuraya is well positioned to capitalise on the growing MSS market, both in EMEA and APAC. Additionally, the Group believes that MSS will be required for mission critical IoT and M2M applications driven by operational efficiency and automation requirements, which will benefit MSS growth. With multiple new platforms and products being developed for the Government, the Group expects that Thuraya will also be able to deploy its MSS solutions to additional customers in order to capture projected market growth, particularly as Thuraya already has a base of additional government customers in addition to the UAE such as Saudi Arabia and United States. The MSS market is expected by NSR to grow at a compound annual growth rate (**CAGR**) of 2% between 2020 and 2025, with the several customer segments where Thuraya is active, such as government, maritime and IoT, also growing at a significant pace. Furthermore, the Group believes that there will be strong growth opportunity for Thuraya in Asia, which, according to NSR, is forecast to be the fastest growing region for MSS for years to come, with particularly high growth in demand expected in the maritime (regional vessels) and IoT segments. Thuraya has several advantages, which are expected to support this acceleration in the coming years, including:

- Access to finite pool of L-band spectrum, which is difficult for new entrants to obtain, and has specialised characteristics that cannot be replicated easily by other bands allocated for use via satellite;

- Order and announcement of T4-NGS, ensuring business continuity of Thuraya's fleet into the future;

- Ownership of Thuraya ultimately by Mubadala and the Abu Dhabi government, which has strong and open trade and government relations with the vast majority of Thuraya's key markets (e.g. India, China and Indonesia), providing support for access to such markets;

- Investment in next generation space, ground and product technology, offering differentiation and in some areas superiority relative to competitors;

- A flexible go-to-market approach that supports value creation both up- and down-stream across the value chain for Thuraya's partner; and

- Strong brand equity, recognised for high quality MSS services with coverage of more than 150 countries and servicing approximately 240,000 customers.

Further grow demand for YahLive's broadcast services

YahLive's strategy is to increase the attractiveness of the broadcast channels that it carries to potential advertisers, in particular across the Middle East and important communities in Pakistan, Afghanistan, Tajikistan and Farsi-speaking regions. Increased advertising creates additional revenue for the channel providers that lease capacity from YahLive and, in turn, should enable YahLive to increase the capacity lease rates that it charges these providers. The Group believes that this strategy, when combined with a recent optimisation of its cost base undertaken in 2019-2020 and the development of data services, should improve YahLive's profitability. The Group currently has a strong programming base of more than 200 broadcast and radio channels (more than 115 of which are exclusive to YahLive). In 2020, channels broadcast using the capacity provided by YahLive recorded 110+ million viewers and held leading positions (in terms of viewer numbers) in Afghanistan, Tajikistan and in Farsi and Kurdish speaking communities across the region. YahLive had a capacity utilisation rate of more than 80% at 31 December 2020.

BUSINESS LINES

Infrastructure

The infrastructure business line principally comprises three key capacity leasing areas, two of which are active as of today (excluding any T4-NGS revenues which are expected to commence once T4-NGS is operational in 2024):

Ka-band Capacity Services Agreement (CSA) with the Government

Under the CSA, the Group leases secure Ka-band, and to a lesser extent Ku-band, capacity on its Al Yah 1 and Al Yah 2 satellites to the Group's principal customer, the Government. The services the Group offers the Government include continuous communication to in-motion and stationary personnel, aircrafts, vessels and vehicles as well as providing secure access to applications. These services are provided under the CSA, which is a 15-year contract that commenced in 2011 with the acceptance into orbit of Al Yah 1 and expires in 2026, which was aligned to the originally anticipated useful life of Al Yah 1. The CSA provides the Group with a material and

stable source of revenue. As at 31 March 2021, the backlog under the CSA represented approximately 62% of the Group's total backlog of U.S.$2.2 billion.

The Group believes it is well-positioned to capitalise on additional UAE military-driven demand if the Government requires services that expand beyond those currently provided by Al Yah 1 and Al Yah 2, as well as future commercial demand using Ka-band to support BCS growth. As at 31 March 2021, the Group had over 170 usable ITU filings, of which ten have been brought into use. Accordingly, the Group has the ability to expand its coverage, subject to demand, and plans to continue seeking opportunities to add capacity, particularly for its strategic government customers, which provide a consistent and long-term revenue base.

C-band Capacity Leasing

C-band space-segment capacity (i.e. unmanaged, space-segment only) is leased to telecommunications operators, internet service providers, business enterprises, and government agencies in the Middle East, Africa, Europe and Asia. The Group believes that C-band is an ideal solution for traditional satellite applications such as backhauling of data or voice traffic to a gateway connected to a private or public communications network due to the bent-pipe nature of the beam, which means the customer can connect any end-user terminal to any other gateway location of its choosing (e.g. its headquarters or data processing centre) in the same C-band beam coverage, as compared to a specific gateway beam in a fixed and pre-determined location avoiding a potential double hop or backhauling over fibre which in some cases may not be ideal. The Group believes that C-band also provides ideal solutions for oil and gas exploration, specifically with regards to production connectivity, as well as solutions for remote government sites and military camps and backup for undersea fibre links. Whilst C-band has certain limitations compared to higher frequency bands, such as requiring larger antennas and having less frequency re-use, it does benefit from certain advantages, including better link performance (i.e. the link can be maintained through heavy rainfall, ideal for critical communications), wider proliferation of terminals and equipment and an extensive satellite footprint. As such, many inter-governmental organisations, governments, multinationals and broadcasters still make extensive use of C-band for its coverage and reliability, even under extreme conditions.

The Group's C-band business is reported separately in the infrastructure business line. This business generated capacity lease revenue of approximately U.S.$8,459 thousand, U.S.$5,184 thousand and U.S.$5,366 thousand in 2018, 2019 and 2020, respectively.

Under its YahLink brand, the Group leases C-band transponder capacity on Al Yah 1 for periods that typically range from three to five years to a range of clients, typically commercial or enterprise satellite service providers. This service leverages high power C-band coverage over 85 countries in the Middle East, Africa and parts of Europe with a single beam and, reflecting the nature of the service provided, is reported in the infrastructure business line.

Competition

The Group benefits from a strong competitive position with respect to the provision of Ka-band, and future L-band, capacity to the Government due to the specialised capabilities offered by the Group, including the provision of capacity on satellites operating under ITU filings held by the UAE, UAE-based ground infrastructure at

secure sites within the country, and personnel with security clearances in line with Government rules. Moreover, the Group's specialised capabilities could provide for additional partnership opportunities with providers of complementary infrastructure or service to serve the needs of the Government.

In respect of C-band, capacity over Africa has historically been in high demand and the Group had several offtake agreements in the past for all of the capacity available. However, in recent years there has been a softening in demand for C-band capacity as more efficient Ku-band and Ka-band capacity is increasingly used, offering higher throughput and acceptable levels of availability for most applications. This has resulted in an over-supply of C-band capacity from traditional providers and new entrants in the last decade, and this has been reflected in a corresponding decline in price. However, YahLink's C-band capacity utilisation (or fill rate) remains high at 51% as at 31 March 2021. The Group is exploring various options to increase YahLink sales of capacity, both in the C-band and the Ka-band.

Managed Solutions

The Managed Solutions business line comprises the Group's YGS offering, which has evolved out of the Group's original business of providing capacity to the Government. Under its YGS brand, the Group now provides a range of managed solutions to both government and commercial customers, including:

- consultancy, design, procurement and implementation solutions for satellite-based military networks, including operations and maintenance if required;

- consultancy and delivery of managed private network solutions for UAE and other governmental entities; and

- connectivity and managed private satellite network solutions for commercial enterprises, including those operating in the oil and gas industry.

The Group's principal customer is the Government. Among other contracts, the Group has an O&M contract for running a secured network operations centre for the Government and has also contracted with the Government to provide satellite equipment procurement services. The O&M services provided by YGS support the leases by the Group to the Government of secured capacity on its Al Yah 1 and Al Yah 2 satellites. For example, the Group was awarded a mandate to manage the multi-year, end-to-end programme delivery of the Government's FalconEye programme, a high-performance optical Earth-observation satellite system manufactured by Airbus for the Government, which launched in December 2020.

Under the managed solutions business line, the Group also provides secure military and commercial services to other Middle East governmental customers and commercial communication-based services to Government-related entities such as ADNOC group companies. It has also in the past provided services to other Government related entities, including the UAE's National Emergency Crisis and Disasters Management Authority (**NCEMA**), Ministry of the Interior and Abu Dhabi Police, Ministry of Education (**MoE**) and the Federal Transport Authority. The Managed Solutions business line accounted for 24%, 20%, 16% and 13% of the Group's total revenue in each of the years ended 31 December 2018, 2019 and 2020 and in the three months ended 31 March 2021, respectively. As at 31 March 2021, the

Managed Solutions business line was undertaking around 26 contracts with remaining terms ranging from 1 to 8 years and a total contracted backlog of U.S.$239 million.

YGS operates with five teams, who closely coordinate to meet client requirements. The business development team maintains a regular dialogue with customers and potential customers to understand their needs and co-ordinates with the YGS delivery team to ensure that those needs are fulfilled by the systems' engineering and service delivery team. In the event that an operations contract is in place following the implementation of a solution, the operations and maintenance team provides operations and maintenance services through dedicated employees. The project and performance team ensures proper programme management oversight as well as contract management and key performance indicator (**KPI**) monitoring across all engagements. Finally, special projects teams are deployed on an as-needed basis for any major undertakings, such as the FalconEye programme.

The Group believes that its YGS business line offers strong potential both for future growth and improved margins as it matures its capabilities to deliver more value added services across consultancy, programme management, systems integration and operations and maintenance to Government and select commercial clients, primarily in the UAE.

Competition

Although there are other entities in the UAE that could compete with YGS, such as other UAE and international entities that provide satellite-related services to government entities, the Group believes that YGS' proven platform of people, process and technology will continue to position the Group well in government tenders due to:

- its specialised satellite communications knowledge specific to the customers' environment and needs;
- strong relationship and track record spanning over 10 years;
- in-country expertise with security cleared personnel; and
- one-stop-shop potential, including capacity, technology and integration capabilities.

Mobility Solutions (MSS)

Overview

The Group provides MSS through its approximately 90% owned subsidiary Thuraya, a UAE based company providing MSS services using L-band capacity on its two satellites, Thuraya-2 and Thuraya-3. Thuraya provides MSS L-band services and products mainly through a wholesale service partner model using two satellites, Thuraya-2 and Thuraya-3, which are currently owned by Thuraya. Thuraya's third satellite, T4-NGS is an L-band satellite that is currently under construction by Airbus and it is expected that this will replace Thuraya-2 in 2024 and offer increased capacity and support more advanced products and services.

Thuraya provides advanced mobile satellite solutions to over 150 countries. In 2020, the geographic breakdown of Mobility Solutions revenue was as follows: Middle East

and Central Asia 51.5%; Europe 23.3%; Northeast Asia 14.1%; Africa and South Asia 8.2%; and Southeast Asia 2.8%. It has a portfolio of land data, land voice, maritime, M2M/IoT, capacity leasing services and aeronautical solutions for multiple segments including energy (oil and gas), government, broadcast media, maritime, military, aviation, enterprise, consumer, transportation and NGOs. Thuraya's services are primarily sold using a wholesale model where it relies on service partners, which are generally national or international approved service partners who buy equipment and airtime (minutes or data packages) from Thuraya and re-sell the products into their respective markets, either directly to the end customers, or indirectly via local dealers or value-added resellers. Thuraya's service partners include Cygnus, IEC, Comsat, Airtel, Softbank (Japan) and SMART (Philippines). Alternatively, for specific opportunities where the service partner prefers to use its ground and product technology, Thuraya engages in more limited capacity leasing arrangements whereby it only provides power and bandwidth, as well as certain limited ground or network components, and the partner is responsible for operating and delivering the service to its customer as opposed to receiving managed services from Thuraya.

Thuraya principally operates from its headquarters in the UAE as well as a regional office in Singapore.

Mobility Solutions Strategy

The Group believes that Thuraya is well positioned to capitalise on the growing MSS market, both in EMEA and APAC. MSS within Thuraya's area of operations is expected to witness the highest growth in percentage terms compared to other regions, whilst the MEA region is one of the highest regions in terms of satellite communications traffic and demand in particular for government, NGOs and energy segments (*source: NSR*). Access to a robust and finite pool of L-band spectrum, which is highly difficult for new entrants to obtain, provides further advantages to Thuraya in this area as Thuraya is only one of four operators globally to have access to L-band, of which only three are within Thuraya's area of operation. T4-NGS is designed to ensure continuity in the satellite fleet, bring next generation features and capabilities, and provide a foundation for growth of MSS for the Group beyond the 15-year managed capacity services contract with the Government. This growth strategy includes the following key aspects:

- *IoT & M2M*: IoT and M2M via satellite is expected to grow at a CAGR or 10% per year for the next 10 years (*source: NSR*). Satellites are expected play a key role in the mass adoption of IoT and M2M for various consumer, enterprise and government applications due to the inherent wide coverage of MSS systems and innate ability to reach locations where terrestrial (e.g. remote regions, offshore) technologies do not usually reach, as well as the resilience offered by a satellite back-up. In particular, the Group believes that MSS will be required for mission critical IoT and M2M applications driven by operational efficiency and automation requirements. Examples of new IoT applications already being explored include autonomous cars, offshore monitoring, livestock tracking and smart agriculture. These complement the more traditional uses of satellite for monitoring such as supervisory control and data acquisition or pipeline monitoring. Importantly, whilst all satellites are capable of data communications with remote terminals, L-band allows for smaller, lower powered devices with omni-directional antennas, which do not need any pointing. These features support the ease of integration with terrestrial technologies (e.g. narrowband-IoT) and hence the robust offering of a hybrid service and technology agnostic device that can support always-on service whether indoor or outdoor. Specifically,

Thuraya's higher power MSS satellite enhances the opportunity of IoT, compared to other L-band players, given its ability to minimise the terminal size and complexity. Key to success here will be to acquire the right ground service platform and product, which are planned to be available and operational even before the launch of T4-NGS, as well as the ability to partner with the application service providers who will integrate and verticalise Thuraya's terminals into their eco-system.

- *Government MSS*: With multiple new platforms and products being developed for the Government, the Group expects that Thuraya will be able to deploy its MSS solutions to additional customers in order to capture projected market growth, particularly as Thuraya already has a base of additional government customers in addition to the UAE such as Saudi Arabia and United States. The Group believes that it is currently underrepresented in the MSS segment compared to its peers, with T4-NGS providing the necessary technological base to increase its market share.

- *Regional Maritime*: Maritime is still a growing segment for MSS in particular the lower end of the segment. Specifically, the growth in MSS use for smaller regional merchant, fisheries and offshore vessels is increasing and the Group believes that Thuraya is well positioned in this segment. It already has an established customer base and product set differentiated from the competition who have historically focused on the high end of the segment, such as larger oceanic vessels. For example, Thuraya provides voice and narrowband data service to a number of Vietnam fisheries to support the regulatory requirement for Vessel Monitoring Solution (**VMS**) and provision of fish catch reports. VMS is increasingly becoming a mandatory regulatory requirement worldwide and is a principal growth driver for satellite services in the maritime segment.

- *Penetration in key strategic markets*: Historically, Thuraya has had limited success in certain key markets, mainly in Asia, where the regulator has limited access, or the country has had its own national programme aspirations that limited the attractiveness for Thuraya in the longer term. Some of these markets are now opening up and present significant upside opportunities. Examples of key markets where new partnerships have been concluded or are being explored include China, Vietnam, Thailand, India and Indonesia.

- *Channel Enhancements*: Thuraya is implementing key changes in its distribution model, which are expected to reduce channel conflicts, decrease dependency on a small number of large service providers, gain revenue commitment traction, open up new markets and verticals and streamline service delivery. For example, to drive maritime broadband, it is engaging early on with global service partners to seek commitments ahead of the T4-NGS launch, whilst, in parallel, developing relationships with smaller regional or country level partners that can drive local demand for narrowband needs on Thuraya-2 and Thuraya-3. Additionally, it is seeking to partner with a range of value-added system integrators that have deeper relationships with specific government users and can augment the overall value proposition, integrating Thuraya's products and capacity into the mix. For the government segment, Thuraya and YGS intend to work in a complementary fashion to maximise potential opportunities available, with YGS focusing on UAE opportunities and Thuraya focusing on international government business, with the ability to lean on YGS in case capabilities and relationships can be augmented. Lastly, for IoT it is developing an extensive ecosystem of partners and integrators to incorporate Thuraya's modules and products as part of their solutions to the end customers, often verticalising the solutions in the process.

This is expected to include both upstream (e.g. original equipment manufacturers) and downstream (e.g. application service providers and system integrators) players. The Group is also exploring additional enhancements such as new incentive plans, prioritisation and tiering of service partner relationships to drive longer term and more focused partnerships, and increased back and front office support from Thuraya to work alongside partners to drive opportunities.

- *Shift of voice towards pre-committed and private networks*: Thuraya has historically been a leader in the MSS land voice business, with over 200,000 subscribers, although this business has been steadily declining over the years given GSM proliferation. As a result, Thuraya is refocusing from pre-paid pay-as-you-go (**PAYG**) to contracted post-paid voice revenues, which are typically entered into with governments or enterprises, including alternative voice services and products to serve requirements for closed voice networks such as push-to-talk capabilities. Another initiative is to broaden market access through development of lower cost products and services to increase the adoption of Thuraya's land voice portfolio.

On a longer-term scale, Thuraya plans to explore opportunities to offer global service, which is currently limited to roaming abilities on GSM partner networks, potentially through partnerships with other L-band operators or by trying to gain access to L-band spectrum in other regions. Acquiring sufficient spectrum rights is likely to be a fairly long-term effort, and may require Thuraya-2 or Thuraya-3 to be relocated once a replacement satellite is operational, and subject to satellite health and remaining fuel.

Thuraya has reached a multi-year agreement with Astrocast, a low earth orbit (**LEO**) IoT start-up, that allows their operations to take place in L-band spectrum assigned to Thuraya in a manner that does not disrupt Thuraya operations. Thuraya is currently charging Astrocast an annual fee as an offset for its operational constraints, obligations and support.

As the T4-NGS programme is rolled out, it is anticipated that there will be a significant increase in demand for next generation terminals from all segments for a period of time. The new system is expected to offer advanced capabilities such as higher capacity, terminal data rates above 1 Mbps (vs. c. 0.4 Mbps available in the current system), better spacecraft flexibility to dynamically support surge in hotspot areas, payload capacity that supports approximately three times the number of users as compared to traditional MSS satellites, advanced routing flexibility of up to 3,200 channels, and higher security and resiliency network.

Thuraya's spectrum rights throughout the L-band (40 megahertz (**MHz**) in each direction) are valuable as there is limited bandwidth, very few satellites that can be deployed to make effective use of the spectrum and a highly competitive spectrum allocation process is in place making it difficult to obtain gain additional spectrum access. Thuraya has:

- rights to approximately one third of the L-band spectrum over MENA, Europe, and Asia;

- strong ITU rights in extended L-band; and

- a satellite fleet is well positioned to establish spectrum rights in other regions.

Competition

Outside of the Americas, the MSS industry includes three other operators besides Thuraya, namely Inmarsat, Iridium and Globalstar.[1]

Data Solutions

Data solutions principally comprises the Group's YahClick business and also includes the Ka-band satellite connectivity services provided by its YahLink business. The satellite services business accounted for 7%, 6%, 7% and 6% of the Group's total revenue from services in each of the years ended 31 December 2018, 2019 and 2020 and in the three months ended 31 March 2021, respectively, attributable to the YahClick business. Approximately 40% of data solutions revenue is derived from retail customers. This area of the business is designed to offer affordable, higher throughput satellite solutions, which are key to ensuring a ubiquitous critical communications infrastructure in the markets it serves, whether to households and consumers, enterprises or governments.

YahClick (Powered by Hughes) - BCS

Launched in August 2012, YahClick is the brand name adopted by the Group for its broadband via satellite internet service, the first such service to be delivered via Ka-band into many of the Group's markets. Upon creation of the BCS equity partnership with Hughes in 2018, the brand was updated to "YahClick (powered by Hughes)". This service is currently delivered using the Ka-band on Al Yah 2 (excluding that reserved for use by the Government) and Al Yah 3 and reaches nearly 40 countries in the Middle East, Africa and Southwest Asia. Given the economics and design of Ka-band satellites, the Group believes that the service offering is far more competitive commercially than the services previously available in the market, which typically use more expensive Ku-band technology. Of the countries covered by the Ka-band beams of Al Yah 2 and Al Yah 3, YahClick is currently being marketed in 23 of these countries. The principal markets for YahClick are South Africa, Nigeria, Democratic Republic of the Congo, UAE, and Yemen which together accounted for over 60% percent. of YahClick's total revenue at 31 December 2020.

The Group has over 90 distributors (which it refers to as service providers) to market and sell YahClick, typically with at least two service providers being appointed to cover each country.

Since February 2011, the Group has used Hughes to supply the ground-based broadband platform and customer premises equipment (**CPEs**, essentially comprising a satellite dish and a modem) which the Group sells or provides to its service providers. These service providers are typically corporates offering a range of technology and communications services within a relevant country. They vary from mobile operators (for example, Etisalat in Afghanistan) to internet service providers (for example, Hyperia in Nigeria) to retail distribution partners (for example, Morvest in South Africa). Although each country has multiple options for service providers, the Group has sought to select the best possible ones to deliver the YahClick service. The service providers market a standardised range of service plans which provide defined volumes of capacity and varying connection speeds. The pricing of each plan also varies depending on customer type and the country in which the service is being

[1] Iridium and Globalstar access different parts of the L-band that are accessible to non-geostationary satellite systems.

provided, with customised enterprise plans typically being more expensive than consumer plans. The service providers are responsible for installation, billing and first-level customer support and the Group invoices each service provider on a monthly basis, for the fee for each active user procured by them based on active service plans.

Given that the Group's contracts with its service providers only relate to the supply of capacity and the provision of CPEs, the Group does not typically need to secure regulatory approval or licenses in most countries in which its service is available. Instead, each of the Group's service providers, which directly contract with the end customer to provide the broadband service, is required to hold the appropriate authorisations for this purpose. In select markets, the Group may choose to obtain authorisations directly rather than rely on service providers, and such options are being explored in markets such as Nigeria where the regulatory landscape is advanced and where the scale of the market potential warrants the additional operational overhead of operating as a service provider in the country, or in South Africa where, whilst the license remains with the national distribution partner, the retail value chain is managed by YahClick. This latter involved model has been adopted successfully in Brazil and in the UAE.

The Group believes that, by virtue of being the first satellite-based broadband provider in many of its countries of operation, it has been able to select leading service providers in each of those countries.

Management believes that YahClick currently enjoys a number of significant competitive advantages, which incentivise its service providers to sell its services:

- *Affordable terminals and bandwidth*. The cost of the customer Ka-band terminals sold or provided by the Group to its service providers is approximately U.S.$275 per terminal, which is significantly less expensive than the equivalent equipment required to receive Ku-band delivered internet access. This enables service providers, if they so elect, to supply terminals to their customers on the basis that the terminal cost is recovered in monthly subscription fees based on a defined service period. The average monthly wholesale price for a consumer internet package supplied by the Group to its service providers is around U.S.$50 per month (for a consumer in South Africa purchasing a 20 Mbps package with unlimited data usage). Prices are often comparable to the pricing of terrestrial solutions (such as ADSL, 3G and 4G), albeit typically prices may carry a premium given that customers usually opt for satellite-based services where the terrestrial alternative is poor or non-existent.

- *No in-country investment*. The Group has invested in all necessary satellite and ground infrastructure, meaning that there is no need for its service providers to invest capital in infrastructure.

- *Instant availability*. YahClick provides instant availability once the customer has signed an agreement with a service provider and their satellite dish has been installed. There is no need for the customer to wait a potentially lengthy period for a terrestrial roll-out.

- *Cost effective coverage*. The Group believes that YahClick provides a cost effective solution for providing broadband internet access to remotely located customers and significantly supports governments' universal service aspirations. YahClick is ideally suited for providing broadband to schools (e-education) and

for use in other e-government applications, including in the health sector, and remote installations and communications. For example, YahClick is currently being used in Kenya's micro-clinic programme where over 30 health clinics across Kiambu gain real-time access to patient information, and in Ghana's e-learning initiative where connectivity is being provided to over 300 remote schools. YahClick can also be used as a resilience or backup solutions for critical connectivity needs, across the public and private sector (including, for example, in banks and oil companies) and plans are tailored to charge only on the basis of capacity used. YahClick can also be used for SCADA.

- *Transportable terminals*. Service providers also offer transportable terminals designed to establish secure data communications virtually anywhere in the YahClick coverage area. These terminals address the needs of businesses needing mobile internet connectivity.

- *Suitable for multiple uses*. YahClick's differentiated go-to-market model and Ka-band capacity can be packaged in many different ways in terms of what is offered to customers, at the terminal, capacity and service level, to deliver the necessary value proposition to multiple segments. For example:

    - Consumer/SME broadband internet: A pre-packaged internet connection with defined speeds and data usage caps via satellite on a monthly subscription to end users;

    - WiFi hotspots: Connectivity to a central community hotspot with a customer provisioning and billing toolkit for a community distributor to sublet the capacity to local last-mile users connecting via a WiFi connection to the community hub;

    - VNO: Satellite capacity, including network management, leased in bulk to a satellite service provider that will design its own end-user products, usually with value added solutions or as part of a broader network offering, typically to enterprise or government users;

    - Backhaul: Satellite capacity, including network management, leased in bulk or charged by site to a MNO or internet service provider to provide the IP trunk where a reliable alternative is lacking (e.g. fibre) to a mobile network node or local internet service provider hub in order for the last mile connectivity to be fulfilled using a wireless (e.g. 3G, 4G) or wired (fibre) technology; and

    - Raw Capacity: Whilst not as common, from time to time, another satellite operator can lease raw (MHz) capacity, including radio frequency (**RF**) gateway termination in order to connect to their own platform at the gateway. Eutelsat entered into a multi-year deal on this basis, but this is due to expire in 2021.

When the Group launches YahClick in a new country, it typically initiates a marketing campaign around the launch. Marketing campaigns thereafter are undertaken on an on-going basis by the Group's service providers in each jurisdiction at their own cost, although the Group continues to provide limited on-going marketing support.

As at 31 December 2020, the Group had launched YahClick in 23 countries, delivering approximately 75,000 terminals and registering more than 15,000 subscribers, approximately 60% of whom were in Africa, 17% in the Middle East and

the balance mainly in Afghanistan and Pakistan. In both 2019 and 2018, YahClick had over 12,000 subscribers.

The Group continues to evolve its YahClick distribution model. In particular, in South Africa and Nigeria, the Group intends to target consumers through a call centre or the internet and a more direct distribution model where service providers initiate sales and receive incentives in the form of upfront commissions and on-going revenue share for generating the sale.

Another potentially significant market which the Group aims to enter is Iran, where the Company has the benefit of a specific OFAC license to sell certain services through designated service providers.

The Group is also in discussions with local partners and is evaluating entry options for Saudi Arabia, Egypt and Algeria, which may necessitate applications for local licenses. As a matter of policy, the Group does not expect to launch YahClick in any country where appropriate licenses have not been obtained either by the Group or its service providers or in any country where to do so would involve the Group contravening an embargo or other international sanctions programme.

Ka-band is increasingly being used for a multitude of applications, including consumer broadband, WiFi enabled hotspots, enterprise and government networks and cellular backhaul for mobile network operators. Whilst consumer (or SME) broadband was the primary target market in the past, the Group's BCS equity partnership is currently active in all of these areas and is benefitting from an increasingly wider acceptance for Ka-band solutions, offering higher throughput and sufficient service availability making it a more economical alternative to historically used Ku-band and C-band technology solutions. On occasion, BCS makes use of the YahLink go-to-market brand, which is differentiated for higher end solutions compared to YahClick which was geared towards internet users. BCS is constantly evolving its product mix and, over the medium term, the Group intends to invest in additional capacity in key markets and to expand to additional markets on an opportunistic basis as these markets allow new entrants and become more attractive.

Competition

Competition varies in the different markets served by the Group. In several African markets, the Group has faced competition from Avanti, which also offers a high-throughput service. BCS currently contracts wholesale capacity (including the use of its compatible Hughes platform) to support its Africa business from Avanti in cases where extra capacity is needed or there are unique features such as an in-country gateway which is needed for some of the BCS segments. Avanti does maintain a competitive advantage in Turkey through its gateway in the country. The Group has begun to experience competition from Eutelsat's Konnect Ka-band service following the launch last year, with the current competition being felt most in the Democratic Republic of the Congo, and gradually increasing in other market such as South Africa and Nigeria. The Group expects competition to increase in the future as additional operators launch Ka-band coverage in Africa. However, it also believes that because of its first mover advantage, its established relations with leading service providers in many countries, drive to adapt its business model to drive deeper down the value chain in certain key markets, including Nigeria and South Africa where the conditions for such a business model are ideal including, but not limited to, a vast market potential with affordability, a mature SME environment and advanced telecoms regulations. Furthermore, with its broad-reaching beam coverage with resilience offered by having

two satellites providing coverage over many of its key YahClick markets, the Group will be well placed to compete with new entrants in those markets.

The Group does not currently experience any material competition in Nigeria, which is its third major African market. The Group expects competition to increase in the future as additional operators launch Ka-band coverage in Africa. However, it also believes that because of its first mover advantage, its established relations with leading service providers in many countries, its broad geographic coverage and the resilience offered by having two satellites providing coverage over many of its key YahClick markets, the Group will be well placed to compete with new entrants in those markets.

Hughes do Brasil

HPE, operating under the brand HdB, is an equity partnership between the Group and Hughes in November 2019, in which the Group owns 20% HPE provides a range of satellite solutions to consumers, enterprises, government and telecommunications companies. Whilst under Hughes' exclusive ownership, HPE had been operational in Brazil for over 25 years and, in the three years prior to the equity partnership, was competing with the Group's Al Yah 3 in the Ka-band market using Ka-band capacity it leases on a long-term basis from Telesat and Eutelsat. HPE also leases Ku-band and L-band capacity to incorporate into managed and value-added solutions for end customers. Today, HPE is the leader in Brazil for managed satellite solutions. The fastest growing area of HPE is the consumer Ka-band business where it has long-term Ka-band capacity on three satellites, Telstar 19 VANTAGE, Eutelsat 65 West A and Al Yah 3, with rights to additional capacity on EchoStar XXIV, an ultra-HTS, expected to be launched in the second half of 2022. As at 31 December 2020, Hughes had over 280,000 subscribers (growing from approximately 196,400 as at 31 December 2019) using Ka-band services and coverage of over 95% of Brazil's population. The advantages of Ka-band for HPE are similar to those of BCS, but with the added advantage of an in-country gateway in Brazil. The enterprise business is the oldest and most established business within HPE. It offers managed services to many sectors, including industry, utilities, telecommunications and retail. Whilst much of the business still utilises Ku-band capacity leased from third party operators, there is an increasing demand for Ka-band to serve these segments, especially on Al Yah 3 which offers an in-country gateway that some of these verticals need for security, regulatory or operational reasons.

Broadcast

YahLive

YahLive is the brand name under which Al Maisan, an equity partnership formed in 2009 by Star, a subsidiary of the Company, and SES Finance, offers DTH television broadcast capacity and services across the MENA region and Southwest Asia. The YahLive equity partnership is 65% owned by the Group and 35% owned by SES Finance. By contractual agreement, the Group does not control the day-to-day financial and/or operating policies of the equity partnership which is, accordingly, accounted for as an associate in the Group's consolidated financial statements.

YahLive harnesses three inter-connected beams with 23 Ku-band transponders on the Al Yah 1 satellite to provide DTH satellite services primarily to free-to-air (**FTA**) broadcasters. These transponders formed the major part of the Group's contribution

to the equity partnership, with SES Finance providing a cash contribution of approximately U.S.$45 million and constructing a 20-channel playout centre and teleport facility for YahLive. The three beams cover the Middle East, North Africa, South West Asia and Europe.

YahLive has been loss making since it was established, reflecting the typical lower lease rates needed to attract channels to a new satellite at a non-established orbital location in early years. The Group's share of the losses recorded by YahLive was U.S.$7,084 thousand in 2018, U.S.$14,203 thousand in 2019, U.S.$2,053 thousand in 2020 and share of profits of U.S.$260 thousand in the three months as at 31 March 2021.

Currently, more than 180 broadcast and 25 radio channels are broadcast, with around one-third in high-definition quality, and 24 radio channels, using the capacity provided by YahLive. These channels are broadcast over two of its three Ku-band beams, one covering the MENA region where the principal competition is from Arabsat and Nilesat and an East beam covering Pakistan, Afghanistan, Tajikistan, Iran and the GCC. In 2020, channels broadcast using the capacity provided by YahLive recorded 110+ million viewers and has a strong presence in Afghanistan, Tajikistan and in Farsi and Kurdish speaking communities across the region. YahLive had a capacity utilisation rate of more than 80% at 31 December 2020.

YahLive's strategy is to continue to focus on increasing the attractiveness of the channels that it carries to potential advertisers, in particular across the Middle East and important communities in Pakistan, Afghanistan and Farsi-speaking regions whilst the same time optimising its cost base in order to improve its underlying profitability. YahLive has limited regional competitors within its markets of operation, which provides an additional opportunity to attract further demand.

The equity partnership is governed by a shareholders' agreement dated 1 October 2011. Under the agreement, as subsequently amended, SES Finance has the right to appoint three of the company's five board members. The control arising under such right may not be transferred by SES Finance to any other party. However, the control shall transfer to the Company in the event of a change of control in relation to SES Group, cessation of satellite operations business by SES Finance or if SES Finance's shareholding in Al Maisan falls below 25%.

In the event that financing is needed for any payments or expenditure contemplated in Al Maisan's investment plan, and one party does not agree to third-party financing, both parties are required to contribute the required amounts in the form of shareholder loans in proportion to their shareholdings in the equity partnership.

SATELLITE SYSTEMS

The Group's satellite systems network currently comprises five satellites (Al Yah 1, Al Yah 2, Al Yah 3, Thuraya-2 and Thuraya-3) as well as ground facilities that include gateways and a network of beacons to support the Group's services and the operation and control of its satellites. The Group expects to launch its sixth satellite, T4-NGS, in late 2023, to be in operation by mid-2024.

The Group is discussing the needs of the Government for additional capacity which would be provided on new missions. The Group is also exploring the potential of exercising its option with Airbus for a second satellite in addition to T4-NGS, known as Thuraya-5 (**T5-NGS**), which would allow the next generation capabilities to be

expanded into Asia sooner than the latest estimated end of life of Thuraya-3 in 2030 (estimate based on remaining fuel life, latest health reports, and assuming no significant anomalies occur), also providing a potential back-up in case of any T4-NGS launch or in-orbit failure.

Fleet Profile

The Group's current satellite fleet comprises five satellites. Al Yah 1 provides capacity using the C-band, the Ku-band and the Ka-band. Al Yah 2 and Al Yah 3 provide only high throughput Ka-band capacity. Thuraya-2 and Thuraya-3 are L-band satellites that use a C-band feeder link to connect the L-band user traffic to the gateway.

All of the Al Yah 1 Ka-band capacity, and part of the Al Yah 2 Ka-band capacity, is dedicated for the use of the Government. The remaining Ka-band payload on Al Yah 2 comprises 56 spot beams covering 28 countries principally in the Middle East, Africa and Southwest Asia. Al Yah 3 has 58 spot beams, of which 53 can be active at any one time, and provides coverage in over 17 countries in Africa and in Brazil.

The capacity on Thuraya-2 and Thuraya-3 is mainly commercialised on a PAYG basis through pre- and post-paid voice and data telecommunications services, however, some (less than 10%) of it is contracted on a longer-term, fixed price basis.

The Al Yah 1, 2 and 3 satellites use Ka-band to offer high throughput satellite services and expanded bandwidth by virtue of frequency re-use, a method whereby spectrum can be re-utilised several times, resulting in multiplication of capacity at a similar cost. These satellites are geostationary (or station-kept) meaning that they operate within a tight range of an assigned segment of the geostationary arc, which is designated by a specific range of latitudes and longitudes. Geo-stationary satellites revolve around the earth at an angular speed that corresponds to that of the earth's rotation and thus appear to stay above a fixed point on the earth's surface at all times, permanently within the view of the ground station.

Similarly, Thuraya-2 and Thuraya-3 also adopt frequency re-use, digital signal processing and beam forming technologies to adapt the resource allocation to the demand, constrained by power and spectrum availability factors. Whilst narrowband, and overall lower throughput compared to Ka-band, Thuraya-2 and Thuraya-3 are still considered to be advanced satellites with modern payloads.

Construction of the Group's sixth satellite, T4-NGS, is currently underway. The Group expects to launch T4-NGS in the second half of 2023, with commercial operations scheduled to commence in the second half of 2024.

End of Useful Life

Manufacturers are typically required to design spacecraft to ensure a 50% margin with respect to the specified mission life, which, in the case of satellites, is typically 15 years. Various elements are considered in satellite design, such as the length of the mission, equipment reliability and redundancy schemes, limited life terms, impacts of the space environment, as well as required power generation levels. In many instances, satellites are launched with enough on-board propellant to enable station-keeping beyond their design lives, in which case they may remain operational for a longer period. Once satellites have reached the end of their propellant life, they must be de-orbited and placed in a graveyard orbit above the geostationary orbit. Certain

technologies are available which can be used to extend the useful life of satellites that remain in general good health and continue to have sufficient fuel. Any such technologies will be considered by the Company, when and if appropriate.

Network Operations and Ground Facilities

The Group has its primary satellite operations centre at the Group's headquarters in Al Falah, about 50 kilometres from Abu Dhabi city. The Group maintains a backup centre in Al Ain which is linked to the primary centre by fibre optic cable and is capable of assuming control instantaneously should the need arise. Both systems are highly secure and can only be accessed through on-site terminals. The Group also has an alternative backup solution available (in the form of an arrangement with Inmarsat, another satellite company, to use its network, in case the Company's antennas are unavailable, to continue telemetry, tracking and command services for the Company's satellites). The Al Ain backup system is tested on a regular basis to ensure seamless transition in the event of any disruption to the primary system. There have not been any disruptions to the Group's primary satellite operations centre requiring transition to the backup since the inception of the Group's satellite services. The Thuraya satellites are operated via an operations centre in Sharjah, however the TT&C is performed from Abu Dhabi.

The Group's satellite broadband services currently utilise a network of ground facilities, including gateways located in Luxembourg, Madrid and Athens, São Paulo, in addition to Abu Dhabi, and uplink beacon stations located in the UAE, Saudi Arabia and Qatar, which allow the Al Yah 2 satellite broadband antennas to maintain their orientation with a very high degree of accuracy. The Group is currently considering the elimination of the uplink beacon station in Saudi Arabia with a view to operating under a different model, without any impact on system performance. The other two beacon stations are expected to remain for the life of the Al Yah 2 satellite. The gateway in São Paolo for Al Yah 3, which is owned and operated by HPE, is used to perform the TT&C in conjunction with the Abu Dhabi operation. No uplink beacons are required for Al Yah 3, which uses a different orientation system.

Through its ground facilities, the Group continually monitors signal quality, endeavours to protect bandwidth from any interference and analyses telemetry from the satellites in order to monitor their status and track their location. The Group worked closely with its satellite manufacturers to test and implement its ground facilities and continues to work closely with them to resolve technical problems as they arise.

The Group monitors its satellites and communications 24 hours per day, 365 days per year. The Group's engineers regularly make minor positioning adjustments on its satellites by performing east-west and north-south station-keeping manoeuvres. Daily operations on the satellites, including configuration of the payload and management of electrical power and propulsion systems, are controlled from the Group's satellite operations centre.

Orbital Locations

The Group has a portfolio of over 170 satellite network filings which have been submitted to the ITU by the TDRA and the Brazilian regulator, Agência Nacional De Telecomunicações.

Geostationary satellite operators submit to the ITU filings which aim to secure spectrum rights at specific orbital locations. Each filing is valid for a limited time unless it is brought into use within that period, in which case it remains valid for as long as it is in use. Where use of a filing ceases due to the satellite vacating the orbital location or ceasing to be capable of transmitting on/receiving the frequencies covered by the filing, such filing is suspended but may be brought back into use at any time during a three-year period from the point of cessation, failing which the filing lapses. Among other technical characteristics, an ITU filing specifies both the frequency bands and the orbital location to be used by the satellite. Once an operator has made a new ITU filing, it is reviewed by the ITU and a list of impacted, or potentially impacted, operational satellites, including more senior ITU filings that have not yet been used, are identified. The list may also contain terrestrial networks that could be impacted. The owner of the new filing must then undertake negotiations with each party identified on the list, a process which is referred to as co-ordination. The co-ordination process is critical in establishing the viability of new filings. In many cases, more senior filings may require such severe concessions from the new entrant as to make the new filing unusable. To the extent that more senior filings are not used and expire, it is also possible that a previously unusable filing may become usable as it gains seniority. Consequently, filings vary significantly in value, with the value varying also over time. Filings deemed of value are occasionally traded or sold among satellite operators.

The Group's orbital filing strategy is to maintain a significant portfolio of filings in good standing and with high priority that permit coverage across its target regions to ensure a platform for growth and support of evolving applications, including the rights needed to pursue future missions. As at 31 January 2021, the Group has secured long-term orbital rights at ten geostationary orbital locations. Of these, three are operational and brought into use by the Company, being the 52.5º East, 47.6 East and 20.1º West by the Al Yah 1, Al Yah 2 and Al Yah 3 satellites. The 44.0º East and 98.5º East locations have been brought into use by Thuraya using the Thuraya-2 and Thuraya-3 satellites. Other arrangements have allowed the Group to bring into use the 160º East, 60º East, 43º West, 17.5º West and 63º East orbital locations.

In addition to the above, the Group participates in a multilateral coordination process between mobile satellite operators that aims to ensure the efficient usage of a shared portion of the L-band spectrum. As part of this annual process, the Group has been able to secure spectrum rights for the use of this portion of the L-band throughout Europe, Africa, the Middle East, Asia, Australasia and Oceania regions. These rights must be annually defended based on actual usage made by operators, and as such the amount of the spectrum available in each geographic area will vary from year-to-year.

Satellite Health

The Group's satellites have performed above the Group's expectations. To date, the Group has experienced only four service impacting anomalies.

In November 2011, Thuraya-2 experienced an anomaly on the master oscillator that resulted in an outage that lasted approximately 37 hours. The anomalous master oscillator did not recover and a redundant master oscillator was selected for operation. Thuraya-2 has three master oscillators in total (one failed, one active, and one redundant).

In January 2013, Al Yah 1 experienced a failure of a component that automatically reconfigures the satellite's electrical system in the event of low voltage during the twice yearly eclipses where the earth comes between the satellite and the sun. The redundant system has been activated and is working satisfactorily. If that system fails, reconfiguration can still be done manually. The anomaly related to an on-board circuit triggering the satellite safe mode once the component had failed. The anomaly resulted in a short outage, which was restored using on-board backup facilities. As a result of the anomaly, the satellite manufacturer made available a software patch to all existing Eurostar 3000 satellites in order to prevent any similar occurrence. The anomaly had no impact on the useful life, on-going performance or operation of the satellite or the Group's insurance cover. However, it did result in the Group making a relatively minor service level adjustment under the CSA.

In August 2020, Al Yah 1 experienced a temporary glitch on a sensor that is used to detect the position of the Earth relative to the satellite. The on-board computer detected a temporary anomalous output of the sensor and performed an automatic restart, post, which the output of the sensor was restored. The anomaly resulted in a short outage. As a result of the anomaly and in conjunction with the satellite manufacturer, operational processes have been updated to ensure the same situation is not encountered again.

On 20 March 2021, Thuraya-3 experienced a local oscillator central power supply (**CPS**). A shutdown, causing a short outage of services on Thuraya-3. The probable cause was a single event upset with elevated space weather being an additional contributor. CPS A was restarted and showed nominal performance. During the recovery it was decided to switch to CPS B as the primary unit for operation. There are a total of 3 CPS units A, B, and C. There is no indication that Thuraya-3 has less than full CPS redundancy.

Various non-service outage related anomalies have been experienced across the fleet. These anomalies have occurred in the communication payloads, the electrical power subsystems the thermal subsystems, and the propulsion subsystems.

The Group's satellites have been designed to withstand an expected rate of equipment failure with adequate redundancy to meet or exceed their orbital design lives whilst still delivering full capacity with a probability of 75% or more. The Group has contingency plans in place that are tailored to a number of factors, including the mission, the strategic importance of the satellite, the location of the satellite and the type of anomaly that the contingency is designed to address. Al Yah 3, Thuraya-2, and Thuraya-3 have been designed with a high level of hardware redundancy, performance latitude and backup that should enable the spacecraft to provide target performance.

Risk management

The Group manages risk pursuant to an enterprise risk management (**ERM**) framework. Under the ERM framework, the Group's Risk Management Committee oversees the implementation of the Group's risk management process and ensures that risks are appropriately identified and mitigated. The ERM process is facilitated by a risk manager, who in turn is supported by risk coordinators within each business unit. Risks are identified at the department level and detailed risk profiles are produced which include action plans in respect of the risks identified. Risk profiles are continuously reviewed and revised by the respective risk owners and the controls

are validated through the internal audit process. The Risk Management Committee reviews risk profiles and reports significant risks to the Audit Committee. Inputs from the Audit Committee and Board are then shared with the Risk Management Committee, which oversees the implementation of risk mitigation action plans within each department.

INSURANCE

The Group obtains in-orbit insurance for its satellites and launch insurance when launching new satellites. The Group does not obtain pre-launch insurance as its policy is to ensure that its satellite manufacturers are contractually responsible for all risks up to the point at which a satellite is launched. Moreover, the Group does not obtain insurance for lost revenues in case of failure of a satellite and the ground segment costs are typically also not insured.

CORPORATE SOCIAL RESPONSIBILITY

As a signatory of the UN Crisis Connectivity Charter, the Group aims to stand by the global community during crises. Through Thuraya, the Group is working with organisations such as the ITU and the Emergency Telecommunications Cluster to resolve the communication challenges faced by first responders and health missions in impoverished regions of the world, by offering satellite. Connected by the Group's satellite network, drones are able to deliver high-grade medical diagnostic tools to emergency sites, enabling non-medically trained individuals to administer basic medical procedures under supervision by doctors connected wirelessly from hospitals, remotely executing life-saving decisions in real-time.

HEALTH, SAFETY AND ENVIRONMENT

As a core business element and strategic imperative, the Group is committed to the health and safety of all employees, the environment and the communities in which the Group operates. As such, the Group's Health, Safety and Environment (**HSE**) performance makes up part of the Group's core values. The UAE Labour Law No. 8 of 1980 (as amended), along with several regulations, regulates health and safety requirements. In Abu Dhabi, the Abu Dhabi Occupational Safety and Health Center (**OSHAD**) regulates health and safety matters in Abu Dhabi. OSHAD delegates some authorities to specific government departments, called Sector Regulatory Authorities, which have the power to issue licenses or no objection to entities within its concerned sector. Currently, there are ten Sector Regulatory Authorities under OSHAD, including industry, building and construction, energy, transport, tourism and culture, health, education, food, waste and commercial activities sector. The HSE Department is responsible for monitoring and ensuring compliance with federal and state regulations such as OSHAD as well as the Environmental Agency, the Abu Dhabi Monitoring and Control Centre, the TDRA and the UAE Ministry of the Interior's Private Security Company Organization Department. The HSE is also responsible for monitoring environmental conditions and correcting hazards when they are identified, as well as ensuring a safe working environment for employees.

BUSINESS CONTINUITY MANAGEMENT

The Group established a Business Continuity Management System (**BCMS**) in 2014, which is sponsored by a C-level steering committee. It is aligned to international (ISO 22301) and national (NCEMA and TDRA) standards and includes the framework and

plans focused on preparing for, and responding to crises and major service disruptions. The Group's Disaster Recovery solution for all critical systems and data is managed in-house and is hosted at an alternate secure location, which also doubles as the Group's back-up Operations Centre. Managed by the Group's Business Continuity Management team, the BCMS methodologies are subject to continual review and improvement. All elements are periodically validated and audited by Mubadala Business Continuity Management division and expert third party consultants.

2.3 Statement of capital development

- **History**

  The Company was established on 23 January 2007 as a private joint stock company by the Founder. The capital of the Company at incorporation amounted to AED 10 million.

  On 17 June 2021, the Company converted to a public joint stock company established in the Emirate of Abu Dhabi, UAE.

  On 17 June 2021 the capital of the Company was increased from AED 10 million to AED 2,439,770,265.

- **Company's current share capital structure before commencement of the Offering**

  The capital of the Company has been fixed at AED 2,439,770,265, divided into 2,439,770,265 Shares with a nominal value of AED 1.00 each. All Shares are equal in respect of all rights.

  The following table illustrates the Company's ownership structure before and after completion of the Offering:

Before Offering

Name	Nationality	Type of shares	Number of shares	Total nominal value of shares owned	Ownership proportion
Mamoura Diversified Global Holding PJSC	UAE	Ordinary	2,439,770,265	AED 2,439,770,265	100%

After Offering

Name	Nationality	Type of shares	Number of shares	Total nominal value of shares owned	Ownership proportion

Mamoura Diversified Global Holding PJSC	UAE	Ordinary	Not less than 1,463,862,159	Not less than AED 1,463,862,159	Not less than 60%
Successful Subscribers at Listing	Various	Ordinary	A minimum of 731,931,080 and a maximum of 975,908,106	A minimum of AED 731,931,080 and a maximum of AED 975,908,106	A minimum of 30% and a maximum of 40%

2.4 Details of the Company's investments in subsidiaries and other investments

The Company's direct and indirect subsidiaries are as follows:

Name of subsidiary	Activity	Jurisdiction	Shareholder name	Percentage ownership
Al Yah Advanced Satellite Communications Services PrJSC	Satellite spatial communications	UAE	The Company	100%
Star Satellite Communications Company PrJSC	Satellite spatial communications	UAE	The Company	100%
Thuraya Telecommunications Company PJSC	Satellite spatial communications	UAE	Star Satellite Communications Company PJSC Various UAE and other regional institutions, international institutional investors and private retail investors	Approximately 90% Approximately10%
Thuraya Telecommunications Japan Co, Ltd	Satellite spatial communications	Japan	Thuraya Telecommunications Company	100%
Al Maisan Satellite Communication Company LLC	Satellite spatial communications	UAE	Star Satellite Communications Company PJSC SES Finance S.à r.l.	65% 35%

Yahsat Treasury Sole Proprietorship LLC	Commercial enterprises – investment, institution and management	UAE	The Company	100%
Broadband Connectivity Solutions (Restricted) Limited	Holding company	ADGM (UAE)	Star Satellite Communications Company PJSC Hughes Network	80% 20%
BCS Investments LLC	Investment services	UAE	Broadband Connectivity Solutions (Restricted) Limited Star Satellite Communications Company PJSC	99.90% 0.10%
Al Najm Communications Company LLC	Satellite spatial communications	UAE	The Company BCS Investments LLC	0.66% 99.34%
Yala B.V.	Satellite spatial communications	The Netherlands	BCS Investment LLC	100%
Star Network Marketing Services Company (Proprietary) Ltd	Sales and marketing services	South Africa	BCS Investments LLC	100%

Companies in which the Company holds a minority shareholding:

Name of investee company	**Activity**	**Jurisdiction**	**Shareholder name**	**Percentage ownership**
HNS Participacoes e Empreendimentos S.A.	Holding company	Brazil	Hughes Network Star Satellite Communications Company PJSC	80% 20%

HNS Americas Comunicacoes Ltda	Satellite spatial communications	Brazil	HNS Participacoes e Empreendimentos S.A.	100%
Hughes Telecomunicacoes Do Brasil Ltda	Satellite spatial communications	Brazil	HNS Americas Comunicacoes Ltda	100%
Yahsat Latam Holding SA	Holding company	Brazil	HNS Participacoes e Empreendimentos S.A.	100%
Yah Telecomunicacoes LTDA	Satellite spatial communications	Brazil	Yahsat Latam Holding SA	100%

2.5 Statement of the status of litigation actions and disputes with the Company over the past three years

There are no outstanding material governmental, legal or arbitration proceedings or litigation disputes against the Group (including any such proceedings or disputes which are pending or threatened or of which the Company is aware).

2.6 Statement of the number and type of employees of the Group:

As at 31 March 2021, the Group had 439 full-time regular employees, split between 85 contractors and 354 permanent Company employees. The table below provides a breakdown of employees by department.

Departments	Nationals	Expatriates	Total
CEO	3	9	12
Strategy	8	13	21
Finance and corporate affairs	5	20	25
Technical	41	63	104
Operations	78	67	145
Human Capital	14	9	23
Thuraya	4	28	32
YGS	18	10	28
Commercial	3	26	29
Other	0	20	20
Total	**174**	**265**	**439**

2.7 Accounting policies adopted at the Company:

The Company's audited consolidated financial statements for the years ended 31 December 2020 and 2019 were prepared in accordance with the requirements of International Financial Reporting Standards (**IFRS**) as issued by the International Accounting Standards Board (**IASB**) and applicable requirements of UAE laws.

The unaudited interim consolidated financial statements for the three-month period ended 31 March 2021 were prepared in accordance with International Accounting Standard No. 34, Interim Financial Reporting as issued by the IASB and applicable requirements of UAE laws.

2.8 Statement of Company's loans, credit facilities and indebtedness and the most significant conditions thereof

Please see section 6.6 (Borrowings) for a summary of the Group' borrowings.

2.9 Statement of current pledges and encumbrances on the Group's assets

Pledges and encumbrances			
Jurisdiction	**Member of Group incurring financial indebtedness / granting security**	**Lender / Creditor**	**Pledged assets**
UAE	Thuraya Telecommunications Company PJSC	Dubai Islamic Bank	1. Thuraya's primary gateway and ground segment assets; 2. assignment of receivables; 3. pledge over the bank account maintained with Dubai Islamic Bank; and 4. assignment of insurance over the financed assets and promissory note.

THIRD SECTION: INVESTMENT RISKS

Investing in and holding the Shares involve financial risk. Prospective investors in the Shares should carefully review all of the information contained in this Prospectus and should pay particular attention to the following risks associated with an investment in the Company and the Shares which should be considered together with all other information contained in this Prospectus. If one or more of the following risks were to arise, the Group's business, results of operations, financial condition, or the price of the Shares could be materially and adversely affected and investors could lose all or part of their investment. The risks set out below may not be exhaustive and do not necessarily include all of the risks associated with an investment in the Company and the Shares. Additional risks and uncertainties not currently known to the Group or which the Group currently deems immaterial may arise or become material in the future and may have a material adverse effect on the Group's business, results of operations, financial condition, prospects or the price of the Shares.

RISKS RELATING TO THE GROUP'S BUSINESS AND INDUSTRY

The Group may experience in-orbit satellite failures or degradations that could impair the performance of its satellites, which could lead to lost revenue, an increase in cash operating expenses and impaired relationships with customers.

Satellites utilise highly complex technology and operate in the harsh environment of space and, accordingly, are subject to significant operational risks while in orbit. These risks include critical malfunctions, commonly referred to as "anomalies". Satellite anomalies include, for example, circuit failures, transponder failures, solar array failures, battery cell and other power system failures, satellite control system failures and propulsion system failures. Anomalies principally arise as a result of:

- the satellite manufacturer's error, whether due to the use of new and largely unproven technology or due to a design, manufacturing or assembly defect that was not discovered before launch; and/or

- general failures resulting from operating satellites in the harsh space environment, such as premature component failure or wear-out.

For example, the Group has had certain technical issues with Thuraya-2, including its electrical power system and chemical propulsion subsystem. In relation to the electrical power system in particular, whilst T4-NGS is expected to be operational well in advance of the estimated end-of-life of Thuraya-2, potential future degradations in the power subsystem may require the implementation of operational measures that may have a minor impact on the performance of Thuraya-2 during the semi-annual eclipse seasons (although any such measures are expected to maintain Thuraya-2's availability rate above accepted industry-standard availability levels). Although the Group works closely with satellite manufacturers to determine and to attempt to eliminate the causes of anomalies in new satellites and to provide on-satellite backups for critical components to minimise service disruptions in the event of failure, the Group may experience anomalies, which may be material, whether of the types described above or arising from the failure of other systems or components. Because the Group only has a limited number of satellites, any single anomaly or series of anomalies could materially and adversely affect the Group's operations, revenue, relationships with current customers and its ability to attract new customers for its satellite services. The Group has only experienced short outages to date which have had limited effect on the Group's ability to meet its service level agreements. Any future anomalies could result in the loss of individual transponders on a satellite, a group of

transponders on that satellite or the entire satellite, depending on the nature of the anomaly and the availability of on-satellite backups.

While the Group has experienced limited in-orbit anomalies to date, each of the Group's satellites has experienced non-critical degradations and malfunctions. However, these have not affected day-to-day operations and are considered to be within expected norms for satellites operating in geostationary orbit for that length of time.

Anomalies, and the Group's estimates of their future effects, may also cause a reduction of expected useful life of a satellite. Operational failures and anomalies, as well as conditions in space such as solar flares and space debris, can reduce the useful life of a satellite. If a satellite's actual useful life is or is expected to be shorter than its current estimated useful life, depreciation may be accelerated, the lifetime revenue generated may be reduced and impairments may be recognised, leading to a reduction in the return on investment for the satellite. In addition, replacing a satellite at the end of its useful life requires significant lead time and capital expenditure. The Group has significant contractual backlog, which is dependent on the useful life of the Group's existing satellites. If the useful life of any of its satellites is reduced for any of the foregoing reasons, the Group's backlog could be reduced.

Anomalies can lead to a loss of revenue and may trigger the need to recognise an impairment loss if sufficiently serious. In some circumstances, anomalies could lead to claims from third parties for damages if an anomaly results in physical damage to another satellite, creates interference to the transmissions on another satellite or causes other satellite operators to incur expenses in order to avoid such physical damage or interference. Finally, the occurrence of anomalies may adversely affect the Group's ability to insure its satellites at commercially reasonable premiums, if at all. While some anomalies are covered by insurance policies, others are not, or may not be covered.

The Group has estimated that the expected end-of-life of the Group's five in-orbit satellites, which is estimated by the Group based on the latest health reports and estimated remaining fuel life and assuming typical degradation in coming years and no significant anomalies occur, are as follows: (i) 8 years for Al Yah 1; (ii) 9 years for Al Yah 2; (iii) 6 years for Al Yah 3; (iv) 5 years for Thuraya-2; and (v) 9 years for Thuraya-3.

Meteoroid events and increased solar activity pose a potential threat to all in-orbit satellites. These events are unpredictable and cannot be mitigated by Group actions. Some decommissioned spacecraft are in uncontrolled orbits that pass through the geostationary belt at various points, thereby presenting hazards to operational spacecraft, including the Group's satellites. While the Group has procedures in place that seek to mitigate the risk of collision with such spacecraft, there can be no assurances that such collisions will not occur. The loss, damage or destruction of any of the Group's satellites as a result of an electrostatic storm, collision with meteorites or space debris, malfunction or other event could have a material adverse effect on the Group's business, results of operations and financial condition.

The Group may experience a launch failure in relation to T4-NGS or damage to or destruction of T4-NGS during launch, which could result in a total or partial satellite loss. T4-NGS could also fail to achieve its designated orbital location after launch and could experience other implementation failures following launch. Any such event could result in increased costs and reduced revenue. The T4-NGS programme could face delays due to issues faced by the manufacturer or the satellite or ground components, or due to launcher schedules.

Satellites are subject to certain risks related to failed launches. Launch failures can occur due to a number of factors, including technical failure of the launch vehicle and human error. For

example, the Group experienced an issue during the launch of Al Yah 3 in January 2018 that reduced the amount of propellant available and has thus had a negative impact on expected useful life. Immediately following the launch, it became apparent that the launch trajectory of Al Yah 3 was incorrect for the satellite to reach its intended geostationary transfer orbit. The Al Yah 3 satellite safely reached orbit despite the flight anomaly following the execution of additional manoeuvres, which required the burning of additional fuel, reducing its mission life from 15 years to 8.74 years. As a result, in 2018, the Group received insurance proceeds (net of accelerated premiums) for the loss of life under the Group's launch insurance for Al Yah 3, amounting to U.S.$101,153 thousand.

Through its wholly-owned subsidiary, Star Satellite Communications Company PrJSC (**Star**), the Group has entered into a managed capacity services agreement with the Government to provide services through T4-NGS, expected to begin in the second half of 2024. Any significant delay in the deployment of T4-NGS could materially and adversely affect the Group's operations and revenue and could, if the delay is particularly protracted, result in the payment of service credits to the Government or in the termination of the agreement. A launch failure or failure to commence commercial services once in orbit in relation to T4-NGS would also undermine the Group's ability to pursue an important element of its growth strategy and could have financial consequences for the Group, including a requirement to reimburse the Government for some or all of the advance payments made to the Group under the T4-NGS managed capacity services agreement, depending on the cause of the failure.

The T4-NGS launch vehicle could also under-perform, in which case the satellite may still be placed into service by using its on-board propulsion systems to reach the desired orbital location but would experience a reduction in its useful life, which could result in a significant impairment charge.

The Group is subject to significant competition both from within the FSS and MSS sectors and from other providers of satellite communications services. This could hinder or prevent the Group from implementing its business strategy and expanding its operations as planned.

The Group faces significant competition in the fixed satellite services (**FSS**) sector in the regions in which it operates, which currently include 59 countries in the Middle East, Africa and Asia. The Group competes against other international, regional and national FSS satellite operators, including but not limited to Avanti, Intelsat, SES, Eutelsat and Arabsat, many of which may have more satellites, greater capacity and geographical coverage, a longer track record of operations and substantially greater resources than the Group. As a result, these competitors may be able to take advantage of greater economies of scale, may be more attractive to customers and may be able to offer greater flexibility in terms of their ability to restore services after systems failures or to meet any future customer expansion requirements.

In addition, the Group competes against suppliers of terrestrial based services, including cellular (3G/4G/5G), cable, fibre optic and digital subscriber line (**DSL**). As the coverage of ground-based communication continues to advance, the Group faces the risk that terrestrial fixed and mobile technology will expand its reach and be able to offer high throughput services, which are services that provide multiple times the total throughput of a FSS satellite, at competitive or cheaper prices (including on a bundled basis with other complementary services) in areas currently only served by satellite. There are also new entrants in the space-based communications arena utilising non-geostationary orbit (**NGSO**) solutions in the medium earth orbit (**MEO**) or low earth orbit (**LEO**) that, over time, may be able to offer similar or better pricing, along with other advantages such as lower latency. Some of the Group's business, in particular the FSS business segment, is likely to be impacted in the longer-term if these succeed,

and a new Group business model, potentially integrating such capacity instead of building new geostationary earth orbit capacity used on its current missions may need to be considered.

Increased competition in the FSS sector is likely to result in increased capacity and lower prices in the regions in which the Group operates and could make certain of the Group's services less attractive. For example, there is currently a significant oversupply of C-band capacity in Africa, which has impacted the Group's ability to lease all of its C-band capacity and has negatively impacted the prices at which new leases are agreed. In addition, competition in the Group's satellite broadband business varies by country and, reflecting this competition, prices for the Group's services in certain countries are considerably lower than in others. As a result, increased competition may negatively impact the Group's business, resulting in increased capacity and lower prices for the Group's services. In addition, satellite capacity is finite and, in order to accommodate demand and to continue to compete effectively, the Group may be required to make additional investments to deploy or acquire additional satellites to achieve sufficient capacity. To the extent, the Group is not able to carry out such required investment or if such investment is not achieved on commercially desirable terms, the Group's ability to compete effectively may be materially adversely impacted. Further, there has been some consolidation among major FSS providers as customers increasingly demand more robust distribution platforms with network redundancies and worldwide reach, which is likely to result in major satellite service providers developing and launching satellites with greater power and more capacity, which lower the average cost per unit of throughput (e.g. megahertz (**MHz**) and megabits per second (**Mbps**)).

The Group faces competition in the mobile satellite services (**MSS**) sector in the regions in which it operates, which currently include approximately 150 countries across Europe, Middle East, Africa, Asia and Australasia. The Group competes against a limited number of other international, regional and national MSS satellite operators and service providers, each of which has various differentiated value propositions specific to their geography or vertical market being served. Some of these competitors benefit from certain advantages resulting from market access privileges granted to them on a preferential basis, which may prevent the Group from accessing such markets or may reduce or eliminate the market potential for the Group altogether. Other competitors may benefit from additional advantages, such as the ability to provide global coverage, which is a preference or requirement for certain customer segments such as armed forces who operate across the globe, or large maritime vessels that typically cross oceans across the world, limiting the Group's ability to capture market share in such segments. Moreover, new technologies are being explored, which attempt to circumvent the need for spectrum reserved for MSS by the International Telecommunication Union (**ITU**). If such efforts succeed and licenses are granted for use in the Group's MSS markets, the longer-term potential of certain of the Group's commercial products and solutions in the current and future MSS portfolio could be reduced.

Any failure to compete effectively with other FSS and MSS operators in the regions in which the Group operates, any failure to adapt to new competition and new technologies or any failure to implement its business strategy and expand its business operations as planned could result in lower revenue than anticipated, a decline in the Group's operating margins and profitability, a decline in the cash available to fund its operations and service its debt and an overall decrease in the value of the Group's business.

The Group is reliant on a single large customer for the majority of its revenue and the loss of, or any significant reduction in expenditure by, this customer could materially adversely affect the Group's business.

The Government is the Group's largest customer, accounting for approximately 70.3% of its revenue in 2020 and approximately 77.1% in the three months ended 31 March 2021.

Additionally, the Group intends to expand the amount of services it provides to the Government, along with an expected expansion of commercial services. The Group is party to a FSS capacity services agreement with the Government under which the Group has agreed to provide satellite transponder capacity to the Government for a term of 15 years ending in 2026, subject to certain conditions (the **CSA**). In the event of a breach of terms and conditions under the CSA by the Group, it may need to make payments to the Government. The Group is also party to a long-term agreement with the Government for MSS capacity on T4-NGS, under which the Group has agreed to provide MSS satellite capacity and solutions to the Government for a term of 15 years from the date of commencement of commercial services on T4-NGS (expected to launch in the last quarter of 2023), subject to certain conditions (the **T4-NGSA**). In the event of a breach of terms and conditions by the Group under the T4-NGSA, it may be required to make certain payments to the Government. Despite the expected expansion of commercial services, the Group continues to expect that government revenues will continue to be a material part of the Group's revenues. Accordingly, the loss of any government contract or any reduction in expected government revenue could materially and adversely affect the Group's business, results of operations or financial condition.

The Group is currently in discussions with the Government for the potential development and launch of two further satellites as an expansion of the current CSA. If these discussions result in the procurement of new satellite(s) and an expansion of the current capacity services provided to the Government, the Government may in the future account for an even larger proportion of the Group's revenue. As a result, any damage to the Group's relationship with the Government that results in a significant reduction in the revenue received by the Group from the Government could materially adversely affect the Group's business. There is no assurance that the Government will enter into new contracts with the Group on the same or similar terms following expiration of the existing contracts. Additionally, to the extent that any disputes with the Government arise, it may be difficult for the Group to enforce its contractual rights under such contracts with the Government, which may have a material adverse impact on the Group. Furthermore, future levels of expenditures and authorisations for contracts with the Government may decrease, remain constant or shift to programmes in areas where the Group does not currently provide services, which may also materially adversely affect the Group's business, results of operations or financial condition.

The Group relies on a limited number of third parties for key equipment, technology and services, and its results of operations may be materially adversely affected if any of these third-party providers fails to perform as contracted.

In line with the industry standard, the Group is dependent upon a limited number of third-party providers for key equipment, technology and services. The Group relies on third parties such as Hughes Network Systems LLC, USA (**Hughes**) for support in relation to the Hughes broadband platforms on the Al Yah 2 and Al Yah 3 satellites, for both Africa and Brazil, as well as for the service platform for the Thuraya-2 and Thuraya-3 satellites, Thales Alenia Space (**TAS**) for support in relation to the provision of payloads and systems on the bus supplied by Airbus Defence and Space SAS (**Airbus**), Nokia's Intelligent Network and Ericsson in respect of its mobility business line as well as Asia Pacific Satellite Inc. as the main supplier for Thuraya's voice handheld devices, with approximately 200,000 currently in use. The Group also relies on certain third-party distributors in its broadband business. While disruption resulting from the loss of a distributor could be addressed through the use of other vendors with the ability to provide similar services, if the Group is unable to contract another vendor in a timely manner, either on desirable terms or at all, the Group's ability to market its broadband services could be adversely affected, which may result in a decline in the Group's revenue. Additionally, the Group expects to rely on Mubadala's infrastructure for access to certain systems and software relating to functions including management of payroll, finance, supply

chain, document management and business partner screening, until such services and infrastructure are transitioned in-house by the Group. Such transition is expected to occur in various phases and is anticipated to complete by the end of 2022. The Group does not have operational or financial control over such third-party suppliers. If these third parties fail to provide equipment, technology or services on a timely basis, the Group may be unable to provide services to its customers until an alternative source can be found, which may not be available on favourable terms or at all. Such occurrences could result in the Group failing to successfully deliver under its contracts, causing reputational damage and adversely impacting customer relationships, and could result in an increased risk of the Group being required to pay contractual damages or suffering non-renewal of key contracts or licences.

If these suppliers are unable to meet their obligations to the Group, the Group's business, results of operations and financial condition could be materially adversely affected.

The Group may not retain sufficient rights to the spectrum required to operate the Group's satellite system to its expected capacity or to take full advantage of future business opportunities.

The Group's ability to provide services to its customers is highly dependent on the Group's access to sufficient spectrum and, in the longer term, the replacement and renewal of its existing spectrum licences. The categorisation of spectrum for different uses is set in the ITU's Radio Regulations (**RR**) issued by the ITU, which are amended every four years by the UN World Radiocommunication Conferences (**WRC**). However, the amount of available spectrum suitable for the Group's operations is limited and the process for obtaining it is complex. The Group therefore cannot guarantee that it will have sufficient access to spectrum in the long-term to maintain and develop its services.

As the amount of spectrum is finite, new applications may encroach on existing users, with consequential increases in interference and limitations in deployment. The Group stands at risk of encroachment on the spectrum used by its satellites. In particular, in a number of countries, regulators plan to adopt new spectrum allocations for terrestrial mobile broadband and 5G, including in bands that are currently allocated to satellite services and are shared or adjacent to satellite bands used by the Group. New spectrum allocations may require satellite operators to vacate or share spectrum and may limit the spectrum that is available for satellite services, which could adversely impact the Group's business, results of operations and financial conditions.

Increased competition for spectrum from new operators or for new services or business opportunities could make it more difficult for the Group to retain rights to spectrum or to take full advantage of future business opportunities by acquiring further spectrum. If the Group is unable to retain sufficient rights to spectrum, at an economic rate or at all, its ability to provide services in the future could be prejudiced, which could have a material adverse impact on the Group's business, results of operation and financial condition.

The Group is subject to the risk of unauthorised access, misappropriation of data or other malfeasance affecting its complex information systems, satellite control and operations networks and other technology.

Because information systems, satellite control and operations networks and other technologies are critical to the Group's operating activities, shutdowns or disruptions caused by events such as computer hacking, dissemination of computer viruses, worms and other destructive or disruptive software and other malicious activity pose significant risks. Due to the fast-moving pace of technological advancements and the high sophistication of certain attackers, it may be difficult to detect, determine the scope of, contain and remediate every such event. Any such

event could have an adverse impact on the Group's operations, including service disruption, loss of customers and damage to the Group's reputation, and could also result in damage to the Group's properties, equipment and data. Any shut down or disruption caused by hacking or similar events might also result in large expenditures necessary to repair or replace the affected networks or information systems or to protect them from similar events in the future. Third parties, including Mubadala, may also experience equipment failures, errors or disruptions that could adversely impact the Group's business operations and over which the Group has limited or no control. The amount and scope of insurance that the Group maintains against losses resulting from hacking and similar events may not be sufficient to cover its losses or otherwise adequately compensate it for any disruptions to its business that may result.

The Group's operating activities could also be subject to risks of misappropriation, misuse, leakage, falsification and accidental release or loss of information maintained in the Group's information technology systems and networks, as well as those maintained by Mubadala, including customer, personnel and vendor data. There can be no assurance that the Group's security measures will be adequate or successful, and the costs of maintaining adequate security measures may increase substantially in the future. Any such breach, or actions taken to repair or prevent a breach, could result in significant cost to the Group or harm the ability of the Group to successfully compete in one or more of its businesses, which could in turn have a material adverse impact on the Group's business, results of operations and financial condition.

The Group may experience a failure of ground operations infrastructure or interference with its satellite signals that impairs the commercial performance of, or the services delivered over, its satellites, which could result in a material loss of revenue and reputational damage.

The Group operates ground infrastructure including its primary and back up satellite control centres in different locations in the Emirate of Abu Dhabi and its gateways in Abu Dhabi, Sharjah and three separate European countries. These ground facilities are used for controlling its satellites and for the provision of end-to-end services to its customers. The Group also has a separate back-up arrangement with a reputable European operator in the event of the failure of its control facilities in Abu Dhabi.

The Group may experience a partial or total loss of one or more of its facilities due to any number of reasons, including natural disasters (ice and wind storms, tornadoes, floods, fires, hurricanes, earthquakes), power loss, telecommunications failures, network software flaws and acts of vandalism, arson, terrorism, or war, theft and fuel shortages as well as other unforeseen and catastrophic events or damage. A failure at any of its facilities could cause a significant loss of service for the Group's customers. Additionally, the Group may experience a failure in the necessary equipment at its primary satellite control centre, at its back-up facilities, or in the communication links between these facilities and remote teleport facilities. A failure or operator error affecting tracking, telemetry and control operations might lead to a breakdown in the ability to communicate with one or more satellites or cause the transmission of incorrect instructions to any affected satellite, which could lead to a temporary or permanent degradation in satellite performance or to the loss of one or more satellites. Intentional or non-intentional electromagnetic or radio frequency interference could result in a failure of the Group's ability to deliver satellite services to its customers. A failure at any of the Group's facilities or in the communications links between its facilities or interference with its satellite signal could cause the Group's revenue and backlog to decline materially and could adversely affect its ability to market its services and generate future revenue and profit.

Satellite operators have been the victim of a number of attempts to intentionally jam broadcasts from their satellites. Any such attempts targeted at the Group's satellites could lead to disruptions in service, which could have a material effect on the Group's revenue, cause

reputational damage and/or loss of customers. In addition, the risk of sabotage, terrorist attacks and attacks by anti-satellite devices is beyond the Group's control and could cause substantial damage to its network. Such occurrences are generally excluded from the Group's insurance coverage.

While the Group believes it maintains adequate insurance coverage for natural disasters and other catastrophic events and the Group has in place disaster recovery plans, it may not have adequate insurance to cover all of the associated costs of repair or reconstruction for a major future event. Further, the Group carries business interruption insurance that may cover the increased cost of operational service but would not cover lost revenues. If the Group is unable to provide services to its customers as a result of damage to its sites, it could lead to customer loss. Additionally, if the loss of service is not deemed due to an unforeseeable force majeure event, the Group could be held responsible for failing to satisfy service obligations under its transmission contracts, which could result in service credit penalties or suspension of normal fees and annual charges. As a result of such an impact on the Group's ability to provide services or customers' continued use of such services, a natural disaster or other unforeseen events could result in a material adverse impact on the Group's business, results of operations and financial condition.

The Group's satellites may be subject to damage or loss from events that may not be covered by its insurance policies.

The Group currently has in-orbit insurance, as well as third-party liability insurance, for its entire satellite fleet, Al Yah 1, Al Yah 2, Al Yah 3, Thuraya-2 and Thuraya-3. The Group's insurance policies contain specified deductibles and material change limitations and generally also contain exclusions in respect of losses resulting from, among others:

- military or similar action;
- any anti-satellite device;
- electromagnetic and radio interference (except for physical damage to a satellite directly resulting from this interference);
- confiscation by any governmental body;
- insurrection and similar acts or governmental action to prevent such acts;
- nuclear reaction or radiation contamination;
- wilful or intentional acts by the insured causing the loss or failure of satellites; and
- terrorism.

In addition, the Group's in-orbit insurance may exclude coverage for satellite health-related problems affecting the Group's satellites and other satellites of the same design or using the same components that are known at the time the policy is written. The Group's in-orbit insurance policies also contemplate technical margins and deductibles relating to the propellant lifetime and solar array power generating capability of the satellites.

The Group's insurance policies do not provide compensation for loss of market share, reputational damage, incidental and consequential damages and similar losses that might arise from the failure of a satellite launch, incorrect orbital placement or the failure of a satellite to

perform according to specifications, and the in-orbit insurance only covers losses up to the insured amount (unless any additional cost is specifically provided for in the policy). In addition, the Group's space third-party liability insurance, which indemnifies the Company against liability to third-parties for certain claims, costs and expenses relating to its business providing satellite communication services, is limited to U.S.$150 million with respect to any one occurrence in relation to any one satellite. For any occurrence involving more than one satellite, the total coverage does not exceed U.S.$150 million.

The Group will not be fully reimbursed if the cost of a replacement satellite exceeds the sum insured which it is likely to do because, as is typical in this industry, the Group's in-orbit insurance policies are based on the declining book value of its satellites. In addition, insurance companies may challenge the causes of the failure or malfunction or the amount of the loss claimed. The Group cannot guarantee that, in the event of a proven failure or malfunction on any of its satellites, its insurers would compensate it within a reasonable timeframe or for the full amount claimed by it.

While the Group's insurance policies cover asset value, loss of services is not covered under such policies and any prolonged cessation of operations could result in significantly greater loss of revenue than the amount insured against.

During 2020/2021, the insurance premiums paid by the Group accounted for 5% of its total operating costs. Numerous factors, some of which are outside the Group's control, may affect the amount of insurance premiums. Insurance premiums depend mainly on statistics on satellite failures or launch failures across the sector as a whole.

The Group might not be able to renew its insurance on comparable terms. A deterioration in the insurance market or an increase in insurance premiums could prompt the Group to reduce its coverage of partial losses or losses deemed total which could lead to an increase in the Group's exposure to the consequences of a failure or malfunction in orbit.

As a result of these factors, the Group could be exposed to significant losses should an event against which it has purchased insurance, or an event in respect of which it is not insured, occur.

The Group's business is capital intensive and requires it to make long-term capital expenditure decisions.

Implementation of the Group's business strategy requires a substantial outlay of capital, particularly with respect to the construction of new satellites and their related infrastructure. The cost to construct, launch and insure a satellite is significant. For example, the total programme capital expenditure for T4-NGS is expected to be U.S.$580 million and an option is in place with Airbus until 29 November 2021 to procure another identical satellite, T5-NGS, which would require an additional estimated total capital expenditure of approximately U.S.$400 million. The T5-NGS satellite is being considered by the Group as a replacement for Thuraya-3.

In addition, the Group is in early stage discussions with the Government for two further satellites (and associated ground systems) to replace their contracted capacity on Al Yah 1 and Al Yah 2. The estimated capacity replacement capital expenditure of these satellites (and their associated ground systems) is approximately U.S.$600 million. In addition to building new satellite(s), the Group needs to commence construction of replacement satellite(s) (or a life extension vehicle in the case of Al Yah 3) approximately three to five years prior to the estimated end-of-life of each satellite then in orbit to ensure no disruption in the Group's business and to prevent loss of customers in the event of satellite failure. The age and health of the Group's satellite fleet, as well as the Group's growth plans, will impact the Group's long-

term capital expenditure decisions. As the Group pursues its business strategies and seeks to respond to opportunities and trends in its industry, or to unforeseen incidents affecting the health of its satellites, its actual capital expenditures may differ from its expected capital expenditures and there can be no assurance that the Group will be able to satisfy its capital requirements in the future.

The nature of the Group's business also requires it to make capital expenditure decisions in anticipation of customer demand, which is difficult to predict and, if not accurately predicted may result in significant unrecovered costs.

The Group's growth strategy may not be successful.

The Group's growth strategy focuses on its infrastructure, managed solutions, mobility solutions and data solutions segments, with a decreased focus on its broadcast solutions segment.

The Group is party to a number of contracts with the Government. These contracts, excluding the CSA, are part of the Group's Managed Solutions business line and accounted for 16% of its revenue in 2020 and 13% in the three months ended 31 March 2021. The Group's strategy for its government solutions business, Yahsat Government Solutions (**YGS**), is focussed on targeting value added solutions for Government entities, international governments and large strategic UAE state-owned enterprises. In particular, the Group intends to expand the amount of services it provides to the Government, including through the development and launch of more advanced replacement missions for the payloads offered on Al Yah 1 and Al Yah 2 underpinning the CSA, although no assurance can be made as to the terms of such agreement, if any, and the Group's ability to obtain sufficient financing required for this project on commercially acceptable terms. However, spending authorisations for defence-related and other programmes by the Government have fluctuated in the past, and future levels of expenditures and authorisations for these programmes may decrease for a variety of reasons including, for example, budgetary pressures resulting from a prolonged period of low oil prices, may remain constant or may shift to programmes in areas where the Group does not currently provide services. In addition, obsolescence of government applications that are dependent on satellite capacity, changing geo-political situations in the region, regulatory reforms in regional markets and advancements in alternate technologies may dampen demand for the Group's managed government services.

The Group's strategy in relation to its commercial (non-Government) satellite services is centred on growing its MSS service and its FSS broadband business. The Group's success in executing its MSS strategy depends, among other factors, on sufficient demand existing for MSS services in the Group's existing markets and in new markets it may seek to access. Demand for MSS may be negatively impacted, particularly at times when macroeconomic conditions are poor. Even if demand does continue to grow, the Group cannot guarantee that such growth will generate increased demand for its satellite services due to the impact of existing and potential future competition from other satellite or terrestrial service providers including operators of emerging technologies. Furthermore, the Group may not be able to provide MSS services that correspond to market demand at competitive prices in all markets. Additionally, the Group's success in executing its MSS strategy also depends on its ability to successfully launch T4-NGS and to effectively manage the regulatory and market access risks posed by evolving licensing rules in each country where its services are sold. Moreover, the Group's ability to execute its strategy with respect to its FSS broadband business could be undermined by, among others, lack of sufficient demand for FSS services, lack of continued access to capacity from third-parties to top-up Al Yah 2 and Al Yah 3 Ka-band capacity where it is saturated or where an in-country gateway is needed and inability to manage the regulatory and market access risks. Furthermore, while the Group continues exploring options for

extending the life of Al Yah 3, including contracting with a third party for a life extension vehicle to extend Al Yah 3 for approximately six years of life, the Group may be unable to procure or lease capacity beyond the current life of Al Yah 3 and/or to extend the life of Al Yah 3, which may also affect the Group's ability to execute its strategy with respect to its FSS broadband business. The Group estimates this type of extension will require additional funding from the Group, along with the approval and funding by Hughes as the other shareholder in the equity partnerships, which own the payloads of Al Yah 3.

Any of foregoing could negatively impact the Group's ability to execute its strategy, undermining growth and materially adversely affecting the Group's business, results of operations and financial condition.

Amounts included in the Group's backlog may not result in actual revenue or translate into profits, and the Group's backlog is subject to contractual performance and may not therefore be an accurate indicator of its future operating results.

As of 31 March 2021, the Group's contract backlog amounted to U.S.$2.2 billion, the vast majority of which is comprised of backlog related to the provision of services to the Government. In addition, the Group is negotiating a new O&M agreement with the Government, which is expected to result in U.S.$175 million of additional contracted backlog. There can be no assurance that the new O&M agreement will be signed. The Group's backlog is based on its contractual entitlements and therefore may not correspond to actual receipt of revenue in the originally anticipated period, or at all. The Group may experience variances in the realisation of its backlog due to factors including contract termination or suspension, foreign exchange rate movements, force majeure, degradation or anomalies that reduce the capacity or performance of any of its satellites, default by its customers, and external market factors and economic or other factors beyond its control.

Backlog is computed based on facts known and assumptions deemed appropriate at the computation date. The Group's definition of backlog may not necessarily be the same as that used by other companies engaged in similar activities. As a result, the amount of the Group's backlog may not be comparable to the backlog reported by such other companies. Where the Group's backlog is not denominated in U.S. dollars, any depreciation or fluctuation of the currency in which it is denominated would impact the amount of revenue the Group will realise. If the Group's backlog fails to materialise, its results of operations, cash flows and liquidity would be materially adversely affected. The risk of contracts being cancelled or suspended generally increases during periods of economic slowdown. The Group's backlog as of any particular date is not an accurate indicator of its future cash flow and revenue and there is no assurance that backlog will actually be realised as revenue in the amounts reported or, if realised, will result in profits.

The Group may not be able to raise adequate capital to finance its business strategies or may be able to do so only on terms that materially restrict its ability to operate its business.

The availability and cost to the Group of external financing depends on a number of factors, including its financial performance and its credit strength. Both the Group's credit strength and its ability to obtain financing generally may be influenced by the supply and demand characteristics of the telecommunications sector in general and of the FSS sector in particular. Declines in the Group's expected future revenue under contracts with customers and challenging business conditions faced by its customers are among factors that may adversely affect its credit. Other factors that could impact its credit include the amount of debt in its current capital structure, activities associated with its strategic initiatives, its expected future cash flows and the capital expenditures required to execute its business strategy. A deterioration in the Group's financial performance, as well as other external factors, such as a deterioration

of Abu Dhabi's credit rating, could limit the Group's ability to obtain financing or could result in any such financing being available only at greater cost or on more restrictive terms than might otherwise be available.

Long-term disruptions in the capital and credit markets as a result of uncertainty due to negative economic developments on a regional or global basis (including as a result of the ongoing impact of the novel coronavirus (**COVID-19**) pandemic), changing or increased regulation or failures of significant financial institutions could also adversely affect the Group's access to capital. At times when financial markets are disrupted, it may become difficult for the Group to raise additional capital or refinance debt when needed, on acceptable terms or at all. Any disruption could require the Group to take measures to conserve cash until the markets stabilise or until alternative credit arrangements or other funding for its business needs can be arranged. Such measures could include deferring capital expenditures and reducing or eliminating other discretionary uses of cash.

In addition, as a result of *Circular No. 11 of 2015 Concerning the Investments of Governmental Companies and their Subsidiaries*, the Group (by virtue of the Company being a subsidiary of Mubadala) is required to obtain the prior approval of the General Secretariat of the Executive Council before entering into any loans or issuing any debt instruments. Such approval may not be forthcoming or may be delayed, and this may materially adversely affect the Group's ability to obtain financing.

Investments in equity partnerships and companies that the Group does not control could expose the Group to additional risks.

The Group is currently party to two equity partnerships which it does not control: Hughes do Brasil (**HdB**) (with Hughes) and Al Maisan (which trades under the brand "YahLive") (with SES Finance S.à r.l. (**SES Finance**), a subsidiary of SES S.A. (**SES Group**)). The Group may, in the future, make additional investments in equity partnerships and companies that it does not control. Such investments could expose the Group to the risk that equity partnership partners or other shareholders of companies in which such investments are made, who may have different business or investment objectives, may have the ability to block business, financial or management decisions which the Group believes are crucial to the success of the project or investment concerned, or implement initiatives which may be contrary to the Group's interests. In addition, the Group's equity partnership partners may be unable or unwilling to fulfil their obligations under the relevant equity partnership or other agreements or may experience financial or other difficulties that may adversely impact the Group's investment. Moreover, actions taken by equity partnership partners could cause reputational harm to the Group. In its current equity partnerships, the Group is reliant on the particular expertise of its equity partnership partner and any failure by such partner to perform its obligations in a diligent manner could also adversely impact the Group's investment. The Group can give no assurance as to the performance of its current, or any future, equity partnership partners.

The Group's operations and business activities are exposed to emerging market risks.

Outside of the UAE, the Group conducts business in a number of emerging markets across the Middle East, Africa, Asia and in Brazil, which, in the year ended 31 December 2020, accounted for approximately 20% of the Group's revenues (excluding Brazil, which is consolidated by Hughes for accounting purposes). These operations are subject to a variety of risks, including:

- lack of developed legal systems to enforce contractual rights and changes in regulation generally;

- risk of uncollectible accounts and longer collection cycles;
- foreign currency exchange volatility, which can, for example, impact the affordability of the Group's broadband services in many of the markets in which it operates or the hard currency equivalent of the Group's receivables in such foreign currencies;
- difficulties in recovering receivables or repatriating monies as a result of exchange controls, for example as is currently the case for the Group in Angola, Nigeria and Zimbabwe or as a result of restrictions on cash repatriation;
- inflation;
- risk of fraud and corruption;
- uncertain and changing tax rules, regulations and rates in countries where the Group is subject to taxation;
- uncertain and changing financial reporting regulations;
- tariffs and other trade barriers;
- ability to obtain necessary licenses or authorisations in a timely manner to export or re-export hardware and equipment;
- logistical and communication challenges; and
- general economic, political, and financial conditions in foreign markets, including civil unrest, wars or political, economic or social instability in the Group's areas of operation which may result in it being unable to perform its contracts or otherwise operate successfully.

Due to the Group's geographic mix, these factors could affect it more than its competitors with less exposure to emerging markets, and any general decline in emerging markets as a whole could have a material adverse effect on its business, results of operations and financial condition.

The Group must comply with sanctions, anti-money laundering, anti-bribery or anti-corruption regulations.

The Group is subject to various legal and regulatory requirements and risks in the countries in which it has facilities or operations, involving compliance with sanctions, anti-money laundering, anti-bribery and anti-corruption laws and regulations There can be no guarantee that the procedures, policies and controls that the Group has in place to detect and prevent instances of non-compliance with such requirements will be fully effective at all times and any failure by the Group to comply with sanctions anti-money laundering, anti-bribery and anti-corruption laws and regulations may expose it to significant fines and penalties and/or reputational damage.

The U.S. government, through the Office of Foreign Assets Control of the U.S. Department of Treasury (**OFAC**), the U.S. Department of State and other departments, administers regulations

that restrict the ability of U.S. persons to invest in, or otherwise engage in business with, certain countries, including Iran, and certain entities and individuals, including specially designated nationals, and other United States, United Kingdom (**UK**), European Union and United Nations (**UN**) rules impose similar restrictions (together **Sanctions Targets**). As the Company is not a Sanctions Target, these rules do not prohibit U.S. or EU persons from investing in, or otherwise engaging in business with the Company. However, investors investing in the Company may incur the risk of indirect contact with Sanctions Targets to the extent that the Company, directly or indirectly, engages in business with, or operations in, Sanctions Targets. The Group cannot provide equipment or services to certain countries subject to U.S. trade sanctions unless it first obtains the necessary authorisations from OFAC. Although the Company has received OFAC clearance in Iran to sell services through service providers, if sanctions regulations or clearance processes change, the Company may have to seek additional authorisations.

Moreover, the Group is also subject to applicable export control laws and regulations in the United States and other countries, including France and the UK. If the Group does not maintain its existing authorisations or obtain necessary future authorisations under the export control laws and regulations of the United States for example, the Group may be unable to export technical data or equipment to non-U.S. persons and companies as required to fulfil existing contracts.

Violations of these laws or regulations could result in significant sanctions including fines, more onerous compliance requirements, debarments from export privileges, or loss of authorisations needed to conduct aspects of the Group's international business. A violation of export or trade-related regulations could materially adversely affect the Group's business, results of operations and financial condition.

The Group may suffer the departure of key employees or be unable to hire the skilled operational staff needed for its operations.

The Group has a number of key management and operational employees with highly specialised skills and extensive experience in their fields. If one of these employees were to leave, the Group may have difficulty replacing him or her. In addition, the Group's business is characterised by rapidly-evolving technology that requires the ability to attract new, technically qualified employees on a regular basis. The Group may also experience delay in hiring qualified employees in certain positions due to the sensitive nature of the Group's military contracts and the human resource security clearance processes that such contracts require. There can be no assurance that the Group will be successful in hiring and training the necessary staff at all times or without undue cost or delay. If the Group is unable to retain its key employees or to attract new highly qualified employees in roles that require special technical expertise, the Group's business, results of operation and financial condition could be materially adversely impacted.

The Company's significant shareholder will maintain a controlling interest in the Company following completion of the Offering.

Mubadala Investment Company PJSC (**Mubadala**) currently owns 100% of the Company's share capital, via its wholly-owned subsidiary, Mamoura Diversified Global Holding PJSC (the **Founder**). Mubadala is wholly-owned by the government of Abu Dhabi. Following completion of the Offering, the Founder will own not less than 60% of the Company's share capital and will therefore continue to be able to control the Group through its ability to control the appointment of directors of the Company and the outcome of votes at general meetings of shareholders of the Company. There can be no assurance that the interests of Mubadala will coincide with the interests of all purchasers of the Shares.

Furthermore, there can be no assurance that the interests of Mubadala and the Abu Dhabi government will align with the strategic objectives and commercial initiatives of the Group.

New satellite development is subject to construction and launch risk, including delays, the occurrence of which could have a material and adverse effect on the Group's operations.

The construction and launch of satellites are subject to certain delays. Such delays can result from delays in the construction of satellites and launch vehicles, the periodic unavailability of reliable launch opportunities, possible delays in obtaining regulatory approvals and launch failures, including as a result of natural disaster at manufacturer and service provider facilities. Given the limited number of satellite launch providers and the limited opportunities for launches to occur, a delay experienced by the Group's selected launch provider at a prior launch can have a knock on effect on that provider's future scheduled launches, including the Group's scheduled launch.

If satellite construction schedules are not met, a launch opportunity may not be available at the time the satellite is ready to be launched. Delays in the commencement of service may affect plans to replace an in-orbit satellite prior to the end of its useful life, may result in the expiration or cancellation of launch insurance and may result in the loss of rights to use orbital locations. A delay or perceived delay in launching replacement satellites may cause current customers to move to another satellite provider if they determine that the delay may cause an interruption in service. In addition, the Group's contracts with customers who purchase or reserve satellite capacity may allow those customers to terminate their contracts in the event of delays, thus impacting the backlog.

A significant delay in the future delivery or launch of any satellite may also adversely affect the Group's sales and marketing plan for the satellite. As a result, any failure to implement the Group's satellite deployment plan on schedule could have a material adverse effect on its business, results of operations and financial condition.

The Group may not be successful in renewing its existing satellite capacity agreements or in renewing them on terms that are similar to their current terms.

Outside of its contracts with the Government, which tend to be long-term contracts, the Group's satellite capacity lease contracts vary in length depending on the type of customer, with the majority having maturities of three to five years.

In addition, the Group's customers may from time to time seek to renegotiate their longer-term contracts with the Group as a result of adverse market developments or for other reasons. If the Group is unsuccessful in obtaining the renewal of its satellite capacity agreements when they come up for renewal or is unable to obtain commercial terms similar to those currently reflected in its agreements, or agrees to contract renegotiations, its capacity lease revenue could be adversely affected for some time, which could have a material adverse effect on the Group's business, results of operations and financial condition.

The resurgence of the COVID-19 pandemic, the emergence of other pandemics and the occurrence of other health crises could have an adverse effect on the Group's business.

The Group's business has been affected, and may continue to be affected by the fear of exposure to or actual effects of a disease outbreak, epidemic, pandemic, or similar widespread public health concerns. The outbreak of the COVID-19 pandemic continues to evolve and, to date, has 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. Companies, including the Group, have also taken precautions, such as requiring employees to

work remotely, imposing travel restrictions and temporarily closing businesses and facilities. Within the UAE, measures undertaken to contain the COVID-19 pandemic have evolved over time and vary across the Emirates, and have included travel restrictions, containment and lockdown measures, and limitations on business operations and gatherings of large numbers of people. Other measures that have been mandated from time to time include domestic and international travel bans, domestic and international border closings, business closures, quarantines, curfews and social distancing measures. As a result, the COVID-19 pandemic has materially limited ground, air and water transportation, both locally and internationally.

Although the Group's activity has demonstrated a certain resilience compared to other industries, a resurgence of the COVID-19 pandemic, as well as the emergence of other pandemics or the occurrence of other health crises, could results in adverse consequences for the Group, including as a result of economic pressures experienced by the Group's customers and partners, negative impact experienced in the operations of other players in the Group's value chain, notably satellite manufacturers, launchers and gateway installers, could lead to delays in the entry into service of new satellites. These adverse economic conditions may reduce commercial activity, cause disruption and extreme volatility in global financial markets and increase rates of default and bankruptcy. A new episode of the COVID-19 pandemic, its resurgence, or a similar health crisis could thus have a material adverse impact on the Group's business, results of operations and financial condition.

RISKS RELATING TO REGULATORY AND LEGAL MATTERS

If the Group does not obtain or maintain all necessary national regulatory authorisations, it may not be able to operate its existing satellites or expand its operations.

National regulators allocate spectrum for satellite services and may change these allocations, which could change or limit how the Group's current satellites are able to be used. While national regulators continue to adopt a range of satellite spectrum rules, from open-skies to fee-charging, an increasing number of national administrations are charging spectrum fees or auctioning rights to use spectrum. In addition, national administrations may revoke the Group's rights to use frequency spectrum, even when the Group has an established business and satellite frequency landing rights at a particular orbital location. Any reallocation of spectrum, charges levied for spectrum or revocation of rights to use spectrum could have a significant adverse effect on the Group's business, results of operations and financial condition.

In addition, in connection with providing satellite capacity, ground network uplinks, downlinks and other value-added services to its customers, the Group needs to maintain regulatory approvals from various regulators across the jurisdictions in which it offers services. In the case of its contracts with government entities, it may also be required to obtain security clearances. Obtaining and maintaining these approvals can involve significant time and expense. If the Group cannot obtain or is delayed in obtaining the required regulatory approvals, it may not be able to provide the relevant services to its customers or offer planned new services or existing services in planned new jurisdictions. In addition, the laws and regulations to which the Group is subject could change at any time, thus making it more difficult for the Group to obtain new regulatory approvals or causing its existing approvals to be revoked or adversely modified. Because the regulatory schemes vary by country, the Group may also be subject to changes in regulations of which it is not presently aware and could be subject to sanctions by a foreign government that could materially and adversely affect its operations in that country. If the Group cannot comply with the laws and regulations that apply to it, the Group could lose its revenue from services provided to the countries and territories covered by these laws and regulations and be subject to criminal or civil sanctions.

Additionally, in certain markets where the Group has FSS coverage, the Group has excess capacity that it cannot put into proper use due to national regulations in those markets. Whilst the Group intends to continue working with local regulators and/or in-country partners, including in Saudi Arabia, Egypt and Algeria, to expand access in such markets, there is no assurance the Group will succeed in gaining such expanded access. Moreover, applicable restrictions and regulations can change over time and they may change in ways that negatively impact the Group's ability to carry out its business in such markets, including as a result of additional players entering the market who may be able to obtain greater access in such markets.

The Group strives to maintain compliance with all relevant requirements in the jurisdictions in which it operates. However, if the Group does not maintain the authorisations necessary to operate its existing satellites and provide the other services currently provided by it, it will not be able to operate the satellites or provide the services covered by those authorisations. Loss of a satellite authorisation could cause the Group to lose the revenue from services provided by that satellite at a particular orbital location in the relevant jurisdictions to the extent these services cannot be provided by satellites at other orbital locations.

If any of the Group's current or future operations are deemed not in compliance with applicable regulatory requirements, the Group may be subject to various sanctions, including fines, loss of authorisations or the denial of applications for new authorisations or the renewal of existing authorisations, which could have a material adverse effect on the Group's business, results of operations and financial condition.

The delays in obtaining or not being able to obtain regulatory approvals needed for operation and de-orbiting of a satellite as a space object may adversely affect the Group's ability to launch and use its satellites.

The UAE has ratified various UN conventions and the Artemis Accords that pertain to the sustainable use of outer space, to which the Group must abide in the construction, launch and operation of its satellites. In addition, the United Arab Emirates Space Agency (**UAESA**) is in the process of developing a new approval process for the launch, operation and de-orbiting of satellites under the UAE "Federal Law No. 12 of 2019 on the Regulation of the Space Sector", which may impact the design and operation of the Group's current and future satellites. Furthermore, the new approval process may require the Group to dispose of satellites earlier than planned to ensure their safe disposal, resulting in a reduction of commercial operation. The Group may be required to seek additional design changes to new satellites aimed at improving flight safety and limiting debris mitigation, which may result in higher costs and development delays. The UAESA may also impose restrictions on the movement of satellites between orbital locations or their operation at any orbital location that limit commercial opportunities. Furthermore, the cost of third-party liability insurance that must be carried by the Group to protect the UAE from an in-orbit collision could be material depending on the coverage amount required and current premium levels.

Any of the factors above could have a material adverse effect on the Group's business, results of operations and financial condition.

The ITU process by which the Group obtains and maintains frequency rights at specific orbital locations may adversely affect the Group's ability to use a satellite at a given orbital location for its proposed service or coverage area.

The telecommunications industry is highly regulated, and the Group depends on access to orbital slots and spectrum resources to provide satellite services. Orbital slots and associated frequencies are a limited resource. The Group is required to obtain spectrum rights at distinct orbital location by means of a process set forth in the RR. The process requires the support of

the TDRA through which the Group interacts with the ITU, compliance with complex regulatory conditions and may require reaching agreement with other satellite operators that have senior rights.

Satellite operators make filings to secure spectrum rights at particular locations. Each filing is valid for seven years unless it is brought into use within that period, in which case it remains valid for as long as it is in use. Among other technical characteristics, a filing specifies both the frequency bands and the orbital location to be used by the satellite. Once an operator has made a new filing, it is reviewed by the ITU and a list of impacted operational satellites and yet unused but more senior ITU filings are identified, including filings owned by governments. The owner of the new filing must then undertake negotiations with each party identified on the list, a process which is referred to as coordination. The coordination process is critical in establishing the viability of new filings.

As result of such coordination so as to comply with the ITU process, the Group may be required to modify its intended satellite coverage areas or satellite design or transmission plans to eliminate or minimise interference from or to other satellite network. Those modifications may mean that use of a particular orbital position is restricted, possibly to the extent that it may not be technically or economically feasible to place a new satellite in that location, effectively making the new filing unusable. In addition, interference concerns of a country may affect the ability of the Group's satellite network to generate revenue due to the operational restrictions that the country may impose. Such operational restrictions include not allowing transponders to be operated at the maximum power over the intended area, requiring the receiving or transmitting earth stations to use a minimum antenna size or using steerable coverage to avoid a specific geographical area. Furthermore, the ITU process obligates fixed timelines for the initial use and returning use of a satellite at a given orbital location. Not meeting these timelines could lead to the loss of spectrum rights.

Changes in the RR or limitations in the support made available by the UAE regulator can arise from time to time. The Group may not always be able to resolve such issues quickly, or at all, which could lead to reputational harm, potential loss of customers, litigation and/or deterioration of the Group's relationships with other operators, degradation of signal quality resulting from interference from satellites of other operators, operating or design restrictions that make the Group's services in a particular region less competitive, uneconomic or limit the ability to fully utilise the capabilities of a particular satellite, and, to the extent an issue is not resolved in the Group's favour, potential loss of rights. The significance of such a loss would vary across frequencies and geography and it can therefore be difficult to determine which portion of the Group's revenue will be impacted.

Any of the factors above could have a material adverse effect on the Group's business, results of operations and financial condition.

The Group's business is subject to laws and regulations in various countries in which it operates. Any increase or change in such laws and regulations could require the Group to incur additional costs, could expose the Group to fines and could limit the Group's ability to provide existing and new services in some countries.

The maintenance and expansion of the Group's business is dependent upon, among other things, the Group's ability (and/or the ability of the Group's service providers) to obtain required government licenses and authorisations in a timely manner, at reasonable costs and on satisfactory terms and conditions.

In most countries in which the Group operates, it is not required to be licensed as its business model is to operate through service providers that possess necessary licenses to operate in such

countries. Where required by local rules, the Group obtains and maintains its own licenses. In certain countries, neither the Group nor a service provider hold licenses, which may be due to an open regime or the absence of a regulatory structure requiring such licenses.

If a service provider is unable to obtain required licenses in a certain country in a timely manner, at reasonable costs and on satisfactory terms, regulators may prevent the Group from continuing to serve customers in such countries. Furthermore, if the Group or its service provider fail to comply with all applicable rules pertaining to a particular license, such license may be revoked.

While the Group consults with regulators, licensing experts in a given country as well as other licensees to ensure that services are in compliance with local regulations, laws, policies and regulations affecting the satellite industry are subject to change in response to industry developments, new technology or political considerations. Legislators or regulatory authorities in various countries, including the UAE, are considering, and may in the future adopt, new laws, policies and regulations or changes to existing regulations regarding a variety of matters that could, directly or indirectly, affect the Group's operations or the operations of the Group's service providers, or increase the cost of providing services over the Group's system.

In particular, the above risks may be more acute in emerging markets in which the Group currently operates or may operate in the future. For example, the Group is evaluating entry options for Saudi Arabia, Egypt and Algeria, which requires discussion with local partners and regulators to procure the appropriate licenses. Any uncertainty or significant change in the regulatory landscape in these countries may limit the Group's ability to operate in such emerging markets or grow the Group's business in new markets.

Changes to current laws, policies or regulations or the adoption of new regulations could affect the Group's ability to obtain or retain required government licenses and authorisations or could otherwise have a material adverse effect on the Group's business results of operations and financial condition.

The Group's business depends on certain intellectual property rights and not infringing the intellectual property rights of others.

The Group relies on its patents, copyrights, trademarks, trade secrets, licenses and other agreements to conduct its business. Legal challenges to the Group's intellectual property rights and claims of intellectual property infringement could result in significant monetary liability and could require the Group to change its business practices or limit its ability to compete effectively or could otherwise have a material adverse effect on the Group's business. Even if any such challenges or claims prove to be without merit, they can be time-consuming and costly to defend and may divert management's attention and resources away from the Group's business.

Moreover, the Group relies in part on technologies developed or licensed by third parties. If the Group is unable to obtain or retain licenses or other required intellectual property rights from these third parties on reasonable terms, the Group's business could be adversely affected. In addition, the Group works with suppliers for the development and manufacture of components that are integrated into its products and the Group's products may contain technologies provided to the Group by these suppliers. The Group may have little or no ability to determine in advance whether any such technology infringes the intellectual property rights of others, or whether such suppliers have obtained or continue to obtain the appropriate licenses or other intellectual property rights to use such technology. The Group's suppliers may not be required to indemnify the Group in the event that a claim of infringement is asserted against it, or they may be required to indemnify the Group only up to a maximum amount. Legal challenges to these intellectual property rights may impair the Group's ability to use the products and technologies that it needs

in order to operate the Group's business and may have a material adverse effect on the Group's business, results of operations and financial condition.

The Group cannot estimate the extent to which it may be required in the future to obtain intellectual property licenses, or the availability and cost of any such licenses. To the extent that the Group is required to pay royalties to third parties to whom it is not currently making payments, these increased costs of doing business could negatively affect the Group's profitability or liquidity.

Litigation or governmental proceedings involving the Group could result in material adverse consequences.

The Group may in the future be involved in lawsuits, regulatory inquiries, audits, consumer claims and governmental and other legal proceedings. Some of these proceedings may raise difficult and complicated factual and legal issues and can be subject to uncertainties and complexities. The timing of the final resolutions is typically uncertain. Additionally, the possible outcomes of, or resolutions to, these proceedings could include adverse judgments, settlements, injunctions or liabilities, any of which could require substantial payments or have other adverse impacts on the Group's business.

The Group must comply with data protection regulations.

The Group is subject to regulation regarding the use of personal data. The Group processes limited personal, customer, employee and other data as part of its business and therefore must comply with strict data protection and privacy laws. The Group seeks to ensure that procedures are in place to ensure compliance with the relevant data protection regulations by its employees and any third-party service providers, and also implements security measures to help prevent cyber-theft. Notwithstanding such efforts, the Group is exposed to the risk that this data could be wrongfully appropriated, lost or disclosed, stolen or processed in breach of data protection laws. If the Group or any of the third-party service providers on which it relies fail to store or transmit customer information in a secure manner, or if any loss or wrongful processing of personal customer data were otherwise to occur, the Group could be subject to investigative and enforcement action by relevant regulatory authorities, could be subject to claims or complaints from the person to whom the data relates, or could face liability under data protection laws. For example, the EU General Data Protection Regulation (the **GDPR**) requires companies to meet requirements regarding the processing of personal data, including its use, protection and transfer and the ability of persons whose data is stored to correct or delete such data. The GDPR also confers a private right of action on certain individuals and associations. Failure to meet the requirements of applicable data protection regulations or if regulators assert a failure to comply, could result in significant penalties for the Company or target business, including up to 4% of annual worldwide revenue for violations under the GDPR as well as private lawsuits. The GDPR has increased the regulatory burdens with respect to the processing of personal, customer, employee and other data in the conduct of its business and while the Group has established procedures to ensure compliance with these regulations, breach of the GDPR may expose the Group to penalties. The Group cannot guarantee that it will be fully compliant with its obligations under the GDPR, and therefore the Group may be subject to regulatory action or financial penalties, which could also result in adverse publicity or reputational damage. Any of the foregoing could adversely affect the Group's business, results of operation and financial condition.

RISKS RELATING TO THE UAE AND THE MENA REGION

Instability or unrest in the MENA region may adversely affect the UAE economy.

Many of the Group's operations are located within the UAE and the Group's principal customer is the Government and its agencies. Although Abu Dhabi and the UAE are rated "Aa2" by Moody's Investor Service (**Moody's**) and "AA" by Standard & Poor's Financial Services LLC (**S&P**) and Fitch Ratings (**Fitch**) as at the date of the Prospectus and enjoy domestic political stability and generally healthy international relations, since early 2011 there has been political unrest in a number of countries in the MENA region, including Algeria, Bahrain, Egypt, Iraq, Libya, Morocco, Oman, Saudi Arabia, Syria, Tunisia and Yemen. This unrest has ranged from public demonstrations to, in extreme cases, armed conflict and civil war and has given rise to a number of regime changes and increased political uncertainty across the region. It is not possible to predict the occurrence of events or circumstances such as war or hostilities, or the impact that such occurrences might have on Abu Dhabi and the UAE.

Continuing instability and unrest in the MENA region may significantly affect the regional economies and the economy of the UAE, including both the respective financial markets and real economies. These impacts could occur through a lower flow of foreign direct investment into the region, capital outflows or increased volatility in the regional financial markets. Although the UAE has not experienced significant terrorist attacks such as those experienced by a number of countries in the MENA region, including Egypt, there can be no assurance that extremists or terrorist groups will not initiate violent activity in the UAE. The Group's business, results of operations and financial condition may be materially adversely affected if and to the extent this regional volatility leads to potential instability or change of government in the UAE.

The UAE may introduce new laws and regulations that adversely affect the way in which the Group is able to conduct its businesses.

Changes in investment policies or in the prevailing political climate in the UAE could result in the introduction of changes to government regulations with respect to export and import controls; the application of, or adjustment of the rate applicable to, income, value added and other taxes and the possible introduction of corporation tax; foreign exchange rates, including the currency peg between the UAE dirham and the U.S. dollar, and currency controls; the use of spectrum and access to telecommunication services and, to a lesser extent, labour and welfare benefit policies and the launch, operation, and de-orbit of satellites.

The Group is not currently subject to corporate income tax in the UAE, although some consideration has been given to the introduction of a corporate income tax in Abu Dhabi. There can be no assurance that the introduction of a corporate income tax or any other changes to current laws would not increase the Group's costs or otherwise materially adversely affect the Group's business, results of operations, financial condition and prospects. There can be no assurance that any future changes to current laws would not increase the Group's costs or otherwise materially adversely affect the way in which the Group conducts its businesses.

The financial condition, results of operations and the equity of the Group may be materially adversely affected if the U.S. dollar/AED exchange rate were to change or if there are changes in exchange rates between foreign currencies, particularly Brazilian Real (BRL), and the U.S. dollar.

Most of the Group's revenue is denominated in U.S. dollars, as are certain other costs. In addition, all of the indebtedness under the Group's new term loan (the **New Term Loan Facility**) and export credit agency facility (the **ECA Facility**), both completed in the second quarter of 2021, are denominated in U.S. dollars. Although the UAE dirham has been pegged to the U.S. dollar at a rate of AED 3.673 to U.S. dollar 1.00 since 1997, there can be no assurance that the UAE Central Bank will continue to maintain this fixed rate in the future,

particularly if there continues to be increased demand for the U.S. dollar as a result of the COVID-19 pandemic and any additional waves or resurgences thereof. The existing fixed rate may be adjusted in a manner that exposes the Group to volatility in rates or an increase in repayment obligations under the Group's New Term Loan Facility and ECA Facility that the Group may be unable to hedge through interest rate swaps or otherwise. Any change to the U.S. dollar/AED exchange rate could increase the costs that the Group pays for its products or to service its indebtedness, or could cause the Group's results of operations and financial condition to fluctuate due to currency translation effects, any of which could have a material adverse effect on the Group's business, results of operations and financial condition.

While almost all of the Group's customers pay for its services in U.S. dollars or AED, some customers pay for the Group's services in other currencies, particularly in BRL, which are not pegged to the U.S. dollar. Fluctuating exchange rates, including as a result of, or when coupled with, occurrences of inflation, could lead to an increase in the price of the Group's capacity and services when paid in currencies other than U.S. dollars or in currencies not pegged to the U.S. dollar. These fluctuations could reduce demand from customers paying in currencies other than U.S. dollars. Moreover, the Group's clients located in emerging countries may encounter difficulties in obtaining U.S. dollars, because of currency controls, or may face a strong decrease of the U.S. dollar-equivalent of revenues generated in local currencies. This could significantly affect their ability to pay in U.S. dollars, thereby exposing the Group to additional exchange rate risks.

RISKS RELATING TO THE OFFERING AND THE SHARES

There is no guarantee of an active or liquid market for the Shares, and trading prices of the Shares may be volatile and may decline. In addition, the ADX is significantly smaller in size than other established securities markets, which may also affect liquidity in the Shares.

Prior to the Offering, there has been no public trading market for the Shares. The Company cannot guarantee that an active trading market will develop or be sustained following the completion of the Offering, or that the market price of the Shares will not decline thereafter below the Final Offer Price. The trading price of the Shares may be subject to wide fluctuations in response to many factors as well as stock market fluctuations and general economic conditions or changes in political sentiment that may adversely affect the market price of the Shares, regardless of actual performance.

The Shares will be listed on the ADX. The ADX was established in 2000, but its future success and liquidity in the market for the Shares once listed cannot be guaranteed. The ADX is substantially smaller in size and trading volume than other established securities markets, such as those in the U.S. and the UK. Brokerage commissions and other transaction costs on the ADX are generally higher than those in Western European countries.

These factors could generally decrease the liquidity and increase the volatility of share prices on the ADX, which in turn could increase the price volatility of the Shares and impair the ability of a holder of Shares to sell any Shares on the ADX in the desired amount and at the price and time achievable in more liquid markets.

The Company may not pay cash dividends on the Shares. Consequently, the investors may not receive any return on investment unless the investors sell their Shares for a price greater than that which the investor paid for them.

There can be no assurance that the Company will be able to pay dividends. Any decision to declare and pay dividends in the future will be made at the discretion of the Board and will

depend on, among other things, applicable law and regulations, results of operations, financial condition, cash requirements, future plans and other factors that the Board may deem relevant. As a result, you may not receive any return on an investment in the Shares unless you sell your Shares for a price greater than that which you paid for them.

Substantial sales of Shares by the Founder could depress the price of the Shares.

Sales of a substantial number of Shares by the Founder following the completion of the Offering may significantly reduce the share price of the Company in the financial market. The Founder has agreed in the underwriting agreement (the **Underwriting Agreement**) to certain restrictions on its ability to sell, transfer and otherwise deal in its Shares for a period of 180 days from the Closing Date.

Shareholders in the United States and other jurisdictions may not be able to participate in future equity offerings.

The Articles of Association and the Companies Law provide for pre-emption rights to be granted to Shareholders. However, securities laws of certain jurisdictions may restrict the Company's ability to allow participation by Shareholders in future offerings. In particular, Shareholders in the United States may not be entitled to exercise these rights, unless either the Shares and any other securities that are offered and sold are registered under the US Securities Act or the Shares and such other securities, are offered pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act. The Company cannot assure prospective investors that any exemption from such overseas securities law requirements would be available to enable Shareholders in the United States or other jurisdictions to exercise their pre-emption rights or, if available, that the Company will utilise any such exemption.

It may be difficult for Shareholders to enforce judgments against the Group in the UAE, or against the Group's directors and senior management.

The Company is a public joint stock company incorporated in the UAE. All of the Group's directors and all of the Group's officers reside outside the U.S., the UK and the European Economic Area (**EEA**). In addition, all of the Group's assets and the majority of the assets of the Group's directors and senior management are located outside the U.S., the UK and the EEA. As a result, it may not be possible for investors to effect service of process outside the UAE upon the Company or its directors and senior management or to enforce judgments obtained against them in courts outside the UAE, including judgments predicated upon the civil liability provisions of the securities laws of the U.S., the UK or the EEA.

FOURTH SECTION: PRESENTATION OF FINANCIAL INFORMATION

Historical financial information

The Group's audited consolidated financial statements for the two years ended 31 December 2020 (the **2020 Financial Statements**) and 2019 (the **2019 Financial Statements**) and the unaudited interim consolidated financial statements for the three month period ended 31 March 2021 (the **Interim Financial Statements**) have been included in this Prospectus beginning on page F-1. The 2020 Financial Statements and 2019 Financial Statements are collectively referred to as the **Annual Financial Statements** and together with the Interim Financial Statements, the **Historical Financial Information**. The selected historical financial information for the year ended 31 December 2019 included in this Prospectus has been derived from the 2020 Financial Statements and the selected historical financial information for the year ended 31 December 2018 has been derived from the 2019 Financial Statements. Certain selected historical financial information for the year ended 31 December 2019 and as at 31 December 2018 was restated in the 2020 Financial Statements on account of the correction of certain errors. Please see note 36 to the 2020 Financial Statements for more detail. No similar changes have been made to the comparative 2018 historical financial information, which appears in the 2019 Financial Statements. For these reasons, the 2018 historical financial information, which appears in the 2019 Financial Statements and in this Prospectus is not comparable to the historical financial information disclosed in the 2020 Financial Statements. Certain selected historical financial information for the year ended 31 December 2018 was restated in the 2019 Financial Statements to present the results of discontinued operations. Please see note 35 to the 2019 Financial Statements for more detail.

The Annual Financial Statements were prepared in accordance with the requirements of International Financial Reporting Standards (**IFRS**) as issued by the International Accounting Standards Board (**IASB**) and applicable requirements of UAE laws. The Interim Financial Statements were prepared in accordance with International Accounting Standard No. 34, Interim Financial Reporting (**IAS 34**) as issued by the IASB and applicable requirements of UAE laws.

Non-IFRS Information

Included in this Prospectus are certain measures that are not measures defined by IFRS, namely, Adjusted EBITDA, Adjusted EBITDA Margin, Normalised Adjusted EBITDA, Normalised Adjusted EBITDA Margin, Operating Free Cash Flow, Free Cash Flow to Equity and Leverage ratio (the **Non-IFRS Measures**).

The Non-IFRS measures are defined by the Group as follows:

Adjusted EBITDA

Adjusted EBITDA comprises the Group's profit before discontinued operations before interest, tax, depreciation, amortisation, impairment, fair value adjustments on investment property and its share of results of equity-accounted investments. The Annual Financial Statements use the term EBITDA which aligns with the definition of Adjusted EBITDA as defined above. Adjusted EBITDA is a measure commonly used in the Group's sector, and the Group presents Adjusted EBITDA to enhance the understanding of its operating performance. The Group uses Adjusted EBITDA as one criterion for evaluating its performance relative to that of other satellite operators. The Group believes that Adjusted EBITDA is an operating performance measure, and not a liquidity measure, that provides investors and analysts with a measure of operating results unaffected by differences in capital structures, capital investment cycles and

ages of related assets among otherwise comparable companies. However, Adjusted EBITDA is not a measure of financial performance under IFRS, and the Group's Adjusted EBITDA may not be comparable to similarly titled measures of other companies. Adjusted EBITDA should not be considered as:

- an alternative to operating profit/(loss), determined in accordance with IFRS, or as an indicator of the Group's operating performance;
- as an alternative to cash flows from operating activities, determined in accordance with IFRS, or as an indicator of cash flows; or
- as a measure of liquidity.

In addition, the Group is likely to incur expenses similar to the adjustments in this presentation in the future and that certain of these items could be considered recurring in nature. The Group's presentation of Adjusted EBITDA should not be construed as an implication that the Group's future results will be unaffected by unusual or non-recurring items.

The table below shows a reconciliation of the Group's profit before discontinued operations to Adjusted EBITDA in each of the three months ended 31 March 2021 and 2020 and the years ended 31 December 2020, 2019 and 2018.

	For the three months ended 31 March		***For the years ended 31 December***		
	2021	**2020**	**2020**	**2019**	***2018***
	(*U.S.$ thousand*)		*(U.S.$ thousand)*		
Profit before discontinued operations[(1)]	14,073	9,405	61,400	56,719	*41,881*
Add:					
Income tax expense	48	52	200	241	*261*
Share of results of equity-accounted investments	306	5,537	16,360	16,130	*7,084*
Fair value adjustments on investment property	—	—	2,030	837	—
Net finance costs	2,972	4,780	17,373	24,272	*33,508*
Depreciation, amortisation and impairment	37,011	37,221	149,567	150,657	*231,430*
Adjusted EBITDA	***54,410***	***56,995***	***246,930***	***248,856***	***314,164***

Note:

(1) This line item is labelled as "Profit for the year before discontinued operations" in the Annual Financial Statements and is labelled as "Profit for the period" in the Interim Financial Statements.

Adjusted EBITDA Margin

Adjusted EBITDA Margin is calculated as Adjusted EBITDA divided by revenue.

Normalised Adjusted EBITDA

The Group's Adjusted EBITDA has been normalised for the impact of non-recurring items, including insurance proceeds net of accelerated premiums resulting from the Company's claim against an anomaly relating to the Al Yah 3 satellite launch, the gain on acquisition of Thuraya, the gain on disposal of a subsidiary in Brazil and income from an orbital location agreement

entered into with a satellite operator to transfer the beneficial rights in a certain orbital slot to the operator. No normalisation to the Adjusted EBITDA was necessary for the three months ended 31 March 2021 and 31 March 2020, as there were no non-recurring items.

The table below shows a reconciliation of the Group's Adjusted EBITDA to Normalised Adjusted EBITDA in each of the years ended 31 December 2020, 2019 and 2018.

	For the years ended 31 December		
	2020	**2019**	**2018**
		(*U.S.$ thousand*)	
Adjusted EBITDA	**246,930**	**248,856**	**314,164**
Adjustments for:			
Other income - insurance claims			(101,153)
Other income – bargain purchase on acquisition of a subsidiary			(1,686)
Gain on disposal - discontinued operations		(3,401)	
Gain on transfer of orbital rights	(14,000)		
Normalised Adjusted EBITDA	**232,930**	**245,455**	**211,325**

Normalised Adjusted EBITDA Margin

Normalised Adjusted EBITDA Margin is calculated as Normalised Adjusted EBITDA divided by revenue.

*Operating Free Cash Flow (**Operating FCF**)*

Operating FCF is computed as Normalised Adjusted EBITDA, less cash outflow related to capital expenditures. Such cash outflow includes purchases of property, plant and equipment, purchases of capital work in progress (mainly relating to Al Yah 3 expenditure in 2018 and to the T4-NGS satellite programme in 2020) and additions to intangible assets. Cash outflow in the year ended 31 December 2018 related to capital expenditures excludes the purchase consideration paid for the acquisition of Thuraya.

*Free Cash Flow to Equity (**FCFE**)*

FCFE is computed as Operating FCF less cash taxes, net cash interest (interest paid less received) and changes in net working capital.

The table below shows the calculation of the Group's Operating FCF and Free Cash Flow to Equity in each of the years ended 31 December 2020, 2019 and 2018.

	For the years ended 31 December		
	2020	**2019**	**2018**
		(*U.S.$ thousand*)	
Normalised Adjusted EBITDA	232,930	245,455	211,325
Purchases of property, plant and equipment	(8,644)	(11,026)	(19,110)
Additions to intangible assets	(1,084)	(3,562)	—

	For the years ended 31 December		
	2020	2019	2018
		(*U.S.$ thousand*)	
Purchase of capital work in progress	(66,040)	(5,573)	(36,929)
Operating Free Cash Flow	**157,162**	**225,294**	**155,286**
Cash taxes	(169)	(461)	(98)
Net cash interest	(14,320)	(24,405)	(34,484)
Change in net working capital[(1)]	(17,183)	(10,132)	12,239
Free Cash Flow to Equity	**125,490**	**190,296**	**132,943**

Note:

(1) Includes: trade and other receivables, inventories, trade and other payables, deferred revenue.

Leverage ratio

Leverage ratio is computed as net debt divided by the last 12 months of Normalised Adjusted EBITDA.

The Group provides the Non-IFRS Measures and other information because the Group believes that they provide investors with additional information to measure the operating performance of the Group. The Group's use of the Non-IFRS Measures may vary significantly from the use of such metrics by other companies in its industry.

The measures used should not be considered as an alternative to profit (loss), revenue or any other performance measure derived in accordance with IFRS or to net cash provided by operating activities as a measure of liquidity. The Non-IFRS Measures have limitations as analytical tools over and above the limitations of any IFRS performance measures and should not be considered in isolation or as substitutes for analysis of the Group's results as reported under IFRS.

Currency presentation

Unless otherwise indicated, all references in this document to:

- **UAE dirham** or **AED** are to the lawful currency of the UAE; and
- **U.S. dollar, USD** or **U.S.$** are to the lawful currency of the United States.

Rounding

Certain data in this document, including financial, statistical, and operating information, has been rounded. As a result of the rounding, the totals of data presented in this document may vary slightly from the actual arithmetic totals of such data. Percentages in tables have been rounded and accordingly may not add up to 100%.

Market data

In certain instances in this Prospectus, the Group has included its own estimates, assessments, adjustments and judgments in preparing market information, which has not been verified by an independent third party. Market information included herein is, therefore, unless otherwise attributed to a third-party source, to a certain degree subjective. While the Group believes that its estimates, assessments, adjustments and judgments are reasonable and that the market

information prepared by the Group approximately reflects the industry and the markets in which it operates, there is no assurance that the Group's estimates, assessments, adjustments and judgments are the most appropriate for making determinations relating to market information or that market information prepared by other sources will not differ materially from the market information included herein.

Unless otherwise indicated, other market data used in this Prospectus, including statistics in respect of the Group's competitors' sales volumes and market share, has been extracted from other official and industry sources and other sources the Group believes to be reliable. Such information, data and statistics may be approximations or estimates or use rounded numbers. The Group has relied on the accuracy of this information without independent verification.

The Group confirms that the third-party information included herein has been accurately reproduced and that, as far as it is aware and is able to ascertain from information published by these third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading. The Group notes that neither these independent sources nor the Joint Bookrunners accept liability for the accuracy of any such information, and prospective investors are advised to consider such information with caution.

Selected Financial Information and Operating Data

The selected historical financial information set forth below shows the Company's historical financial information and other unaudited operating information as at and for the years ended 31 December 2020, 2019 and 2018 and for the three-month period ended 31 March 2021 and 2020.

The selected historical financial and operating data should be read in conjunction with the Historical Financial Information, including the related notes, included elsewhere in this Prospectus. EY have audited the Company's Annual Financial Statements, in each case as stated in their reports appearing herein, and KPMG have reviewed the Company's Interim Financial Statements, as stated in their reports appearing herein.

The financial information set forth below under the captions "Consolidated Statement of Profit or Loss Data", "Consolidated Statement of Comprehensive Income Data", "Consolidated Statement of Financial Position Data" and "Consolidated Statement of Cash Flows Data" has been derived from, and should be read in conjunction with, the Historical Financial Information included elsewhere in this Prospectus.

Adjusted EBITDA is a non-IFRS measure and was calculated by the Company and reported in its Historical Financial Information.

Consolidated Statement of Profit or Loss Data

	For the three months ended 31 March		For the year ended 31 December		
	2021	2020	2020	2019	2018 restated[(1)]
	(U.S.$ thousand)				
Continuing operations:					
Revenue	**90,215**	**97,315**	**407,507**	**440,569**	**392,519**
Cost of revenue	(4,911)	(6,110)	(40,041)	(53,792)	(61,322)
Staff costs	(19,992)	(23,769)	(84,208)	(89,140)	(77,448)
Other operating expenses	(11,330)	(10,855)	(51,996)	(54,642)	(43,712)

Other income	428	414	15,668	5,861	104,127
Adjusted EBITDA[2]	**54,410**	**56,995**	**246,930**	**248,856**	**314,164**
Depreciation, amortisation and impairment	(37,011)	(37,221)	(149,567)	(150,657)	(231,430)
Fair value adjustments on investment property	—	—	(2,030)	(837)	—
Operating profit	**17,399**	**19,774**	**95,333**	**97,362**	**82,734**
Finance income	165	1,468	3,216	6,756	3,992
Finance costs	(3,137)	(6,248)	(20,589)	(31,028)	(37,500)
Net Finance costs	**(2,972)**	**(4,780)**	**(17,373)**	**(24,272)**	**(33,508)**
Share of results of equity-accounted investments	(306)	(5,537)	(16,360)	(16,130)	(7,084)
Profit before income tax	**14,121**	**9,457**	**61,600**	**56,960**	**42,142**
Income tax expense	(48)	(52)	(200)	(241)	(261)
Profit before discontinued operations[3]	**14,073**	**9,405**	**61,400**	**56,719**	**41,881**
Discontinued operations:					
Loss after tax from discontinued operations[4]	—	—	—	(33,846)	(16,611)
Profit[5]	**14,073**	**9,405**	**61,400**	**22,873**	**25,270**
(Loss)/profit for the period attributable to non-controlling interests[6]	(1,825)	(1,788)	(7,502)	(6,986)	178
Profit attributable to Yahsat Owner[7]	**15,898**	**11,193**	**68,902**	**29,859**	**25,092**

Notes:

(1) Restated in 2019 to present the results of discontinued operations.

(2) Adjusted EBITDA represents profit before discontinued operations before interest, tax, depreciation, amortisation, impairment, fair value adjustments on investment property and share of results of equity-accounted investments. Information regarding Adjusted EBITDA is sometimes used by investors to evaluate the efficiency of a company's operations and its ability to employ its earnings toward repayment of debt, capital expenditures and working capital requirements. The Company uses Adjusted EBITDA in assessing its growth and operational performance. There are no generally accepted principles governing the calculation of Adjusted EBITDA, and the criteria upon which Adjusted EBITDA is based can vary from company to company. Adjusted EBITDA does not by itself provide a sufficient basis to compare the Company's performance with that of other companies and should not be considered in isolation or as a substitute for operating profit or any other measure as an indicator of operating performance, or as an alternative to cash generated from operating activities as a measure of liquidity. In addition, this measure should not be used instead of, or considered as an alternative to, the Company's historical financial results. The Company has presented this non-IFRS measure because it believes it is helpful to investors and financial analysts in highlighting trends in the Company's overall business.

(3) This line item is labelled as "Profit for the year before discontinued operations" in the Annual Financial Statements and is labelled as "Profit for the period" in the Interim Financial Statements.

(4) This line item is labelled as "Loss after tax for the year from discontinued operations" in the Annual Financial Statements.

(5) This line item is labelled as "Profit for the year" in the Annual Financial Statements and is labelled as "Profit for the period" in the Interim Financial Statements.(6) This line item is labelled as "Loss for the year attributable to non-controlling interests" in the Annual Financial Statements.

(7) This line item is labelled as "Profit for the year attributable to Yahsat Owner" in the Annual Financial Statements and is labelled as "Profit for the period attributable to the Shareholder" in the Interim Financial Statements.

Consolidated Statement of Comprehensive Income Data

	For the three months ended 31 March		For the year ended 31 December		
	2021	**2020**	**2020**	**2019**	**2018 restated[1]**
	(U.S.$ thousand)				
Profit	**14,073**	**9,405**	**61,400**	**22,873**	**25,270**
Other comprehensive income:					
Items that may be reclassified to profit or loss:					
Cash flow hedge – effective portion of changes in fair value[2]	(2,361)	(6,563)	(4,966)	(5,928)	3,162

Cash flow hedge – loss reclassified to profit or loss	2,380	2,522	11,148	10,040	14,820
Foreign operations – currency translation differences	(9,454)	(28,220)	(28,013)	6,158	(113)
Discontinued operations – currency translation differences	—	—	—	(5,102)	(676)
Currency translation differences reclassified to profit or loss	—	—	—	4,442	—
Total comprehensive income/(loss)	**4,638**	**(22,856)**	**39,569**	**32,483**	**42,463**
Total comprehensive (loss)/income attributable to non-controlling interests	(1,817)	(1,831)	(7,513)	(6,957)	178
Total comprehensive income/(loss) attributable to Yahsat Owner[3]	**6,455**	**(21,025)**	**47,082**	**39,440**	**42,285**
of which arising from continuing operations	6,455	21,025	47,082	78,388	59,572
of which arising from discontinued operations	—	—	—	(38,948)	(17,287)

Notes:

(1) Restated in 2019 to present the results of discontinued operations.

(2) This line item is labelled as "Cash flow hedge – net (loss) / gain" in the 2019 Financial Statements.

(3) This line item is labelled as "Total comprehensive income attributable to the Shareholder" in the Interim Financial Statements.

Consolidated Statement of Financial Position Data

	As at 31 March	As at 31 December		
	2021	2020	2019 restated[1]	2018 restated[2]
		(U.S.$ thousand)		
Assets				
Property, plant and equipment	984,833	1,018,003	1,146,331	1,382,840
Capital work in progress	132,301	98,531	19,180	20,634
Investment property	22,137	22,137	24,167	17,913
Right-of-use assets	19,301	20,645	28,155	—
Intangible assets	12,178	13,083	16,524	27,193
Equity-accounted investments	121,115	125,574	151,285	36,625
Trade and other receivables[3]	11,389	11,227	3,215	3,242
Deferred income tax assets	98	94	72	8,044
Total non-current assets	**1,303,352**	**1,309,294**	**1,388,929**	**1,496,491**
Inventories	12,934	13,291	9,454	14,933
Trade and other receivables	132,675	127,296	133,735	126,699
Income tax assets	182	182	182	255
Cash and short-term deposits	281,381	224,915	287,432	237,296
Total current assets	**427,172**	**365,684**	**430,803**	**379,183**
Total assets	**1,730,524**	**1,674,978**	**1,819,732**	**1,875,674**
Liabilities				
Trade and other payables	80,943	88,539	75,796	74,727
Borrowings	127,580	129,114	125,511	106,931
Derivative financial instruments	8,001	8,016	9,445	9,196
Deferred revenue	83,207	22,095	30,907	28,741
Income tax liabilities	250	288	235	317
Total current liabilities	**299,981**	**248,052**	**241,894**	**219,912**
Trade and other payables	291,000	291,000	292,096	294,257
Borrowings	142,768	143,655	273,727	367,736
Derivative financial instruments	1,637	1,641	6,394	10,755
Provision for employees' end of service benefits	10,385	10,515	10,075	12,650

Total non-current liabilities	**445,790**	**446,811**	**582,292**	**685,398**
Total liabilities	**745,771**	**694,863**	**824,186**	**905,310**
Net assets	**984,753**	**980,115**	**995,546**	**970,364**
Equity				
Share capital	2,722	2,722	2,722	2,722
Additional paid-in capital	661,612	661,612	661,612	661,612
Hedging reserve	(9,638)	(9,657)	(15,839)	(19,951)
Statutory reserve	4,103	4,103	4,103	4,103
Translation reserve	(31,664)	(22,202)	5,800	331
Retained earnings	275,844	259,946	246,044	222,900
Equity attributable to Yahsat Owner[4]	**902,979**	**896,524**	**904,442**	**871,717**
Non-controlling interests	81,774	83,591	91,104	98,647
Total Equity	**984,753**	**980,115**	**995,546**	**970,364**

Notes:

(1) Restated in 2020 on account of correction of errors. For additional information, please see note 36 to the 2020 Financial Statements.

(2) Restated in 2019 to present the results of discontinued operations.

(3) This line item is labelled as "Other receivables" in the 2019 Financial Statements.

(4) This line item is labelled as "Equity attributable to the Shareholder" in the Interim Financial Statements.

Consolidated Statement of Cash Flows Data

	For the three months ended 31 March		For the year ended 31 December		
	2021	**2020**	**2020**	**2019**	**2018**
			(U.S.$ thousand)		
Operating activities					
Profit before income tax	14,121	9,457	61,600	30,338	21,672
Adjustments for:					
Share of results of equity-accounted investments	306	5,537	16,360	16,130	7,084
Depreciation, amortisation and impairment	37,011	37,221	149,566	155,429	232,563
Allowance (reversal of allowance) for expected credit losses	1,380	1,267	6,202	3,615	(5,715)
Loss allowance for inventories	202	60	2,692	1,648	655
Fair value adjustment to investment property	—	—	2,030	837	—
Finance income	(165)	(1,468)	(3,216)	(6,965)	(4,167)
Finance costs	3,137	6,248	20,589	32,722	41,362
Gain on disposal of property, plant and equipment	(31)	—	—	—	—
Gain on disposal of a subsidiary	—	—	—	(3,401)	—
Gain on transfer of orbital rights – non-cash consideration	—	—	(10,000)	—	
Other income – insurance claims	—	—	—	—	(101,153)
Other income – bargain purchase on acquisition of a subsidiary	—	—	—	—	(1,686)
Provision for employees' end of service benefits	473	485	2,342	2,455	1,979
Write-off of property, plant and equipment / capital work in progress	—	—	7	837	—
Operating profit before working capital changes	**56,434**	**58,807**	**248,172**	**233,645**	**192,594**
Working capital changes:					
Trade and other receivables	(6,921)	9,995	2,224	(15,571)	397
Inventories	155	(725)	(6,266)	3,509	691
Trade and other payables	(14,844)	(3,152)	(4,329)	10,293	11,149
Deferred revenue	61,112	57,080	(8,812)	(8,363)	2
Proceeds from insurance claim	—	—	—	—	101,153

Employee end of service payments	(598)	(412)	(1,891)	(5,035)	(355)
Income tax paid	(90)	(92)	(169)	(461)	(98)
Net cash from operating activities	**95,248**	**121,501**	**228,929**	**218,017**	**305,533**
Investing activities					
Purchases of property, plant and equipment	(1,618)	(2,100)	(8,644)	(11,026)	(19,110)
Purchases of capital work in progress	(26,522)	(4,703)	(66,040)	(5,573)	(36,929)
Additions to intangible assets	(15)	(262)	(1,084)	(3,562)	—
Investment in an associate	(5,400)	(4,000)	(18,558)	—	—
Movement in short-term deposits with original maturity of over three months[(1)]	100,000	—	20,000	(140,000)	40,328
Proceeds from disposal of property, plant and equipment	49	—	—	—	—
Disposal of a subsidiary, net of cash disposed	—	—	—	(7,858)	—
Acquisition of a subsidiary, net of cash received	—	—	—	—	(97,441)
Interest received	165	1,468	3,216	6,965	4,167
Net cash from/(used in) investing activities	**66,659**	**(9,597)**	**(71,110)**	**(161,054)**	**(108,985)**
Financing activities					
Dividend paid to the Shareholder	—	(15,000)	(55,000)	(5,000)	—
Repayment of borrowings	(3,144)	(8,349)	(127,545)	(110,914)	(203,737)
Interest paid on term loans	(2,415)	(5,481)	(17,536)	(31,370)	(38,651)
Contribution from the Shareholder	—	—	—	—	103,500
Proceeds from disposals of interest in a subsidiary	—	—	—	—	100,000
Net cash used in financing activities	**(5,559)**	**(28,830)**	**(200,081)**	**(147,284)**	**(38,888)**
Net increase/(decrease) in cash and cash equivalents	**156,348**	**83,074**	**(42,262)**	**(90,321)**	**157,660**
Net foreign exchange difference	118	(111)	(255)	457	3,500
Cash and cash equivalents at the beginning of the period/year	104,915	147,432	147,432	237,296	76,136
Cash and cash equivalents at the end of the period/year	**261,381**	**230,395**	**104,915**	**147,432**	**237,296**

Note:

(1) This line item is labelled as "Receipt of short-term deposits with original maturity over three months" in the Interim Financial Statements for the three months ended 31 March 2021 and 2020.

FIFTH SECTION: FOUNDER, BOARD AND MANAGEMENT

5.1 Founder

Mamoura Diversified Global Holding PJSC (previously known as Mubadala Development Company PJSC), a wholly owned subsidiary of Mubadala Investment Company PJSC, is the founder of the Company and, immediately prior to the Offering, owns 100% of its issued share capital.

5.2 Board

As at Listing, the Board is expected to consist of the following nine Directors, all of whom will be Non-Executive Directors, eight of whom will be independent Directors and one of which is female:

Name	Year of birth	Nationality	Position *(All directors are non-executive)*	Year appointed
Musabbeh Helal Musabbeh Ali Al Kaabi*	1971	United Arab Emirates	Chairman	2021
Rashed Ahmed Salem Alghanah Al Ghafri*	1971	United Arab Emirates	Director	2013
Tareq Abdulraheem Ahmed Rashed Al Hosani*	1974	United Arab Emirates	Director	2013
Masood Mohamed Mohamed Sharif Mahmood	1977	United Arab Emirates	Director	2021
Badr Salim Ahmad Sultan Alolama*	1980	United Arab Emirates	Director	2021
Peng Xiao*	1973	United Arab Emirates	Director	2021
Gaston Urda*	1974	Argentina	Director	2021
HE Maryam Eid Khamis AlMheiri*	1974	United Arab Emirates	Director	2021
Adrian Georges Steckel*	1967	United States,	Director	2021

Mexico and
France

***** Denotes that the Director is considered independent under the Governance Rules

The management expertise and experience of each of the Directors is set out below:

Musabbeh Helal Musabbeh Ali Al Kaabi — *Chairman*

Mr. Al Kaabi is the Chief Executive Officer of the UAE Investments Platform at Mubadala and an Investment Committee Member. Prior to this, he was the Chief Executive Officer of the Petroleum and Petrochemicals Platform. Previously, he 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.

Rashed Ahmed Salem Alghanah Al Ghafri — *Director*

Mr. Al Ghafri is the President of Strategic Projects at EDGE Group, with more than 30 years' experience in the electrical engineering field. Prior to joining EDGE Group, Mr. Al Ghafri was a representative on the UAE's Supreme Council of National Security and the Director General at the National Electronic Security Authority. Prior to these roles, Mr. Al Ghafri was the General Manager of the Company's YahService division (now YGS) and the Company's Senior Manager for Business Development. Earlier in his career, Mr. Al Ghafri 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. Mr. Al Ghafri 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.

Tareq Abdulraheem Ahmed Rashed Al Hosani —*Director*

Mr. Al Hosani is the Chief Executive Officer of Tawazun Economic Council, an industry enabler responsible for the creation and development of a sustainable defense and security industry in the UAE. Prior to joining Tawazun, Mr. Al Hosani served as the Chief Executive Officer at the Company, having previously occupied the roles of Deputy Chief Technical Officer and Executive Director for Strategy & Business Development at the Company. Prior to joining the Company, Mr. Al Hosani was Deputy Director General of NESA, and also held the position of Associate Director at Mubadala Investment Company. Mr. Al Hosani sat on the Boards of several UAE strategic entities, such as UAE Space Agency and Bayanat. He currently is the Vice Chairman at Abu Dhabi Airports, and sits on the boards of the National Health Insurance Company (Daman), Abu Dhabi Health Services Co. (SEHA), International Golden Group, Higher Colleges of Technology, GAL, Al Forsan Club and Sorbonne University – Abu Dhabi. 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 engineering from University Pierre et Marie Curie in France. He also completed the Accelerated Executive Development programme at IMD in Switzerland.

Masood Mohamed Mohamed Sharif Mahmood —*Director*

Mr. Mahmood is a Director General at the Department of Finance of the Government of Abu Dhabi. Prior to taking this role in April 2021, Mr. Mahmood served as the Chief Executive Officer of the Company for nearly nine years. Mr. Mahmood has well over 20 years of experience in investment management, telecommunications and the space sector. Prior to joining the Company, Mr. Mahmood was Vice President at Mubadala's Information and Communications Technology (**ICT**) Unit. In his position, he was responsible for corporate strategy, as well as the asset management of ICT's strategic portfolio. Prior to that Mr. Mahmood worked at Dubai Investment Group and the Executive Office of H.H Sheikh Mohammed bin Rashid Al Maktoum. Mr. Mahmood serves on the boards of Etihad Aviation Group, the UAE Space Agency, the EMEA Satellite Operators Association, SHUAA Capital, Al Maisan (YahLive), the satellite broadcasting venture between the Company and SES Finance as well as HPE, the Group's equity partnership with Hughes in Brazil. 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.

Badr Salim Ahmad Sultan Alolama —*Director*

Mr. Alolama is the Executive Director of the UAE Clusters unit within Mubadala's UAE Investments platform. Mr. Alolama previously held the position of CEO of Strata Manufacturing PrJSC, Mubadala's wholly owned composite aero structure manufacturing company based in Al Ain. Mr. Alolama is the Chairman of Strata Manufacturing PrJSC and Sanad Service Group LLC. Mr. Alolama is also a board member of Mubadala Health, Oumolat Security Printing and TASIAP GmbH. In addition to his external appointments, he heads the organising committee for the Global Manufacturing and Industrialization Summit where he oversees the Mohammed Bin Rashid Initiative for Global Prosperity, an open innovation platform that seeks to solve real-world challenges by fore-fronting the corporate social responsibility of global manufacturers. Mr. Alolama holds a Bachelor's Degree in Shari'a and Law from the UAE University and Master of Law Degree from Harvard University and was nominated as a Young Global Leader for the MENA region by the World Economic Forum in 2016.

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.

Gaston Urda —*Director*

Mr. Urda is the Head of Investments and M&A of the UAE investment platform at Mubadala. Since Joining Mubadala in 2008, Mr. Urda's 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, Mr. Urda worked in the private equity industry, gaining in-depth knowledge in several sectors. Mr. Urda 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.

HE Maryam Eid Khamis AlMheiri —*Director*

HE Maryam AlMheiri is a member of the Abu Dhabi Executive Committee, Director General of the Abu Dhabi Government Media Office (**ADGMO**), Vice Chairwoman of both the UAE Special Olympics and Abu Dhabi School of Government's Board of Trustees. 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. She was previously CEO of the Media Zone Authority – Abu Dhabi and both CEO and Vice-Chair of Twofour54. HE Maryam AlMheiri 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.

Adrian Georges Steckel —*Director*

Adrian Steckel has been focused 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.

5.3 Management

In addition to the Board, the day-to-day management of the Company's operations is conducted by the senior management team, details of whom are set out below:

Name	Year of birth	Nationality	Position	Date of appointment
Ali Al Hashemi	1981	United Arab Emirates	Chief Executive Officer	2021
Andrew Francis Cole	1973	United Kingdom	Chief Financial Officer	2020
Adnan Al Muhairi	1986	United Arab Emirates	Chief Technology Officer	2021
Farhad Khan	1968	South Africa	Chief Commercial Officer	2016, 2018
Amit Somani	1972	United Kingdom	Chief Strategy Officer	2015
Muna Al Muhairi	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 David Andrews	1975	United Kingdom	General Counsel	2019

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. 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 the Company'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 a MBA from the London Business School.

Andrew Francis Cole — *Chief Financial Officer*

Mr. Cole was appointed as Chief Financial Officer in July 2020 and is responsible for the overall financial management of the Company. Mr. Cole 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, a company with a constellation of Geostationary and Medium Earth Satellites. His primary functions covered all aspects of Finance including Financial Planning, Governance, Risk (including satellite insurance) and Compliance, Accounting and Global Controlling operations. He has also worked for EY and KPMG London as an external auditor and business advisor to many global enterprises. His experience during his years with the external auditors includes M&A and Financing, Corporate Restructuring, Commercial Planning, Tax, Treasury, Audit & Accounting as well as Risk Management. 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 and a Post Graduate certificate in International Business from the University of Edinburgh.

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 is responsible for the Company's satellite fleet, as well as designing and developing end-to-end space systems solutions to better serve the Company 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. 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 the Company's Strategy, Regulatory and Corporate Communications departments. He joined the Company 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, the Company'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 Muhairi – *Chief Human Capital and Administration Officer*

Ms. Al Muhairi joined the Group in 2007, prior to which she was Manager of Employee Services at Thuraya. In her current role, Ms. Al Muhairi 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 Muhairi holds a BA 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 focused 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 the Company in 2017 to merge and lead the Yahsat Operations team. Before joining the Company, 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 the Company'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 growth through both expanding the Company's footprint in the region, and value through widening the presence across the value chain. Prior to his roles as General Manager and Deputy Manager of YGS, he was the Executive Vice President of Engineering and Program 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 trained at UAEAF Signal Corps and was part of the Al Yah 1 and Al Yah 2 development programmes in France. 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 18 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. 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 holds an Executive MBA from INSEAD Business School, France and a Masters in Management of Entrepreneurial Leadership from Hamdan Bin Mohamed Smart University. He also has a BS in Communication Engineering from Khalifa University.

Paul David Andrews — *General Counsel*

Mr. Andrews is responsible for management of the Group's legal department, corporate governance function and compliance function. 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.

5.4 Conditions of eligibility and election of the Board:

Board members will be elected by an Ordinary General Assembly Meeting by cumulative voting through secret ballot (the **Cumulative Voting Procedure**). However, the first appointment of the Directors listed in section 5.2 was made by the Founder.

5.5 Director's competencies and responsibilities:

The principal duties of the Board are to provide the Company's strategic leadership, to determine the fundamental management policies of the Company and to oversee the performance of the Company's business. The Board is the principal decision making body for all matters that are significant to the Company, whether in terms of their strategic, financial or reputational implications. The Board has final authority to decide on all issues save for those which are specifically reserved to the General Meeting of Shareholders by law or by the Company's Articles of Association.

The key responsibilities of the Board include:

- determining the Company's strategy, budget and structure;
- approving the fundamental policies of the Company;
- implementing and overseeing appropriate financial reporting procedures, risk management policies and other internal and financial controls;
- proposing the issuance of new shares and any restructuring of the Company;
- appointing executive management;
- determining the remuneration policies of the Company and ensuring the independence of Directors and that potential conflicts of interest are managed; and
- calling Shareholder meetings and ensuring appropriate communication with Shareholders.

Members of the Board are appointed by the Shareholders for three-year terms. Board members may serve any number of consecutive terms. The business address of each of the Directors is Yahsat Headquarters, Sweihan Road, Al Falah, P.O. Box 93693, Abu Dhabi, UAE.

5.6 Board Committees

For several years prior to Listing, the Board has operated an Audit, Risk and Compliance Committee and a Human Capital Committee (equivalent to a Nomination and Remuneration Committee). As envisaged by the Governance Rules, with effect from Listing, the Board will rename the Human Capital Committee as the Nomination and Remuneration Committee. The Chairman is not permitted to be a member of either the Audit Committee or the Nomination and Remuneration Committee. If necessary, the Board may establish additional committees as appropriate.

A high-level overview of the mandate of each of these committees, as at Listing, is set out below.

- **Audit, Risk and Compliance Committee**

  The Audit, Risk and Compliance Committee gives due consideration to the applicable laws and regulations of the UAE, the Authority and the ADX, including the provisions of the Governance Rules.

From an audit perspective, the Audit, Risk and Compliance Committee assists the Board in discharging its responsibilities with regard to financial reporting, external and internal audits and controls, including reviewing and monitoring the integrity of the Company's annual and interim financial statements, reviewing and monitoring the extent of the non-audit work undertaken by external auditors, advising on the appointment of external auditors, overseeing the relationship with the external auditors, reviewing the effectiveness of the external audit process, and reviewing the effectiveness of the internal audit function. The ultimate responsibility for reviewing and approving the annual report and accounts remains with the Board.

The Audit, Risk and Compliance Committee has taken appropriate steps to ensure that the Company's external auditors are independent of the Company as required by the Governance Rules and has obtained written confirmation from the Company's auditors that they comply with guidelines on independence issued by the relevant accountancy and auditing bodies.

From a risk and compliance perspective, the Audit, Risk and Compliance Committee assists the Board in discharging its responsibilities relating to the evaluation of current and potential future risk and compliance exposure of the Group.

The Governance Rules require that the Audit, Risk and Compliance Committee must comprise at least three members who are Non-Executive Directors and have knowledge and expertise in financial and accounting matters, and at least two members must be independent. One of the independent members must be appointed as the Chairperson of the Audit, Risk and Compliance Committee. In addition, at least one member is required to have recent and relevant audit and accounting experience. The current members of the Audit, Risk and Compliance Committee are Badr Alolama (Chairman and independent Non-Executive Director), Gaston Urda (independent Non-Executive Director), Adrian Steckel (independent Non-Executive Director), Amal Al Ameri (non-Board member) and Madian Al Hajji (non-Board member). The Audit, Risk and Compliance Committee is required to meet at least four times a year.

- **Nomination and Remuneration Committee**

The Nomination and Remuneration Committee assists the Board in discharging its responsibilities relating to the composition and make-up of the Board and any committees of the Board. It is responsible for evaluating the balance of skills, knowledge and experience and the size, structure and composition of the Board and committees of the Board and, in particular, for monitoring the independent status of the independent Non-Executive Directors. It is also responsible for periodically reviewing the Board's structure and identifying potential candidates to be appointed as Directors or committee members as the need may arise. In addition, the Nomination and Remuneration Committee assists the Board in determining its responsibilities in relation to remuneration, including making recommendations to the Board on the Company's policy on executive remuneration, setting the over-arching principles, parameters and governance framework of the remuneration policy and determining the individual remuneration and benefits package of each of the Company's Directors and senior management.

The Governance Rules require the Nomination and Remuneration Committee to be comprised of at least three Non-Executive Directors, of whom at least two

must be independent. The chairperson of the Nomination and Remuneration Committee must be chosen from amongst the independent committee members. The current members of the Nomination and Remuneration Committee are Masood Mahmood (Non-Executive Director), Maryam Al Mheiri (independent Non-Executive Director), Rashed Al Ghafri (Chairman and independent Non-Executive Director) and Muna Al Muhairi (non-Board member). The Nomination and Remuneration Committee is required to meet not less than once a year.

5.9 Internal Audit

The Group has an independent internal audit function, which reports to the Audit, Risk and Compliance Committee and operates in compliance with the Governance Rules. The internal audit function assesses the design and effectiveness of the Group's Risk Management and Internal Control (**RMIC**) systems and provides assurance to the Audit, Risk and Compliance Committee and senior management. Moreover, the internal audit function conducts ad hoc financial, information technology, strategic and operational audits and special investigations. Internal Audit conducts its activities based on an annual Internal Audit Master Plan, which is discussed with and approved by the Audit, Risk and Compliance Committee. In order to conduct its duties it has full and unrestricted access to all activities, documents, records, properties and staff.

5.8 Directors and management compensation

The aggregate compensation payable to the members of the Board and the members of senior management listed above was AED 17,895,830 in the 12 months ended 31 December 2020 and is expected to be AED 18,450,732 in 2021.

The Company currently does not offer any share-based compensation schemes for its Directors and members of senior management, although following the Offering, the Company is considering introducing a new employee incentive scheme that will benefit members of the senior management as part of the eligible pool of employees.

SIXTH SECTION: ADDITIONAL INFORMATION

6.1 History of incorporation of the Company

The Company was incorporated in the Emirate of Abu Dhabi on 23 January 2007 as a private joint stock company by its sole shareholder, Mamoura Diversified Global Holding PJSC (previously Mubadala Development Company PJSC) pursuant to Federal Law No. (8) of 1984 in respect of Commercial Companies (the predecessor law to the Companies Law) and is registered in the Commercial Register with commercial license number 1005700 issued by the Department of Economic Development in the Emirate of Abu Dhabi. The initial term of the Company is 100 years, to be automatically renewed thereafter unless a special resolution dissolving the Company is passed by the General Assembly.

6.2 Conversion and Articles of Association

On 17 June 2021, the Company converted from a private joint stock company to a public joint stock company. The Memorandum of Association and Articles of Association referred to in this Prospectus (and as set out in Annex 2) are the memorandum of association and the articles of association that the Company adopted upon conversion.

6.3 Exemptions from the Companies Law

The Company is exempt from the following articles of the Companies Law: 11(2), 13, 14, 107(1), 109, 110, 112, 113, 114, 115, 116, 117, 124(1), 125, 126, 131, 132, 133, 149, 207, 215, 227, 228, 302, 303 and 344.

Set out below is a summary of those articles of the Companies Law from which the Company is exempt:

Article	Summary of provision
11(2)	A company incorporated in the UAE may conduct activity outside the UAE if its memorandum of association so provides.
13	The requirement to include the name of the company, its share capital, details of its commercial licence on all documents, records and communications issued by the company.
14	Memorandum of association of the company and any amendments thereto must be notarised, failing which they shall be invalid.
107(1)	There should be at least five founder members to incorporate a joint stock company.
109	Founders shall be jointly liable for damages suffered by the company and third parties if the incorporation rules and procedures have been contravened.

Article	Summary of provision
110	This article specifies the particulars which should be included in the memorandum of association and Articles of Association of a company.
112	Founders must establish a committee comprised of at least three members to complete the incorporation procedures and register the company with the relevant authorities. Founders committee shall be responsible for the correctness, accuracy and completeness of all documents, studies and reports submitted to the relevant authorities.
113 to 116	These articles set out the process and procedural requirements for applying to the competent authority and the Authority for incorporation of the company.
117	The founder members must subscribe to a minimum of 30% and a maximum of 70% of the issued share capital of the company prior to the invitation to public subscription. The founder members may not subscribe for shares offered for public subscription.
124(1)	Subscription offer period must be no less than 10 business days and no more than 30 business days.
125	In the event of over-subscription, shares to be distributed to subscribers pro rata to their respective subscriptions or as otherwise described in the prospectus.
126	This article sets out the procedural requirements and timing relating to allocation of shares and repayment of excess subscription funds to subscribers.
131 to 133	These articles set out the procedural requirements to convene the constitutive general assembly of the company and the application process to the Authority to issue the company's incorporation certificate.
149	This article provides that a person may not be a director of more than five joint stock companies in the UAE and imposes other restrictions on the number of corporate positions a person may hold.
207	Minimum par value per share shall not be less than AED 1.00.
215	Shares in cash or in-kind subscribed to by the founders may not be traded prior to the publication of the balance sheet and the profit and loss account for at least two fiscal years subsequent to the date of listing. Such restriction also applies to subscriptions

Article	Summary of provision
	made by the founders in the event of an increase of the share capital during such period.
227 and 228	These articles set out certain administrative obligations and requirements regarding the issuance and replacement of share, bond and sukuk certificates.
302 and 344	Article 302 requires the board of directors to convene a general assembly on every occasion the losses of the company reach 50% or more of its issued share capital, and such general assembly must adopt a resolution to either dissolve the company or continue with it as a going concern, failing which, any interested party may seek an order from the court to dissolve the company. Article 344 renders a breach of Article 302 an offence.
303	The Ministry of Economy, the competent authority or the Authority may require the company to be deregistered and liquidated due to lack of activity or if it is in contravention of the provisions of the Companies Law.

6.4 Description of Shares

Key rights and responsibilities of Shareholders

The key rights and responsibilities of the Shareholders pursuant to the Companies Law and the Articles of Association are as follows:

- The right to dividend distributions.
- The right to a proportionate share of the net assets of the Company upon liquidation.
- The right to attend and vote at the General Assembly and receive a copy of the Company's financial statements.
- The right to appoint the auditors of the Company through the General Assembly and determine their remuneration.
- The liability of each Shareholder is limited to the payment of the unpaid amount (if any) of the subscription value of the Shares held. The subscription monies on all Shares being offered in the Offering are fully paid.

The Shareholders' rights under the Articles of Association (for example the right to dividends and the right to receive their proportionate share of the net assets of the Company upon liquidation) may not be amended without the passing of a special resolution of the Company at a General Assembly, requiring the approval of at least 75% of the Shares represented at the General Assembly.

Share capital

The Company's issued share capital is AED 2,439,770,265, divided into 2,439,770,265 Shares, the nominal value of each Share being AED 1.00. All of the Shares are equal in all aspects.

Voting rights

Each Shareholder has the right to attend the General Assembly and has a number of votes equal to the number of their Shares.

Share Register

Upon listing on the ADX, the Shares will be dematerialised and the Share Register will be maintained by the ADX.

Rights attaching to Shares

The Shares are indivisible. In the event that ownership of a Share devolves by inheritance upon several heirs, or was held by several persons, those persons are to select one of them to represent them towards the Company.

Each Share confers upon its owner an equal right to a share of the Company's assets at the time of liquidation and a share of profits, and to attend the General Assemblies and vote on any proposed resolution at a General Assembly.

Financial Year

The Financial Year of the Company starts on 1 January and ends on 31 December of each year.

Dividends

Dividends due on Shares are to be paid to the owner of those Shares who is registered in the Share Register of the Company, in accordance with the regulations, resolutions and circulars issued by the Authority in this respect. Each Shareholder has an exclusive right to such payments made on its Share, in the form of a share in profits of the Company.

The General Assembly is to determine a percentage from the annual net profits of the Company (after costs and expenses) to be distributed to the Shareholders, provided that during any year, if the net profit does not allow distribution of dividends, the Shareholders may not demand to receive dividends from the profits of the subsequent years.

The members of the Board are to receive remuneration, to be specified by the General Assembly on an annual basis, provided that such remuneration does not exceed 10% of the net profits for the Financial Year after deducting depreciations and statutory reserve.

The remaining net profits of the Company are to be, upon recommendation from the Board, either distributed in whole or in part among the Shareholders, or shall be carried over to the following year or shall be allocated to create a voluntary reserve.

Board

The Board has broad authority to manage the Company's affairs and to perform all tasks that are not specifically reserved for the General Assembly.

Appointment

The Company is managed by a Board composed of nine members. The members of the Board are elected by the General Assembly by secret ballot using the Cumulative Voting Procedure. The Chairman and the majority of the Board must be UAE nationals.

Candidates proposed for election as members of the Board must satisfy the nomination conditions specified from time to time by the Nomination and Remuneration Committee of the Company.

Each member of the Board is appointed for a term of three years, and it is permissible for members of the Board whose tenure has expired to be re-appointed.

Appointment of the Chairman and the Powers of the Chairman

The Articles of Association provide that the Board is to elect, by secret ballot in the first meeting following the election of the members of the Board, from amongst their members, a Chairman and a Vice Chairman. The Chairman is the legal representative of the Company and represents the Company before the judiciary and third parties, and implements the resolutions adopted by the Board. The Vice Chairman shall assume the role of the Chairman in the Chairman's absence or if the Chairman is unable to act.

It is not permissible for the same individual to contemporaneously hold the position of Chairman and managing director of, or any other executive function in, the Company.

In the event that there is an equality of votes by the members of the Board, then the Chairman (or his/her deputy) has a casting vote.

Liability of the Board

The Chairman and other members of the Board are liable towards the Company, the Shareholders and third parties for all acts of fraud, abuse of power, violation of the Companies Law and violation of the Company's Articles of Association, in addition to mismanagement.

The liability of the members of the Board is joint if the mismanagement resulted from a unanimous resolution of the Board. However, where the relevant resolution was adopted by a majority vote, the dissenting members of the Board will not be liable provided that they have recorded their objection in the minutes of the meeting. A member of the Board who was absent from the meeting in which the resolution was adopted will not be relieved from liability unless it can be proven that he / she had no knowledge of the resolution or that he / she knew about the resolution but had not been able to object to it.

The Company has the right to file a claim against the Board for errors that may result in damages to all the Shareholders, pursuant to a resolution issued by the General Assembly to appoint a representative to initiate such a claim. Any Shareholder may independently file a claim before the courts against the Company, the Board or the

Company's executive management if they sustain damage as a result of an act performed by any of them in violation of the Companies Law.

Meetings of the Shareholders of the Company

The Board may call a General Assembly whenever it deems it necessary, at such time and location as it may determine, provided the General Assembly is convened in the Emirate of Abu Dhabi.

The General Assembly must convene at least once per year upon summons issued by the Board within four months following the end of the Financial Year. This annual General Assembly shall convene to: (i) discuss and review the Board's report on the Company's activities; (ii) discuss and review the Company's financial position during the year; (iii) discuss and review the auditor's report; (iv) approve the Company's financial statements; (v) approve the method for distributing profits; (vi) elect members to the Board, when necessary; (vii) appoint the Company's auditor and determine their fees; and (viii) release the members of the Board and the auditor from liability or decide to initiate proceedings against them, as the case may be.

The Board must invite the General Assembly to convene whenever requested by the Authority or by the Company's auditor or by Shareholders holding at least 10% of the Company's share capital. The invitation to convene the General Assembly must, in all cases, be issued within five days of the date of the request. In such cases, the General Assembly meeting shall be held within a period not exceeding 30 days from the date of the invitation.

Invitation and notice period

A General Assembly is convened by a notice from the Board. After obtaining the Authority's approval, notice to the Shareholders must be sent by registered mail, and published in two daily newspapers published in the UAE, at least one of which must be in the Arabic language, or as may be specified by the Authority, at least 15 days prior to the meeting of the General Assembly. The notice must include an agenda. Copies of the invitation and the agenda must also be sent to the Authority and the competent authority.

Agenda

The agenda of the General Assembly is to be set by the Board. However, in cases where the General Assembly is convened at the request of the Shareholders, the auditors or the Authority, the agenda is to be set by the party requesting the convening of the General Assembly.

It is not permissible for the General Assembly to deal with matters other than those set out in the agenda. However, the General Assembly may be permitted to discuss important matters revealed during the meeting, matters requested by the Authority, or matters requested to be included by Shareholders representing at least 5% of the share capital of the Company who ask at the start of the General Assembly.

Registration

A Shareholder who wishes to attend a General Assembly must register their name in the electronic register kept for that purpose at the place of the General Assembly meeting prior to the convening of the meeting. Such register shall include the name of

the Shareholder, the number of Shares they own or represent, the names of the represented Shareholders (if any), and the appropriate letters of authorisation and powers of attorney.

Quorum

Registration for attending a General Assembly shall be closed at the time determined in the notice to attend the relevant meeting. Immediately thereafter, the chairman of the meeting shall announce the existence or absence of a quorum.

There shall be a quorum present at a General Assembly if Shareholders holding (or representing by proxy) at least 50% of the share capital of the Company are present. If quorum is not present at the first meeting of the General Assembly, the General Assembly shall be adjourned to another meeting to be held at least five days, but not in excess of 15 days, from the date of the first meeting. There will be a quorum present at the second meeting irrespective of the number of Shareholders present.

Rights of Shareholders at General Assemblies

Every Shareholder is entitled to attend the General Assemblies and vote on any proposed resolution at a General Assembly. Any Shareholder may appoint a proxy, who must not be a member of the Board, to attend the General Assembly on their behalf. Such authorisation is to be considered valid if it is confirmed by a written proxy according to conditions set by the Board. In all cases, the proxy holder may not in such capacity hold more than 5% of the Shares of the Company. Incapacitated Shareholders must be represented by their legal representatives. A corporate person may delegate the power to represent it in the General Assembly to its representative, or to those in charge of its management or any of its employees, pursuant to a resolution of its board of directors or equivalent.

Ordinary resolutions of the General Assembly are passed when the Shareholders or proxies/ representatives holding the majority of the Shares present at the meeting of the General Assembly vote in favour. Special resolutions of the General Assembly are passed when Shareholders or proxies/ representatives holding at least 75% of the Shares present at the meeting of the General Assembly vote in favour.

Chairing the General Assembly

The General Assembly is to be chaired by the Chairman of the Board or, in his/her absence, the Vice Chairman of the Board or, in the absence of both of them, by any Director so appointed by the Board for that purpose. If the Board does not choose a Director for such purposes, the meeting shall be chaired by a person elected by the General Assembly. The chairman of the General Assembly is to recommend the appointment of a secretary for the meeting and a vote collector to be approved by the General Assembly. In the event that the General Assembly considers a matter relating to the chairman of the General Assembly, it must select a Shareholder to chair the meeting during such time.

The Company must record the minutes of meetings of the General Assembly, and confirm attendance in records maintained for this purpose. These minutes are to be signed by the chairman of the General Assembly, the secretary of the General Assembly, the vote collector and the Company's auditors. Signatories to the minutes shall be responsible for the accuracy of the information contained therein.

Transfer of Shares

The Articles of Association provide that, if the Shares are listed on a financial market, the Company must comply with the laws, regulations and decisions which are applicable to that financial market in relation to the issuance and registration of Shares, the transfer and trading of those Shares, and any rights arising therefrom. No transfer of, dealing in or pledging of shares in the Company is to be recognised if such transfer, dealing or pledge would result in contravention of the Articles of Association or any rules and regulations issued by the Board in this regard.

Unless the Board resolves otherwise and without prejudice to the related applicable laws and government resolutions in the UAE, ownership of Shares by UAE nationals must not, at any time, fall below 51% of the Company's share capital.

Pre-emption rights

If the Company carries out an increase in share capital, all Shareholders have a pre-emption right to subscribe for their proportionate share in such capital increase, save that such pre-emption right shall not apply in the following circumstances:

(a) the Company establishing and operating employee incentive schemes;

(b) a strategic partner becoming a Shareholder;

(c) conversion of the Company's debts, sukuk or bonds into Shares;

(d) merger with another company; or

(e) the Company acquiring an existing company and issuing new shares in the Company to the partners or shareholders of that acquired company.

Winding-up

The Company is incorporated for a 100 year term, which is renewable automatically for consecutive similar terms unless a special resolution dissolving the Company is passed by the General Assembly.

The Company may be dissolved for any of the following causes: (i) the expiration of the term of the Company, unless it is renewed in accordance with the rules set out in the Articles of Association; (ii) the expiration of the objects for which the Company was established; (iii) the term of the Company is terminated by a special resolution passed by the General Assembly; or (iv) merging the Company with another company.

6.5 Related party transactions

The Company will comply with requirements prescribed under the Governance Rules for listed public joint stock companies and any other rules and regulations issued by the Authority concerning dealing with related party transactions.

6.6 Material events and contracts concluded by the Group within and before the conversion period (including related party agreements)

The following is a summary of certain terms of the Group's material contracts and related party agreements. The following summaries do not purport to describe all of

the applicable terms and conditions of such contracts and are qualified in their entirety by reference to the actual agreements.

Material Contracts

- Underwriting Agreement

  Subscribers in the Second Tranche are not required to pre-fund their applications, except for Subscribers who present their applications through the Receiving Banks (as mentioned above in this Prospectus). This creates a risk that they will not pay for, or purchase, the Offer Shares applied for by them. Given the Offer relates to Shares being offered by the Founder for sale, this settlement risk is borne wholly by the Founder and not by the potential Subscribers or the Company. This settlement risk will be addressed by the Founder by way of an underwriting agreement that will be entered into between the Company, the Founder and certain investment banks (the **Underwriters**) (the **Underwriting Agreement**). This is in line with international practice to which international investors are accustomed. Pursuant to the Underwriting Agreement, the Underwriters will, following determination of the Final Offer Price and subject to certain other conditions being satisfied, underwrite the purchase of the Offer Shares allocated in the Second Tranche. The Underwriters will not be obliged to purchase, and pay for, any Offer Shares for which no applications from Subscribers are received.

  Under the terms of the Underwriting Agreement, the Company has provided certain representations, warranties and indemnities to the Underwriters.

- Capacity Services Agreement

  Al Yah Advanced Satellite Communications Services PJSC (the **Supplier**), a wholly owned subsidiary of the Company, entered into a capacity services agreement with the Government (the **Customer**) dated 27 March 2008, as amended on 27 February 2009 and 30 October 2011 (together, the **CSA**). Under the CSA, the Supplier provides to the Customer (and certain other Government customers) certain satellite capacity services (the **Services**) through a satellite system procured, owned, operated and maintained by the Company (the **Satellite System**). The Satellite System comprises two geostationary satellites (respectively Al Yah 1A and 1B, now renamed Al Yah 1 and 2) and associated infrastructure, and also includes military ground user terminals and a military network control centre (the **Military Ground Segment**), which have been procured by the Company on behalf of the Customer.

  The Services primarily comprise satellite communications capacity on Al Yah 1 (21 Ka band transponders and 2 Ku band transponders) and Al Yah 2 (21 Ka band transponders). The Customer contracted for Services for a period of 15 years, ending on 8 November 2026. In addition to the provision of the Services in accordance with prescribed service levels, the Supplier must (inter alia) comply with strict security requirements and maintain certain prescribed insurances.

  The charges in respect of the Services (**Capacity Charges**) are based on the availability of the Services, irrespective of actual usage by the Customer, as

the capacity is dedicated to the Customer. Where capacity is not already in use, it may be marketed to third parties, including government customers in the region, with third party sale revenues shared between the Supplier and the Customer.

Capacity Charges were initially set at approximately USD 214 million per annum, with 30% of the Capacity Charges increased at a fixed compounded growth rate of 3% per annum. Payment is in US Dollars on a semi-annual basis in advance. The Capacity Charges include fixed and variable costs and have been sized to cover amounts required by the Supplier to cover its debt service under the project finance facility used for the construction and development of the Satellite System (such debt originally being provided by a syndicate of banks under Term Loan 1 but subsequently acquired by Yahsat Treasury Sole Proprietorship LLC, a wholly-owned subsidiary of the Company). After discharge of all liabilities under the project financing facility relating to the Satellite System (expected to occur in December 2022), the Supplier shall subsequently set-off in each payment period an amount received by it as a down payment from the Customer (being USD 291 million) against the subsequent payment of Capacity Charges and lease charges (if applicable) by the Customer, until the amounts deducted in aggregate equal the down payment received as at that date. The Customer is required to maintain a letter of credit covering six months of the Capacity Charges, as security for their payment obligations.

Capacity Charges may be reduced to a limited extent by service credits, which will be applied if the Supplier is unable to provide the Services to the Customer in accordance with the agreed service levels. Service credits may not reduce the Capacity Charges by more than 13% or 50% (before or after repayment of the project financing, respectively) in any given six month period.

The Supplier may terminate the CSA in limited circumstances for Customer default, including unremedied payment default, failure to maintain the prescribed revolving letter of credit or certain expropriation events.

The Customer may terminate the CSA in certain circumstances which include, without limitation, material breach by the Supplier, failure to comply with prescribed security requirements, permanent service level failure beyond an agreed threshold, force majeure and change of control (broadly the Government ceasing to hold 51% of the Supplier).

In all cases of termination (including Supplier default, Customer default and termination by Customer for convenience), the Customer is required to make a termination payment to the Supplier, with such termination payment varying depending on the situation giving rise to the termination.

Both parties indemnify each other against all claims in respect of any injury or death caused to or suffered by any member of the other party and any third party, and loss of or damage to any property of the other party, as a result of performance by, negligence or wilful default of the indemnifying party. The Supplier also indemnifies for the Contractor under a related supply agreement. Such liabilities are limited as detailed in the CSA.

- T4-NGS Capacity Services Agreement

  Star Satellite Communications Company PrJSC (**Star**) and the Government are party to a contract dated 17 June 2021 for the provision of L-Band Satellite Communication Services.

  The contract is expressed to be divided into two phases, being:

  (a) an integration phase during which Star will be responsible for the construction of a satellite, ground station, networks systems and the provision of service equipment to the Government; and

  (b) an operational phase during which Star will provide managed L-band capacity services to the Government on the terms of this agreement.

  The term of the contract is a maximum of 20 years, with the integration phase lasting for a duration of up to five years and the operational phase lasting for 15 years thereafter. Star shall propose renewal terms at least 24 months prior to end of the term of the contract, at the lowest possible price based on reasonable commercial considerations, and within prescribed upper and lower limits.

  The total value of the contract is AED 2,601,900,000 exclusive of VAT, to be paid as follows:

  (a) an advance payment of AED 1,101,900,000 to be paid in two equal instalments during the integration phase (in 2022 and 2023). The advance payment will be set off against service charges over 60 quarters during the operational phase (approximately AED 18.3 million per quarter); and

  (b) a total amount of AED 1,500,000,000 (after setting off the advance payment) for operating services to be paid in quarterly instalments in arrears during the operational phase, representing a net amount of AED 25,000,000 per quarter.

  In the event that the Government requests additional capacity during the term of the contract, Star undertakes to provide such additional capacity depending on availability at prescribed prices. The Government or Star may request to resell some of the Government's dedicated capacity based on a profit share basis and subject to certain limitations and conditions.

  Service credits apply quarterly to specified services and are limited to 10% of the quarterly gross service charge. However, if the space segment availability rate over a given quarter falls below 70%, the corresponding quarterly service charge is forfeited entirely.

  During the integration phase, liquidated damages for delay in launch and commencement of services may become due and accrue on a daily basis up to a maximum of 10% of the value of the advance payment. If the relevant delay is caused by another contractor, Star will be responsible for a portion of such liquidated damages only.

During the operational phase, if Star fails to provide a service and the Government is unable to implement the service credits, liquidated damages will accrue on a weekly basis up to 10% of the value of that service. The Government also has a risk purchase right at Star's expense (including a 5% uplift).

The Government may terminate the contract, if (inter alia) (i) Star fails to perform the contract or commits an uncured material breach; (ii) service levels fall below 70% for three consecutive or 10 non-consecutive quarters; (iii) Star engages in corruption or fraud; (iv) Star becomes insolvent; (v) a force majeure event occurs for more than 90 days. In general, upon termination by the Government, Star must reimburse the remaining unamortized amount of the advance payment.

The Government may also terminate for convenience by giving three months' notice at any time during the operational phase, upon payment of 100% of the remaining service charges up to 8th anniversary of service commencement (if terminating before the 8th anniversary), plus 50% of the service charges that would have applied from the 8th anniversary until the end of the term of the contract (less the unamortized amount of the Government's advance payment).

Either party may terminate the contract where (i) the T4 satellite manufacturing contract terminates or (ii) there is a capacity failure. Financial consequences of termination will depend on whether the Government is in default of its obligations under the contract at time of such termination. Where the Government is in default, it forfeits its right to the return of the advance payment, and where it is not in default, the Government will be reimbursed on a "rateable refund" basis.

- Operation and Maintenance Agreement

  Star Satellite Communications Company PJSC (**Star**), a wholly owned subsidiary of the Company, and the Government are party to an operations, maintenance and training contract dated 16 April 2019 pursuant to which Star agrees to provide certain services relating to satellite communications, operations, maintenance and training (**O&M Agreement**).

  The performance by Star of its obligations is assessed against certain key performance indicators (**KPIs**) every three months pursuant to a schedule specified in the O&M Agreement. The total value of the O&M Agreement is AED 236,000,000 and covers the period up to 15 September 2020. Payment for the services are to be made in quarterly instalments in accordance with the invoicing process set out in the O&M Agreement.

  If there is a delay by Star in providing any of the services, a penalty ranging from 1% up to a maximum of 10% of the price of the relevant services will be levied, depending on the duration of the delay. The Government also has the right to engage another service provider, at Star's cost, to provide any service that Star fails to provide, or to terminate the relevant part of the O&M Agreement which relates to that service and make deductions in relation to the price of such services from the performance bond provided by Star under the O&M Agreement.

Star agrees provide certain indemnities to the Government, including an indemnity against all claims in respect of injury or death caused to or suffered by any personnel of the Government or any third party, and loss of or damage to any property of the Government. The maximum liability of Star under such indemnities shall not be exceed the value of the O&M Agreement.

A performance bond for 10% of the value of the O&M Agreement is provided by Star to the Government, and which is to remain in place until expiry of the warranty period under the O&M Agreement (being the period ending three months after the last final acceptance certificate given by the Government).

The Government may terminate the O&M Agreement in circumstances which include failure to meet the prescribed KPIs for certain durations, negligence or wilful misconduct in the provision of services, fraud or refusal or failure by Star to comply with the Government's instructions without justification. In all cases of termination by the Government, the Government may enforce the performance bond and reserves its right to any damages it may be entitled to.

Star may terminate the O&M Agreement in limited circumstances only such as the occurrence of force majeure events that last longer than 3 months.

The O&M Agreement had a term which expired on 15 September 2020, but was renewed until 15 March 2021. Star has been requested by the Government to extend the O&M Agreement for a further term expiring on 31 December 2021, and on the same terms and conditions in the O&M Agreement. Pursuant to both extensions, fees are payable on a quarterly basis at the same rates already in the O&M Agreement (but pro rated for the relevant extension periods). A new O&M contract is expected to be signed at the end of 2021. The new O&M contract is expected to expire at the end of 2026, and may add up to a further U.S.$175 million to the Group's existing contracted backlog for Managed Solutions.

- Purchase Agreement with Airbus

Star Satellite Communications Company PJSC (**Star**) entered into an agreement dated 20 August 2020 with Airbus Defence and Space SAS (**Airbus**), as amended on 20 December 2020 (the **Airbus Agreement**), for the construction and supply of a next generation communications satellite known as Thuraya 4-NGS (**Thuraya 4** or the **Satellite**), and the option to procure an additional satellite designated as Thuraya 5-NGS (**Thuraya 5**).

Under the Airbus Agreement, the key elements of the work to be performed by Airbus are the provision of: Spacecraft; a dynamic software simulator for the Satellite; launch support services; training; and procurement of launch and on-orbit insurance.

Star's main responsibilities under the Airbus Agreement include, but are not limited to, providing reasonable assistance to Airbus in obtaining necessary UAE government approvals, obtaining and maintaining necessary orbital location, frequency spectrum and other approvals, identifying and liaising directly with the designated launch agency in relation to the launch of Thuraya 4, making payments to Airbus and providing Airbus with access to staff and premises in order to install ground equipment.

Star is required to pay, on an instalment basis, a fixed price for the purchase of the Satellite and the other elements of the work under the Airbus Agreement. Payment is due upon the full, satisfactory and timely completion and delivery of the items of the work for each payment milestone (as per the payment plans set out in Amendment No. 1) and upon acceptance by Star. The total contract price is USD 301,325,200, payable in accordance with the payment schedule set out in Amendment No. 1. The last invoice submission date is 27 May 2024, with payment due within 45 days of receipt of the relevant invoice.

Star has the benefit of an advance payment guarantee and/or a performance bond if Airbus' credit rating is reduced to BBB. Airbus may be required to refund a certain amount of the price in the event of sub-standard or degradation of performance of the Satellite during its service life (within certain parameters described in the Airbus Agreement).

The Airbus Agreement contains a schedule for delivery of the Satellite / works, and liquidated damages accrue to reflect the cumulative delay in the delivery schedule and only become due and payable by Airbus following achievement of a specified milestone.

Star has the option to purchase additional equipment and/or services from Airbus. Such option relates specifically to the procurement of Thuraya 5, an additional satellite (Thuraya 6) in case Thuraya 4 is not successfully deployed, additional satellite storage for up to four and a half years, additional fuel life, additional support, and an extension to Airbus' operation of the Satellite. Airbus has opted to integrate increased power features (additional solar array and thrusters) which may be deployed to reduce orbit raising time in case of delay in the programme.

Star may terminate the Airbus Agreement for convenience at any time before the launch of the Satellite (as defined in the Airbus Agreement) upon written notice to Airbus, in which case Airbus will be entitled to receive certain liquidated damages to be calculated in accordance with the Airbus Agreement. If Star terminates as a result of Airbus' default, Star is entitled to a refund of any payments relating to the terminated portion of the work plus additional amounts as liquidated damages.

Airbus has a termination right under the Airbus Agreement upon the occurrence of certain events, limited to the insolvency of Star or upon a breach by Star of its payment obligations.

Under the Airbus Agreement, Airbus grants to Star certain non-exclusive, royalty free, worldwide licences to use certain software and other intellectual property rights provided by Airbus to Star as part of the deliverables under the Airbus Agreement. Airbus also agrees to indemnify Star, its affiliates and consultants, and any key customer of Star from all liability resulting from any third party infringement claim in relation to the intellectual property rights in respect of the work, including the Satellite and ground segment items. Star indemnifies Airbus against any liability arising out of any infringement claim in relation to any patent, registered design, copyright, trade mark or trade name, resulting solely from the use or possession by Airbus of Star proprietary materials supplied under the Airbus Agreement.

- Equity Partnership Agreement - Hughes do Brazil

Star Satellite Communications Company PrJSC (**Star**), the Company, Hughes Network Systems LLC (**HNS LLC**) and HNS Participações e Emrpeendimentos S.A. (**HPE**) entered into a joint venture agreement dated 29 November 2019 in relation to HPE, a corporation established under the laws of Brazil (the **Brazil JVA**). Star was issued a number of shares equivalent to a 20 per cent. shareholding in HPE in return for its contribution to HPE of the company Yah Latam Holding SA in order to enable HPE to carry on certain business in Brazil. HNS LLC (which was already a shareholder in HPE) retained a shareholding equivalent to 80 per cent in HPE in consideration for retaining in HPE its contribution of the business that was then currently operated by HPE in Brazil.

Under the terms of the Brazil JVA, HPE shall provide (a) commercial broadband services and (b) enterprise solutions in Brazil, both directly and indirectly to end-users, for the purposes of providing broadband internet and other connectivity solutions (the **Brazil Business**).

HNS LLC, as majority holder of HPE, may appoint up to three directors, and Star, as minority holder of HPE, may appoint up to two directors. All decisions of the board of directors are to be approved by a majority of votes cast. Certain material decisions are reserved to the unanimous approval of the shareholders.

Star may, at any time within the first three years of the term of the Brazil JVA, subscribe for additional shares in HPE at fair value, up to a maximum number of shares equal to 10% of the fully diluted share capital as at the date of the Brazil JVA.

Each shareholder agreed to provide HPE further funding in accordance with its equity proportion, such funding to be subject to annual cumulative caps between 2019 to 2021, and which from 2021 onwards may not exceed USD 200 million in aggregate. The full amount has now been funded by the shareholders.

Either of HNS LLC or Star may, at any time, propose to the HPE board a capacity expansion plan regarding additional Brazilian capacity (**Follow-On Capacity**). The cost of any such Follow-On Capacity must not exceed USD 500 million and must comprise of at least 30% debt financing, with the remaining portion funded by HNS LLC and Star. If the board of HNE determines that additional equity funding from HNS LLC and Star is required for the Follow-On Capacity then HNE shall offer shares to both HNS LLC and Star at fair value. Each of HNS LLC and Star may choose to subscribe for further shares, opt-out of the option or defer the option for 24 months.

The Brazil JVA contains a number of events of default resulting in the termination of the joint venture, which include, without limitation (i) a change of control of a shareholder without the prior written consent of the other shareholder; or (ii) if a shareholder's holding in HPE falls below 10% of the issued share capital of HPE. Upon the occurrence of an event of default, the non-defaulting shareholder will have the right to purchase the defaulting shareholder's shares at fair value and, in certain limited circumstances, may have the right to require the defaulting shareholder to purchase its shares in HPE.

In addition to the Brazil JVA, Star, HNS LLC and HPE entered into a deed of contribution and associated ancillary documents dated 29 November 2019 (the **Brazil Contribution Deed**) under which Star contributed certain assets, liabilities and employees (the **Brazil Contributed Assets**) to HPE (which holds and operates HNS' existing business in Brazil) to enable it to carry out the Brazil Business. Star contributed its wholly-owned subsidiary operating in Brazil. If any other assets held by a member of Star's or HNS LLC's group are identified as being exclusively used in the Brazil Business, then Star and HNS LLC are obligated to procure that such assets be transferred to HPE. Except as required under the Brazil Contribution Deed, or as stated above, no shareholder of HPE is obliged to contribute any funds or assets or give any security or guarantee on behalf or for the benefit of HPE or any group company.

- Equity Partnership Agreement - BCS

  Star Satellite Communications Company PrJSC (**Star**), the Company, Hughes Network Systems Holdings (UK) Ltd (**Hughes**), Hughes Network Systems LLC (**Hughes Parent**) and Broadband Connectivity Solutions (Restricted) Limited (**BCS**) entered into a joint venture agreement dated 6 December 2018 in relation to BCS, a restricted scope company established in the Abu Dhabi Global Market owned by Star (80%) and Hughes (20%) (the **BCS JVA**). In return for shares in BCS, Star contributed to BCS certain identified assets to enable BCS to carry on its business and certain insurance monies (representing loss of use on the satellite Al Yah 3 due to an anomaly experienced by Al Yah 3), and Hughes contributed an amount of USD 100 million.

  Under the terms of the BCS JVA, BCS shall provide commercial geostationary Ka-band satellite broadband services in Africa, the Middle East and South West Asia, both directly and indirectly to end-users, for the purposes of providing broadband internet and other connectivity solutions (the **BCS Business**).

  Star, as majority holder of BCS, may appoint up to three directors, and Hughes, as minority holder of BCS may appoint up to two directors. All decisions of the board of directors are to be approved by a majority of votes cast. Certain material decisions are reserved to the unanimous approval of the shareholders.

  Hughes may, under certain circumstances, within the first three years of the term of the BCS JVA, elect to subscribe for additional shares (which may be such number of shares determined by Hughes that does not result in Hughes holding more than 40% of the entire issued share capital of BCS on a fully diluted basis) at fair value by serving written notice on Star and BCS.

  Either Star or Hughes may require BCS to proceed with a proposed capacity expansion plan (**Capacity Expansion Plan**). The cost of any Capacity Expansion Plan must not exceed USD 500 million and should be funded by BCS cash before any new debt or equity is raised. If it is determined that equity investment is required for the Capacity Expansion Plan, the first USD 60 million of the required funding shall be funded through an issue of shares in BCS to Hughes at a subscription price per share of USD 0.90 (assuming Hughes wishes to participate in the Capacity Expansion Plan). The balance of the required funding shall be funded through an issue of shares in BCS at a

subscription price per share of USD 1 (assuming each of Hughes and Star wish to participate in the Capacity Expansion Plan).

The BCS JVA contains a number of events of default resulting in the termination of the joint venture, which include, without limitation (i) a change of control of a shareholder without the prior written consent of the other shareholder; or (ii) if a shareholder's holding in BSC falls below 10% of the issued share capital of BCS. Upon the occurrence of an event of default, the non-defaulting shareholder may have the right to purchase the defaulting shareholder's shares in BCS at fair value and, in certain limited circumstances, may have the right to require the defaulting shareholder to purchase its shares in BCS.

In addition to the BCS JVA, Star, Hughes and BCS Investments LLC (**BCS LLC**, an operating company established pursuant to the BCS JVA and wholly owned by BCS) entered into a deed of contribution and associated ancillary documents dated 6 December 2018 (the **BCS Contribution Deed**) under which Star contributed certain assets, liabilities and employees as a going concern (the **BCS Contributed Assets**) to BCS LLC to enable it to carry out the BCS Business. The transfer of the BCS Contributed Assets was structured as a contribution to the capital of BCS, which in turn contributed such assets to BCS LLC. Star may also be required to contribute other assets held by its group that are identified as being exclusively used in the BCS Business. Except as required under the BCS Contribution Deed, no shareholder of BCS is obliged to contribute any funds or assets or give any security or guarantee on behalf, or for the benefit, of BCS or any group company.

Borrowings

- Term Loan 1

  Al Yah Advanced Satellite Communications Services PrJSC, a Group subsidiary, is the borrower on a project finance basis which was originally established by a syndicate of banks. The purpose of the term loan was to enable the Group to finance the construction of its first two satellite systems (Al Yah 1 and Al Yah 2), ground segments and related infrastructure. The amount of the term loan drawn down was USD 984 million at the end of the availability period in 2012.

  Term Loan 1 is repayable in 21 semi-annual instalments, commencing 31 December 2012 and ending on 29 December 2022 and is required to be repaid earlier in certain limited circumstances. Term Loan 1 bears interest at floating rates calculated by reference to LIBOR plus a margin ranging from 1.1% to 1.4% over the term of the loan.

  Term Loan 1 includes a range of covenants including limitations on certain disposals by certain Group companies related to the first two satellites (not including the transponders leased to Al Maisan on Al Yah 1 and to BCS on Al Yah 2), the incurrence of further indebtedness by the borrower and the Company and the ability of certain Group companies to enter into material contracts. The term loan also contains comprehensive insurance requirements and distribution covenants linked to the historical and projected debt service

coverage ratio and receipt of the next period's capacity charges invoiced in advance pursuant to the CSA.

There is a wide range of events of default under Term Loan 1, including an event of default if either of a projected or historic debt service coverage ratio is 1.05:1.00 or less on a calculation date. The debt service coverage ratios are determined by reference to the borrower's cash flow available for debt service (as defined in the Term Loan 1 credit agreement) divided by its debt service obligations (essentially principal and interest under Term Loan 1 plus any related hedging costs). The borrower has been in compliance with these ratios at all times and, at the most recent calculation date, its projected and historic debt service coverage ratios were 1.37:1.00 and 1.43:1.00, respectively.

On 14 June 2021, the outstanding commitments under Term Loan 1 were acquired by Yahsat Treasury, a wholly-owned subsidiary of the Company, at which point Yahsat Treasury became the sole lender under the Term Loan 1 facility. Yahsat Treasury funded the transaction using borrowings under the New Term Loan Facility (as discussed below). All but one of the existing interest rate swaps under Term Loan 1 have been terminated and the borrower has novated the remaining existing interest rate swap to Yahsat Treasury in its capacity as the borrower under the New Term Loan Facility.

- Term Loan 4

  Thuraya obtained this facility in 2016, before the Group's acquisition of Thuraya in 2018, for a total available commitment of USD 17.7 million (AED 65 million), of which Thuraya drew down USD 5.4 million in 2016 and USD 12.2 million during February 2018, all prior to the Group's acquisition of Thuraya. The loan is repayable in equal monthly instalments over five years at the Emirates Interbank Offered Rate plus 4%, with a minimum rate of 5.75%. The loan is structured as an Ijarah ("lease to own") facility related to Thuraya's primary gateway and ground segment assets and business expansion. It is 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 2020, Thuraya repaid USD 4.3 million (2019: USD 4.3 million).

  Under the terms of the facility, Thuraya is required to maintain a minimum tangible net worth of USD 95 million (AED 350 million). At 31 December 2020, Thuraya's tangible net worth, as defined in the agreement, amounted to USD 123.9 million.

- New Term Loan Facility

  On 14 June 2021, Yahsat Treasury (as borrower) entered into the New Term Loan Facility on a corporate finance basis with a syndicate of banks. The amount of the new term loan is USD 400 million with a tenor of 5 years and an availability period of 180 days starting after the date of the New Term Loan Facility, which is scheduled for draw down in full on or around 22 June 2021. The New Term Loan is repayable semi-annually but is subject to an 18-months grace period starting from the date of the New Term Loan Facility. The upfront financing fee on the New Term Loan Facility is 0.75% and is expected to be deducted in full upon initial drawdown and accreted over the tenor of the New Term Loan Facility.

Borrowings under the New Term Loan Facility may be applied towards (i) funding the purchase of the outstanding commitments of the lenders under Term Loan 1, (ii) payment of financing costs related to the New Term Loan Facility and (iii) general corporate purposes. The Company intends to use part of the borrowings under the New Term Loan Facility to pay a dividend to the Founder before the closing date of the Offering. The rationale behind the New Term Loan Facility is to offer the flexibility to utilize the under-leveraged cash flows derived from contracted backlog to accommodate enhanced shareholder returns and further growth plans. The obligors under the New Term Loan Facility are the borrower, Star and the Company.

The lenders under the New Term Loan Facility and hedging banks (under the New Term Loan Facility and ECA Facility) (as discussed below) benefit from an English law assignment (by way of security) by the borrower over the proceeds of Term Loan 1 and corporate guarantees to be provided by Star and the Company.

The New Term Loan Facility bears interest at floating rates calculated by reference to LIBOR plus a margin of 1.30% per annum over the term of the New Term Loan Facility. The borrowings under the New Term Loan will be fully hedged against variable interest rate risk exposure by entering into an interest rate swap in order to convert its floating rate interest payments under the new term loan into fixed rate interest. In addition, the borrower pays a quarterly commitment fee equal to 30% of the applicable margin per annum on the New Term Loan Facility until the end of availability period or full drawdown, whichever is earlier.

Borrowings under the New Term Loan Facility may be prepaid without penalty or premium (other than customary breakage costs). However, the borrower must mandatorily prepay outstanding borrowings under the New Term Loan Facility if (i) it receives (A) any mandatory prepayments in the form of compensation under the Term Loan 1 credit agreement, (B) any voluntary prepayments under the Term Loan 1 credit agreement or (C) any payments following acceleration of any outstanding loans under the Term Loan 1 credit agreement, and (ii) at any time, the Government of Abu Dhabi ceases to control directly or indirectly 50.1% or more of the share capital of the borrower.

The New Term Loan Facility contains 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 New Term Loan Facility documents. The borrower is required to maintain an interest cover ratio of not less than 4.00:1.00 and a net leverage ratio of no more than 3.00:1.00, in each case on a calculation date (which occurs on 30 June and 31 December in each financial year).

Events of default under the New Term Loan Facility include non-payment (subject to a five-day grace period), breach of other obligations under the finance documents (subject to a grace period for remediable breach of 20 business days), misrepresentation, cross acceleration, insolvency events, the borrower ceasing to carry on business, unlawfulness or ineffectiveness of any finance document, and repudiation or rescission of the finance documents, in each case, subject to customary qualifications and baskets.

- ECA Facility

On 14 June 2021, Yahsat Treasury (as borrower) entered into the ECA Facility on a corporate finance basis with a syndicate of banks. The amount of the ECA Facility is up to USD 300.5 million with a tenor of 8.5 years and an availability period starting from 14 June 2021 for the ECA Facility until the date falling 5 months after the starting point of credit (as defined below). As of the date of this Prospectus, the ECA Facility is undrawn. The starting point of credit will occur on the earlier of (a) date of in-orbit acceptance of the T4-NGS satellite; (b) 36 months from the date of the ECA Facility; and (c) 27 June 2024 (being 9 months after the currently planned date of launch). The ECA Facility consists of insured and reinsured loans which, in each case, will be drawn on floating rate basis. The upfront financing fee on the ECA Facility is 4.39% and is expected to be deducted in full upon initial drawdown and accreted over 11.5 years. The estimated ECA Facility profile is expected to be hedged partially up to 50% during the first six months of construction period from the date of entering into the arrangement and thereafter, capped at up to 75%. The hedging strategy aims to ensure no over hedging during the construction period, while keeping a minimum amount open to market movement.

Borrowings under the ECA Facility can be applied towards (i) payment of insurance premium for the ECA cover, (ii) reinsurance premium for the reinsurance cover in respect of the reinsured loans, (iii) reimbursement of amounts paid by Star, the buyer of T4-NGS, to Airbus, the supplier under the contract for the construction and supply of T4-NGS satellite in excess of the designated "down-payment" amount, (iv) direct payment of milestone invoices owed to the supplier and (v) payment of interests owed by Yahsat Treasury, during construction. In connection with the commitments relating to the contract with Airbus and subject to the relevant milestones being reached, the drawdowns under the ECA Facility are expected to be USD 84,480 thousand in the second quarter of 2021, USD 29,043 thousand in the third quarter of 2021, USD 29,462 thousand in the fourth quarter of 2021 and USD 76,274 thousand in 2022. The lenders under the ECA Facility benefit from an English law assignment (by way of security) by Star of all its rights and interests (i) under the launch and in-orbit insurance in respect of the T4-NGS satellite and corporate guarantees to be provided by Star and the Company and (ii) any amount (including liquidated damages) due and payable to Star from Airbus under the contract for the construction and supply of T4-NGS satellite in connection with, or as a result of, any export ban imposed on Airbus by or on behalf of any government or regulatory body.

The ECA Facility bears interest at floating rates calculated by reference to LIBOR plus a margin of 0.60% per annum over the term of the ECA Facility. In addition, the borrower pays a quarterly commitment fee equal to 30% of the floating rate margin per annum on the ECA Facility until the end of availability period or full drawdown, whichever is earlier.

Borrowings under the ECA Facility may be prepaid without penalty or premium (other than customary breakage costs). However, the borrower must mandatorily prepay outstanding borrowings under the ECA Facility if (i) it loses the ECA insurance cover, (ii) BPI refunds all or part of any of the BPI insurance or reinsurance premium financed by the ECA Facility or (iii) at any time, the Government of Abu Dhabi ceases to control directly or indirectly 50.1 % or more of the share capital of the borrower and the guarantors. The lenders under the ECA Facility are entitled to directly receive from Airbus (A) any

export ban proceeds (including liquidated damages paid in relation to such export ban) and (B) any launch and in orbit insurance proceeds.

The ECA Facility contains customary representations, warranties, covenants and undertakings for ECA financings, including limitations on incurrence of financial indebtedness, mergers, acquisitions, disposals and upon cancellation, suspension or termination of certain key contracts save, in each case, as permitted under the terms of the ECA Facility documents. The borrower is required to maintain an interest cover ratio of not less than 4.00:1.00 and a net leverage ratio of no more than 3.00:1.00, as determined on each calculation date (i.e. 30 June and 31 December in each financial year).

Events of default under the ECA Facility include non-payment (subject to a five-day grace period), breach of other obligations under the finance documents (subject to a grace period for remediable breach of 20 business days), misrepresentation, cross acceleration, insolvency events, the Company ceasing to carry on business, unlawfulness or ineffectiveness of any finance document, and repudiation or rescission of the finance documents, in each case, subject to customary qualifications and baskets.

6.7 Reasons for the Offering and Use of Proceeds

The Offering comprises an offer of Offer Shares which are being offered for sale by the Founder. All of the net proceeds of the Offering will be received by the Founder. The Company will not receive any proceeds from the Offering.

6.8 Dividend policy

The Company's ability to pay dividends is dependent on a number of factors, including the availability of distributable reserves and the Company's capital expenditure plans and other cash requirements in future periods, and there is no assurance that the Company will pay dividends or, if a dividend is paid, what the amount of such dividend will be.

Subject to the foregoing, the Company intends to pay a dividend of U.S.$105 million relating to its financial performance in the year ended 31 December 2021. 50% of this dividend would be paid to the Founder in 2021 before the date of Listing, reflecting the period in which it was a 100% Shareholder. The remaining 50% will be paid in 2022 on a pro rata basis to all Shareholders at the relevant record date. The dividend is expected to increase in each subsequent fiscal year, subject to consideration by the Board of the cash management requirements of its business for operating expenses, interest expense, and anticipated capital expenditures. In addition, the Board would also consider market conditions, the then current operating environment and its outlook for the business. Any level or payment of dividends depends on future profits and the business plan of the Company, amongst other factors, at the discretion of the Board.

6.3 Board and Founder approval of the Offering

The Board approved proceeding with the Offering and the Listing on 13 June 2021.

The Founder (in its capacity as the sole Shareholder) will, prior to Listing, pass a shareholder's resolution of the Company approving the Offering and Listing.

Acknowledgement issued by the members of the Board

The members of the Board of **Al Yah Satellite Communications Company PJSC** (a public joint stock company), in their joint and several capacity, hereby acknowledge full responsibility with respect to the validity of the data and information contained in this Prospectus. Having exercised the standard of care of a reasonable person, they confirm that there is no material fact or information the lack of which in this Prospectus will make any statement contained therein to be misleading or influential in the investment decision of the Subscribers.

They are committed to the issuance and disclosure rules issued by the Authority and undertake to notify the Authority of any material events or changes that may affect the financial position of the Company as of the date of submitting the application to offer the Shares for public subscription to the Authority until the date of starting the subscription process. They also confirm that they applied adequate diligence in concluding agreements that determine the duties and responsibilities of the parties participating in the subscription process according to the best terms available at the contractual date and pursuant to the requirements issued by the Authority.

Upon any change or amendment in the subscription information or conditions, they undertake to notify the Authority immediately and to obtain the approval of the Authority on the advertisements, publication and promotional campaigns that the company may wish to publish to promote and introduce the subscription.

Upon the completion of the subscription, they undertake to complete the registration and listing of the subscribed Shares with the competent bodies within a period not exceeding the time appointed by the Authority.

Chairman of the Board

Glossary

The following technical terms (or variations thereof) apply throughout this Prospectus unless the context requires otherwise:

3G	Third generation of wireless mobile telecommunications technology
4G	Fourth generation of wireless mobile telecommunications technology
5G	Fifth generation of wireless mobile telecommunications technology
Backhaul	The transport network that connects, or the act of transporting cellular voice and data traffic to and from, the core network and the RAN (Radio Access Network) of the mobile network
C-band	A designation by the Institute of Electrical and Electronics Engineers (IEEE) for a portion of the electromagnetic spectrum in the microwave range of frequencies ranging from 4.0 to 8.0 gigahertz (GHz)
fill rate	The percentage of the payload that is utilised
hotspot	An orbital slot has the highest or second highest number of TV satellite dishes in a certain viewership region or within a certain viewership demographic
Ka-band	A designation by the Institute of Electrical and Electronics Engineers (IEEE) for a portion of the electromagnetic spectrum in the microwave range of frequencies ranging from 26.5 to 40 gigahertz (GHz)
Ku-band	A designation by the Institute of Electrical and Electronics Engineers (IEEE) for a portion of the electromagnetic spectrum in the microwave range of frequencies ranging from 12 to 18 gigahertz (GHz)
L-band	A designation by the Institute of Electrical and Electronics Engineers (IEEE) for a portion of the electromagnetic spectrum in the microwave range of frequencies ranging from 1 to 2 gigahertz (GHz)
payload	The communications equipment placed upon a satellite, including (but not limited to) the antennae, the transmitters and the receivers.
S-band	A designation by the Institute of Electrical and Electronics Engineers (IEEE) for a portion of the electromagnetic spectrum in the microwave range of frequencies ranging from 2 to 4 gigahertz (GHz)
secure satellite capacity	Services deployed on frequencies reserved for military and government applications
VSAT	Very small aperture terminal

WiFi	Wireless fidelity, a wireless network technologies that allows devices to interface with the internet

Annex 1 – Historical Financial Information

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Al Yah Satellite Communications Company PJSC

Condensed consolidated interim financial statements

For the three months ended 31 March 2021

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Al Yah Satellite Communications Company PJSC

Condensed consolidated interim financial statements

For the three months ended 31 March 2021

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smart satellite solutions

Contents **Page**

Board of Directors' Report	1
Independent auditor's review report	2
Condensed consolidated interim statement of profit or loss	4
Condensed consolidated interim statement of comprehensive income	4
Condensed consolidated interim statement of financial position	5
Condensed consolidated interim statement of changes in equity	6
Condensed consolidated interim statement of cash flows	7
Notes to the condensed consolidated interim financial statements	8
Index to the notes to the condensed consolidated interim financial statements	
1 General information	8
2 Significant accounting policies	8
2.1 Basis of preparation	8
2.2 New and amended standards and interpretations	8
2.3 Standards issued but not yet effective	9
3 Segment information	10
4 Revenue	12
5 Property, plant and equipment	13
6 Capital work in progress	13
7 Equity-accounted investments	13
8 Trade and other receivables	14
9 Cash and short term deposits	14
10 Trade and other payables	14
11 Borrowings	15
12 Deferred revenue	15
13 Capital commitments and contingent liabilities	16
14 Related party transactions	16
15 Fair value disclosures	17
16 Dividends	17
17 Earnings per share	17
18 Seasonality and cyclicality of interim operations	17
19 Impact of COVID-19 pandemic	17
20 Events after the reporting period	17

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Al Yah Satellite Communications Company PJSC

Board of Directors' Report

31 March 2021

The Directors have pleasure in presenting their report, together with the reviewed condensed consolidated interim financial statements of Al Yah Satellite Communications Company PJSC (the "Company") and its subsidiaries (collectively referred to as the "Group") for the three months ended 31 March 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

The results of the Group for the three months ended 31 March 2021 are set out on page 5 of the condensed consolidated interim financial statements.

Going concern basis

The Board of Directors has reasonable expectation that the Group has adequate resources and support to continue its operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the condensed consolidated interim financial statements for the period ended 31 March 2021.

Transactions with related parties

The condensed consolidated interim financial statements disclose related party transactions and balances in note 14. All transactions are carried out as part of our normal course of business and in compliance with applicable laws and regulations.

Directors

Musabbeh Al Kaabi
H.E. Tareq Abdul Raheem Al Hosani
H.E. Dr. Mohammed Al Ahbabi
H.E. Sara Musallam
H. E. Rashed Al Ghafri
H.E. Hisham Malak
Mounir Barakat
Amal Al Ameri
Badr Alolama
Masood M. Sharif Mahmood

Auditors

The condensed consolidated interim financial statements for the three months ended 31 March 2021 have been reviewed by M/s KPMG.

On behalf of the Board of Directors

DocuSigned by:
Musabbeh Al Kaabi
700A64D757D7407...

Chairman of the Board
Musabbeh Al Kaabi

Date: 31 May 2021

KPMG Lower Gulf Limited
Level 19, Nation Tower 2
Corniche Road, P.O. Box 7613
Abu Dhabi, United Arab Emirates
Tel. +971 (2) 401 4800, www.kpmg.com/ae

Independent Auditors' Report on Review of Condensed Consolidated Interim Financial Information

To the Shareholder of Al Yah Satellite Communication Company PJSC

Introduction

We have reviewed the accompanying 31 March 2021 condensed consolidated interim financial information of Al Yah Satellite Communication Company PJSC ("the Company") and its subsidiaries ("the Group"), which comprises:

- the condensed consolidated interim statement of financial position as at 31 March 2021;
- the condensed consolidated interim statement of profit or loss for the three-month period ended 31 March 2021;
- the condensed consolidated interim statement of comprehensive income for the three-month period ended 31 March 2021;
- the condensed consolidated interim statement of changes in equity for the three-month period ended 31 March 2021;
- the condensed consolidated interim statement of cash flows for the three-month period ended 31 March 2021; and
- notes to the condensed consolidated interim financial information.

Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

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Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed consolidated interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 31 March 31 2021 condensed consolidated interim financial information is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

Other matter – comparative information

The consolidated financial statements of the Group as at and for the year ended 31 December 2020 were audited by another auditor, who expressed an unmodified audit opinion on those consolidated financial statements dated 4 April 2021 and that the condensed consolidated interim financial information for the three-month period ended 31 March 2020 was neither reviewed nor audited.

KPMG Lower Gulf Limited

Richard Ackland
Registration No.: 1015
Abu Dhabi, United Arab Emirates
Date: 03 June 2021

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Al Yah Satellite Communications Company PJSC

Condensed consolidated interim statement of profit or loss

for the three months ended 31 March

	Notes	2021 $ 000	2020 $ 000
Revenue	4	90,215	97,315
Cost of revenue		(4,911)	(6,110)
Staff costs		(19,992)	(23,769)
Other operating expenses [1]		(11,330)	(10,855)
Other income		428	414
Adjusted EBITDA [2]		**54,410**	**56,995**
Depreciation, amortisation and impairment		(37,011)	(37,221)
Operating profit		**17,399**	**19,774**
Finance income		165	1,468
Finance costs		(3,137)	(6,248)
Net Finance costs		**(2,972)**	**(4,780)**
Share of results of equity-accounted investments	7	(306)	(5,537)
Profit before income tax		**14,121**	**9,457**
Income tax expense		(48)	(52)
Profit for the period		**14,073**	**9,405**
Loss for the period attributable to non-controlling interests		(1,825)	(1,788)
Profit for the period attributable to the Shareholder		**15,898**	**11,193**
Earnings per share			
Basic and diluted (US$ per share)	17	1.59	1.12

[1] Other operating expenses include impairment loss on trade receivables and contract assets of US$ 1.4 million (2020: US$ 0.6 million).

[2] Earnings from continuing operations before interest, tax, depreciation, amortisation, impairment, fair value adjustments on investment property and share of results of equity-accounted investments. Refer to note 3 for a reconciliation of Adjusted EBITDA to profit for the period. Adjusted EBITDA is a non-GAAP measure.

Condensed consolidated interim statement of comprehensive income

for the three months ended 31 March

	Notes	2021 $ 000	2020 $ 000
Profit for the period		**14,073**	**9,405**
Other comprehensive income:			
Items that may be reclassified to profit or loss:			
Cash flow hedge - effective portion of changes in fair value		(2,361)	(6,563)
Cash flow hedge - loss reclassified to profit or loss		2,380	2,522
Foreign operations - currency translation differences		(9,454)	(28,220)
Total comprehensive income for the period		**4,638**	**(22,856)**
Total comprehensive loss attributable to non-controlling interests		(1,817)	(1,831)
Total comprehensive income attributable to the Shareholder		**6,455**	**(21,025)**

The results for the period ended 31 March 2021 are reviewed. The comparatives for the period ended 31 March 2020 are neither reviewed nor audited.

The notes on pages 8 to 17 form part of these condensed consolidated interim financial statements.

The independent auditor's report is set out on pages 2 to 3.

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Al Yah Satellite Communications Company PJSC

Condensed consolidated interim statement of financial position

	Notes	31 March 2021 $ 000	31 December 2020 $ 000
Assets			
Property, plant and equipment	5	984,833	1,018,003
Capital work in progress	6	132,301	98,531
Investment property		22,137	22,137
Right-of-use assets		19,301	20,645
Intangible assets		12,178	13,083
Equity-accounted investments	7	121,115	125,574
Trade and other receivables	8	11,389	11,227
Deferred income tax assets		98	94
Total non-current assets		**1,303,352**	**1,309,294**
Inventories		12,934	13,291
Trade and other receivables	8	132,675	127,296
Income tax assets		182	182
Cash and short-term deposits*	9	281,381	224,915
Total current assets		**427,172**	**365,684**
Total assets		**1,730,524**	**1,674,978**
Liabilities			
Trade and other payables	10	80,943	88,539
Borrowings	11	127,580	129,114
Derivative financial instruments		8,001	8,016
Deferred revenue	12	83,207	22,095
Income tax liabilities		250	288
Total current liabilities		**299,981**	**248,052**
Trade and other payables	10	291,000	291,000
Borrowings	11	142,768	143,655
Derivative financial instruments		1,637	1,641
Provision for employees' end of service benefits		10,385	10,515
Total non-current liabilities		**445,790**	**446,811**
Total liabilities		**745,771**	**694,863**
Net assets		**984,753**	**980,115**
Equity			
Share capital		2,722	2,722
Additional paid-in capital		661,612	661,612
Hedging reserve		(9,638)	(9,657)
Statutory reserve		4,103	4,103
Translation reserve		(31,664)	(22,202)
Retained earnings		275,844	259,946
Equity attributable to the Shareholder		**902,979**	**896,524**
Non-controlling interests		81,774	83,591
Total equity		**984,753**	**980,115**

*Cash and short term deposits include cash and cash equivalents of US$ 261.4 million (31 December 2020: US$ 104.9 million).

To the best of our knowledge, the financial information included in these condensed consolidated interim financial statements presents fairly, in all material respects, the financial position, results of operations and cash flows of the Group as of, and for, the periods presented therein.

These condensed consolidated interim financial statements were authorised for issue by the Board of Directors on 31 May 2021 and approved on their behalf by:

DocuSigned by: Musabbeh Al Kaabi 700A64D757D7407...
Chairman of the Board
Musabbeh Al Kaabi

DocuSigned by: 13AA0BE7E75B451...
Chief Executive Officer
Ali Hashem Al Hashemi

DocuSigned by: Andrew Francis Cole A6BF0B65FED14B7...
Chief Financial Officer
Andrew Francis Cole

The financial position as of 31 March 2021 is reviewed. The comparative financial position of as of 31 December 2020 is audited.

The notes on pages 8 to 17 form part of these condensed consolidated interim financial statements.

The independent auditor's report is set out on pages 2 to 3.

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Al Yah Satellite Communications Company PJSC

Condensed consolidated interim statement of changes in equity

for the three months ended 31 March

	Attributable to the Shareholder							
	Share capital	Additional paid-in capital	Hedging reserve	Other Reserves*	Retained earnings	Total	Non-controlling interests	Total equity
	$ 000	$ 000	$ 000	$ 000	$ 000	$ 000	$ 000	$ 000
At 1 January 2020	**2,722**	**661,612**	**(15,839)**	**9,903**	**246,044**	**904,442**	**91,104**	**995,546**
Profit for the period	-	-	-	-	11,193	11,193	(1,788)	9,405
Other comprehensive income:								
Currency translation differences	-	-	-	(28,177)	-	(28,177)	(43)	(28,220)
Cash flow hedge - effective portion of changes in fair value	-	-	(6,563)	-	-	(6,563)	-	(6,563)
Cash flow hedge - loss reclassified to profit or loss	-	-	2,522	-	-	2,522	-	2,522
Other comprehensive income for the period	**-**	**-**	**(4,041)**	**(28,177)**	**-**	**(32,218)**	**(43)**	**(32,261)**
Total comprehensive income for the period	**-**	**-**	**(4,041)**	**(28,177)**	**11,193**	**(21,025)**	**(1,831)**	**(22,856)**
Transactions with the Shareholder:								
Dividends (Note 16)	-	-	-	-	(15,000)	(15,000)	-	(15,000)
At 31 March 2020	**2,722**	**661,612**	**(19,880)**	**(18,274)**	**242,237**	**868,417**	**89,273**	**957,690**
At 1 January 2021	**2,722**	**661,612**	**(9,657)**	**(18,099)**	**259,946**	**896,524**	**83,591**	**980,115**
Profit for the period	-	-	-	-	15,898	15,898	(1,825)	14,073
Other comprehensive income:								
Currency translation differences	-	-	-	(9,462)	-	(9,462)	8	(9,454)
Cash flow hedge - effective portion of changes in fair value	-	-	(2,361)	-	-	(2,361)	-	(2,361)
Cash flow hedge - loss reclassified to profit or loss	-	-	2,380	-	-	2,380	-	2,380
Other comprehensive income for the period	**-**	**-**	**19**	**(9,462)**	**-**	**(9,443)**	**8**	**(9,435)**
Total comprehensive income for the period	**-**	**-**	**19**	**(9,462)**	**15,898**	**6,455**	**(1,817)**	**4,638**
At 31 March 2021	**2,722**	**661,612**	**(9,638)**	**(27,561)**	**275,844**	**902,979**	**81,774**	**984,753**

*Other reserves include translation reserve and statutory reserve.

The changes in equity for the period ended 31 March 2021 are reviewed. The comparatives for the period ended 31 March 2020 are neither reviewed nor audited.

The notes on pages 8 to 17 form part of these condensed consolidated interim financial statements.

The independent auditor's report is set out on pages 2 to 3.

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Al Yah Satellite Communications Company PJSC

Condensed consolidated interim statement of cash flows

for the three months ended 31 March

	Notes	2021 $ 000	2020 $ 000
Operating activities			
Profit before income tax		14,121	9,457
Adjustments for:			
Share of results of equity-accounted investments		306	5,537
Depreciation, amortisation and impairment		37,011	37,221
Allowance for expected credit losses		1,380	1,267
Loss allowance for inventories		202	60
Finance income		(165)	(1,468)
Finance costs		3,137	6,248
Gain on disposal of property, plant and equipment		(31)	-
Provision for employees' end of service benefits		473	485
Operating profit before working capital changes		**56,434**	**58,807**
Working capital changes:			
Trade and other receivables		(6,921)	9,995
Inventories		155	(725)
Trade and other payables		(14,844)	(3,152)
Deferred revenue		61,112	57,080
Employee end of service payments		(598)	(412)
Income tax paid		(90)	(92)
Net cash from operating activities		**95,248**	**121,501**
Investing activities			
Purchases of property, plant and equipment		(1,618)	(2,100)
Purchases of capital work in progress		(26,522)	(4,703)
Additions to intangible assets		(15)	(262)
Investment in an associate		(5,400)	(4,000)
Receipt of short-term deposits with original maturity of over three months		100,000	-
Proceeds on disposal of property, plant and equipment		49	-
Interest received		165	1,468
Net cash from/(used in) investing activities		**66,659**	**(9,597)**
Financing activities			
Repayment of borrowings		(3,144)	(8,349)
Interest paid on term loans		(2,415)	(5,481)
Dividend paid to the Shareholder	16	-	(15,000)
Net cash used in financing activities		**(5,559)**	**(28,830)**
Net increase in cash and cash equivalents		**156,348**	**83,074**
Net foreign exchange difference		118	(111)
Cash and cash equivalents at the beginning of the period/year		104,915	147,432
Cash and cash equivalents as at the end of the period/year		**261,381**	**230,395**

The cash flows for the period ended 31 March 2021 are reviewed. The comparatives for the period ended 31 March 2020 are neither reviewed nor audited.

The notes on pages 8 to 17 form part of these condensed consolidated interim financial statements.

The independent auditor's report is set out on pages 2 to 3.

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1 General information

Al Yah Satellite Communications Company (the "Company"), registered as a private joint stock company in Abu Dhabi, United Arab Emirates (UAE), was incorporated on 23 January 2007. UAE Federal Law No. 2 of 2015 (Companies Law) is applicable to the Company and has come into effect on 1 July 2015.

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

This condensed consolidated interim 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.

2 Significant accounting policies

2.1 Basis of preparation

Statement of compliance
These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting, and comply where appropriate, with the Articles of Association and applicable requirements of the laws of the UAE and should be read in conjunction with the Group's last annual consolidated financial statements as at and for the year ended 31 December 2020 ('last annual financial statements'). They do not include all of the information required for a complete set of financial statements prepared in accordance with IFRS Standards. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements.

The same accounting policies and methods of computation are followed in the condensed interim financial statements as compared with the most recent annual financial statements.

Basis of measurement
These condensed consolidated interim 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 condensed consolidated interim 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.

Use of judgements and estimates
In preparing these condensed consolidated interim financial statements, management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements.

2.2 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 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 to and how the entity manages those risks.

The amendments have no impact on the condensed consolidated interim financial statements of the Group as the existing interest rate swap (IRS) contracts (derivative used for hedging) will expire in 2022, much before 30 June 2023 when the USD LIBOR rates will no longer be published.

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2 Significant accounting policies (continued)

2.2 New and amended standards and interpretations (continued)

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.

2.3 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 condensed consolidated interim financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

IFRS 17 Insurance Contracts
The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. IFRS 17 is effective for reporting periods beginning on or after 1 January 2023, with comparative figures required. This standard is not applicable to the Group.

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

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

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

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.

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3 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 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.
- Data Solutions (BCS) segment represents the group's Yahclick business providing broadband satellite solutions in Africa, Middle East and Asia.
- Mobility Solutions segment provides narrow-band satellite solutions under the trade name Thuraya.
- '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 condensed consolidated interim 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 4.

The segment information for the three months ended 31 March 2021 is as follows:

	Infra-structure	Managed solutions	Data solutions (BCS)	Mobility solutions	Other	Recon-ciliation	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
External revenue	59,956	12,053	5,504	12,702	-	-	90,215
Inter-segment revenue	270	-	317	-	-	(587)	-
Total revenue	**60,226**	**12,053**	**5,821**	**12,702**	**-**	**(587)**	**90,215**
Adjusted EBITDA	**45,689**	**4,772**	**(582)**	**4,531**	**-**	**-**	**54,410**
Depreciation, amortisation and impairment	(22,842)	(26)	(8,290)	(5,853)	-	-	(37,011)
Finance income	133	-	655	2	-	(625)	165
Finance costs	(3,439)	-	(56)	(267)	-	625	(3,137)
Share of results - HPE	-	-	-	-	(566)	-	(566)
Share of results - Al Maisan	-	-	-	-	260	-	260
Income tax expense	-	-	(39)	(9)	-	-	(48)
Profit/(loss) for the period	**19,541**	**4,746**	**(8,312)**	**(1,596)**	**(306)**	**-**	**14,073**
Capital expenditure	34,262	-	1,003	138	-	-	35,403

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3 Segment information (continued)

The segment information for the three months ended 31 March 2020 is as follows:

	Infra-structure	Managed solutions	Data solutions (BCS)	Mobility solutions	Other	Recon-ciliation	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
External revenue	59,339	15,726	6,703	15,547	-	-	97,315
Inter-segment revenue	325	-	162	-	-	(487)	-
Total revenue	**59,664**	**15,726**	**6,865**	**15,547**	**-**	**(487)**	**97,315**
Adjusted EBITDA	**44,942**	**7,614**	**(1,441)**	**5,880**	**-**	**-**	**56,995**
Depreciation, amortisation and impairment	(22,682)	(39)	(7,830)	(6,670)	-	-	(37,221)
Finance income	402	-	1,065	1	-	-	1,468
Finance costs	(5,814)	-	(127)	(307)	-	-	(6,248)
Share of results - HPE	-	-	-	-	(4,427)	-	(4,427)
Share of results - Al Maisan	-	-	-	-	(1,110)	-	(1,110)
Income tax expense	-	-	(51)	(1)	-	-	(52)
Profit/(loss) for the period	**16,848**	**7,575**	**(8,384)**	**(1,097)**	**(5,537)**	**-**	**9,405**
Capital expenditure	5,164	-	1,449	452	-	-	7,065

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 14.

	Three months ended 31 March	
	2021	2020
	US$'000	US$'000
United Arab Emirates	75,814	79,421
Europe	5,659	7,641
Asia	4,034	6,109
Africa	2,697	1,974
North America	1,813	1,967
Others	198	203
Revenue	**90,215**	**97,315**

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4 Revenue

	Notes	Three months ended 31 March 2021 $ 000	2020 $ 000
Services rendered		89,258	94,911
Sale of equipment and accessories		957	2,404
	3	**90,215**	**97,315**

Revenue from related parties is disclosed in Note 14.

Revenue includes:			
Revenue from contracts with customers		56,780	63,880
Income from operating leases		33,435	33,435
		90,215	**97,315**
Disaggregation of revenue by operating segment:			
Services rendered:			
Infrastructure		59,956	59,339
Managed solutions		12,053	15,726
Data solutions - BCS		5,461	6,378
Mobility solutions		11,788	13,468
Sale of equipment and accessories (recognised at a point in time)			
Data solutions - BCS		43	325
Mobility solutions		914	2,079
		90,215	**97,315**
Timing of recognition of revenue from contracts with customers:			
Over time		55,823	60,959
At a point in time		957	2,921
		56,780	**63,880**

Revenue by geography is disclosed in note 3.

Contract balances:	Notes	31 March 2021 $ 000	31 December 2020 $ 000
Trade receivables, net of loss allowance	8	88,807	94,448
Contract assets	8	25,964	19,827
Contract liabilities:			
Advances from a related party		128,040	128,040
Advances from other customers	10	5,487	5,999
Deferred revenue	12	83,207	22,095

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5 Property, plant and equipment

	Notes	31 March 2021 $ 000	31 December 2020 $ 000
At the beginning of the period/year		1,018,003	1,146,331
Additions		1,618	8,644
Depreciation		(34,658)	(139,286)
Disposal/write-off		(18)	(7)
Exchange differences		(23)	132
Transfer from capital work in progress	6	-	2,665
Impairment		-	(213)
Other movements		(89)	(263)
At the end of the period/year		**984,833**	**1,018,003**

Additions to property, plant and equipment during the three-month period ended 31 March 2020 amounted to US$ 2.1 million.

6 Capital work in progress

	Notes	31 March 2021 $ 000	31 December 2020 $ 000
At the beginning of the period/year		98,531	19,180
Additions		33,770	82,016
Transfers to property, plant and equipment	5	-	(2,665)
At the end of the period/year		**132,301**	**98,531**

Additions during the period mainly relate to the Thuraya 4 satellite (T4) under construction. The cumulative cost of T4 as of 31 March 2021 amounted to US$ 110.5 million (31 December 2020: US$ 76.8 million). Additions to capital work in progress during the period ended 31 March 2020 amounted to US$ 4.7 million.

7 Equity-accounted investments

	31 March 2021 $ 000	31 December 2020 $ 000
At the beginning of the period/year	125,574	151,285
Contributions made during the period/year	5,400	18,558
Share of results for the period/year	(306)	(16,360)
Exchange differences	(9,553)	(27,909)
At the end of the period/year	**121,115**	**125,574**
of which Investment in HPE	100,486	105,205
of which Investment in Al Maisan	20,629	20,369

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8 Trade and other receivables

	Notes	31 March 2021 $ 000	31 December 2020 $ 000
Trade receivables		114,961	119,312
Allowance for expected credit losses		(26,154)	(24,864)
Trade receivables, net of allowance		**88,807**	**94,448**
Contract assets - accrued income		25,964	19,827
Prepayments - orbital services		10,000	10,000
Prepayments - others		8,532	2,647
Advances		5,105	5,348
Other receivables		5,656	6,253
Total trade and other receivables		**144,064**	**138,523**
of which non-current		11,389	11,227
of which current		132,675	127,296

9 Cash and short term deposits

	Notes	31 March 2021 $ 000	31 December 2020 $ 000
Cash on hand and in banks		251,378	94,912
Short-term deposits with banks		3	3
Short-term deposits with related parties		30,000	130,000
Cash and short-term deposits		**281,381**	**224,915**
Less: Short-term deposits with original maturities of over three months		(20,000)	(120,000)
Cash and cash equivalents		**261,381**	**104,915**

During the period, the Group withdrew an amount of US$ 100 million from the US$ 130 million short-term deposits placed with related parties in the previous year.

10 Trade and other payables

	Notes	31 March 2021 $ 000	31 December 2020 $ 000
Trade payables		41,345	40,287
Accruals		30,309	32,197
Advance from a related party		291,000	291,000
Advances from other customers		5,487	5,999
Other payables		3,802	10,056
Total trade and other payables		**371,943**	**379,539**
of which non-current		291,000	291,000
of which current		80,943	88,539

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11 Borrowings

	Notes	31 March 2021 $ 000	31 December 2020 $ 000
The carrying amount of borrowings are as follows:			
Term loans:			
Principal amounts		254,653	255,716
Unamortised transaction costs		(2,285)	(2,744)
Term loans - net of unamortised transaction costs		**252,368**	**252,972**
Lease liabilities		17,980	19,797
Total borrowings		**270,348**	**272,769**
of which current		127,580	129,114
of which non-current		142,768	143,655
The movements in borrowings are as follows:			
At the beginning of the period/year		272,769	399,238
Additions		-	446
Accretion of interest		723	3,052
Payments		(3,144)	(127,545)
Lease modification		-	(2,384)
Retirement		-	(38)
At the end of the period/year		**270,348**	**272,769**

Additions and repayments of borrowings during the three-month period ended 31 March 2020 amounted to US$ Nil and US$ 8.3 million, respectively.

12 Deferred revenue

	Notes	31 March 2021 $ 000	31 December 2020 $ 000
Deferred revenue relating to a capacity services contracts with a related party		58,293	-
Unutilized airtime balances from prepaid scratch cards		13,449	12,469
Others		11,465	9,626
Total deferred revenue		**83,207**	**22,095**

Deferred revenue from a related party pertains to amounts collected in advance relating to the Capacity Services Agreement with the UAE Armed Forces.

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13 Capital commitments and contingent liabilities

	31 March 2021 $ 000	31 December 2020 $ 000
Capital commitments - committed and contracted	233,853	267,440
Contingent liabilities - performance bonds provided by banks in the normal course of business	31,907	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.

14 Related party transactions

		Three months ended 31 March	
		2021	2020
Transaction with related parties	Notes	$ 000	$ 000
Revenue			
Entities under common control*		68,919	72,100
Associate		343	283
Total		**69,262**	**72,383**
* Revenue from entities under common control includes USD 67.8 million (three months ended 31 March 2020: USD 71.1 million) from a single customer. Revenue from such customer is recorded under infrastructure and managed 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		161	1,065
Interest expense on term loans			
Entities under common control		911	1,395
Outsourced expenses, office lease rent, systems support			
Entities under common control		175	208
Parent Company		-	16
Total		**175**	**224**
Cost of sales			
Entities under common control		138	1,762
Associate		797	534
Total		**935**	**2,296**
Learning and development expenses			
Entities under common control		-	2
Key management personnel compensation			
Short term employment benefits		969	1,036
Post-employment benefits		71	81

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15 Fair value disclosures

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.

The fair value of the derivative financial instruments 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.

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. There is no significant change in the fair value of investment property since the last evaluation carried out at 31 December 2020.

There were no transfers between Level 1 and Level 2 during current and previous periods.

The fair values of the Group's current financial assets and liabilities are equal to their carrying amounts. The fair values of the Group's borrowings, which bear interest at variable rates, approximate their carrying amounts. These are determined using discounted cash flows.

16 Dividends

The Company distributed and paid dividend of USD 15 million representing USD 1.50 per fully paid share during the period ended 31 March 2020. The Company did not distribute any dividend during the current period.

17 Earnings per share

	Three months ended 31 March	
	2021	2020
Profit for the period attributable to Yahsat Owner (in US$'000)	15,898	11,193
Weighted average number of ordinary shares outstanding ('000)	10,000	10,000
Basic and diluted earnings per share (US$)	1.59	1.12

18 Seasonality and cyclicality of interim operations

There are no items of seasonal or cyclical nature in the interim operations during the period ended 31 March 2021 and 2020.

19 Impact of COVID-19 pandemic

The outbreak of the novel coronavirus (COVID-19) pandemic continues to evolve and, to date, has 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, the Group's operations relating to Mobility Solutions 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 to reduced business travel, marketing and other operating expenses.

Based on the overall assessment, the Group's business remains largely unaffected and significant changes are not required as of 31 March 2021 in its key accounting judgements and estimates from those applied in the last annual consolidated financial statements as of 31 December 2020.

The extent and duration of the impact of these conditions remain uncertain and depend on future developments that cannot be accurately predicted at this stage. Notwithstanding, these developments could impact future financial results, cash flows and financial position.

20 Events after the reporting period

On 29 April 2021, the Company paid dividend of USD 36 million representing USD 3.60 per fully paid share.

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Al Yah Satellite Communications Company PJSC

Reports and Consolidated Financial Statements

31 December 2020

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Al Yah Satellite Communications Company PJSC

Reports and Consolidated Financial Statements

31 December 2020

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smart satellite solutions

Contents **Page**

Board of Directors' Report	1
Independent auditor's report	2
Consolidated statement of profit or loss	5
Consolidated statement of comprehensive income	5
Consolidated statement of financial position	6
Consolidated statement of changes in equity	7
Consolidated statement of cash flows	8
Notes to the consolidated financial statements	9
Index to the notes to the consolidated financial statements	
1 Corporate information	9
2 Significant accounting policies	9
2.1 Basis of preparation	9
2.2 Basis of consolidation	9
2.3 Summary of significant accounting policies	10
2.4 Changes in accounting policies and disclosures	13
2.5 Standards issued but not yet effective	14
3 Significant accounting estimates and judgments	15
4 Revenue	18
5 Cost of revenue	21
6 Staff costs	21
7 Other operating expenses	22
8 Other income	22
9 Depreciation, amortisation and impairment	23
10 Finance costs and Finance income	23
11 Income tax expense	24
12 Property, plant and equipment	25
13 Capital work in progress	27
14 Investment property	28
15 Leases - Group as a Lessee	29
16 Intangible assets	31
17 Group information	32
18 Equity-accounted investments	34
19 Inventories	35
20 Related party transactions and balances	36
21 Trade and other receivables	38
22 Cash and short-term deposits	40
23 Trade and other payables	40
24 Borrowings	41
25 Derivatives used for hedging	42
26 Deferred revenue	43
27 Government grants	44
28 Provision for employees' end of service benefits	44
29 Share capital	44
30 Additional paid-in capital	45
31 Statutory reserve	45
32 Capital commitments and contingent liabilities	45
33 Leases - Group as a Lessor	46
34 Financial risk management	46
35 Business combinations and changes in ownership interests	49
36 Correction of errors	53
37 Comparatives	55

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Al Yah Satellite Communications Company PJSC

Board of Directors' Report

31 December 2020

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 2020.

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

The results of the Group for the year ended 31 December 2020 are set out on page 5 of the consolidated financial statements.

Directors

Musabbeh Al Kaabi (from 2 February 2021)
Khaled Al Qubaisi (until 2 February 2021)
H.E. Tareq Abdul Raheem Al Hosani
H.E. Dr. Mohammed Al Ahbabi
H.E. Sara Musallam
H. E. Rashed Al Ghafri
H.E. Hisham Malak
Mounir Barakat
Amal Al Ameri
Badr Alolama (from 2 February 2021)
Masood M. Sharif Mahmood (from 2 February 2021)

Auditors

The consolidated financial statements for the year ended 31 December 2020 have been audited by M/s Ernst & Young.

On behalf of the Board of Directors

DocuSigned by:
Musabbeh Al Kaabi
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Chairman of the Board
Musabbeh Al Kaabi

Date: 02 April 2021

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF

AL YAH SATELLITE COMMUNICATIONS COMPANY PJSC

Report on the Audit of Consolidated Financial Statements

Opinion
We have audited the consolidated financial statements of Al Yah Satellite Communications Company PJSC (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2020, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2020 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with *International Code of Ethics for Professional Accountants (including international independence standards) (the "IESBA Code")* together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the United Arab Emirates, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management and those charged with governance for the consolidated financial statements
Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs and in compliance with the applicable provisions of the Company's Articles of Association and the UAE Federal Law No. (2) of 2015, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF

AL YAH SATELLITE COMMUNICATIONS COMPANY PJSC continued

Report on the Consolidated Financial Statements continued

Auditor's responsibilities for the audit of the consolidated financial statements
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the consolidated financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Building a better working world

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF

AL YAH SATELLITE COMMUNICATIONS COMPANY PJSC continued

Report on Other Legal and Regulatory Requirements

Further, as required by the UAE Federal Law No. (2) of 2015, we report that for the year ended 31 December 2020:

i) we have obtained all the information and explanations we considered necessary for the purposes of our audit;

ii) the consolidated financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Law No. (2) of 2015 and the Company's Articles of Association;

iii) the Company has maintained proper books of account;

iv) the financial information included in the Directors' report is consistent with the books of account of the Company;

v) investments in shares and stocks during the year ended 31 December 2020 are disclosed in the note 17, 18 and 35 to the consolidated financial statements;

vi) note 20 reflects material related party transactions and the terms under which they were conducted; and

vii) based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Company has contravened during the financial year ended 31 December 2020, any of the applicable provisions of the UAE Federal Law No. (2) of 2015 or of its Articles of Association which would materially affect its activities or its financial position as at 31 December 2020.

Further, as required by the Decree of the Chairman of the Abu Dhabi Accountability Authority No. (1) of 2017 pertaining to Auditing the Financial Statements of Subject Entities, we report that based on the information provided to us, nothing has come to our attention that causes us to believe that the Company has not complied, in all material respects, with the law of establishment of the Company and relevant provisions of the applicable laws, resolutions and circulars organising the Company's operations, which would have a material impact on the consolidated financial statements of the Company as at 31 December 2020.

Signed by
Anthony O' Sullivan
Partner
Ernst & Young
Registration No 687

4 April 2021
Abu Dhabi

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Al Yah Satellite Communications Company PJSC

Consolidated statement of profit or loss

for the year ended 31 December 2020

	Notes	2020 $ 000	2019 $ 000
Continuing operations:			
Revenue	4	407,507	440,569
Cost of revenue	5	(40,041)	(53,792)
Staff costs	6	(84,208)	(89,140)
Other operating expenses	7	(51,996)	(54,642)
Other income	8	15,668	5,861
EBITDA*		**246,930**	**248,856**
Depreciation, amortisation and impairment	9	(149,567)	(150,657)
Fair value adjustments on investment property	14	(2,030)	(837)
Operating profit		**95,333**	**97,362**
Finance income	10	3,216	6,756
Finance costs	10	(20,589)	(31,028)
Net Finance costs		**(17,373)**	**(24,272)**
Share of results of equity-accounted investments	18	(16,360)	(16,130)
Profit before income tax		**61,600**	**56,960**
Income tax expense	11	(200)	(241)
Profit for the year before discontinued operations		**61,400**	**56,719**
Discontinued operations:			
Loss after tax for the year from discontinued operations	35	-	(33,846)
Profit for the year		**61,400**	**22,873**
Loss for the year attributable to non-controlling interests	17	(7,502)	(6,986)
Profit for the year attributable to Yahsat Owner		**68,902**	**29,859**

* Earnings from continuing operations before interest, tax, depreciation, amortisation, impairment, fair value adjustments on investment property and share of results of equity-accounted investments.

Consolidated statement of comprehensive income

for the year ended 31 December 2020

	Notes	2020 $ 000	2019 $ 000
Profit for the year		**61,400**	**22,873**
Other comprehensive income:			
Items that may be reclassified to profit or loss:			
Cash flow hedge - effective portion of changes in fair value		(4,966)	(5,928)
Cash flow hedge - loss reclassified to profit or loss	10	11,148	10,040
Foreign operations - currency translation differences		(28,013)	6,158
Discontinued operations - currency translation differences	35	-	(5,102)
Currency translation differences reclassified to profit or loss	35	-	4,442
Total comprehensive income for the year		**39,569**	**32,483**
Total comprehensive loss attributable to non-controlling interests	17	(7,513)	(6,957)
Total comprehensive income attributable to Yahsat Owner		**47,082**	**39,440**
of which arising from continuing operations		47,082	78,388
of which arising from discontinued operations	35	-	(38,948)

The notes on pages 9 to 55 form part of these consolidated financial statements.
The independent auditor's report is set out on pages 2 to 4.

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Al Yah Satellite Communications Company PJSC

Consolidated statement of financial position

at 31 December 2020

	Notes	2020 $ 000	2019 $ 000 Restated*	At 1 January 2019 $ 000 Restated*
Assets				
Property, plant and equipment	12	1,018,003	1,146,331	1,382,840
Capital work in progress	13	98,531	19,180	20,634
Investment property	14	22,137	24,167	17,913
Right-of-use assets	15	20,645	28,155	-
Intangible assets	16	13,083	16,524	30,938
Equity-accounted investments	18	125,574	151,285	36,625
Trade and other receivables	21	11,227	3,215	3,242
Deferred income tax assets	11	94	72	8,044
Total non-current assets		**1,309,294**	**1,388,929**	**1,500,236**
Inventories	19	13,291	9,454	14,933
Trade and other receivables	21	127,296	133,735	126,699
Income tax assets		182	182	255
Cash and short-term deposits	22	224,915	287,432	237,296
Total current assets		**365,684**	**430,803**	**379,183**
Total assets		**1,674,978**	**1,819,732**	**1,879,419**
Liabilities				
Trade and other payables	23	88,539	75,796	74,727
Borrowings	24	129,114	125,511	106,931
Derivative financial instruments	25	8,016	9,445	9,196
Deferred revenue	26	22,095	30,907	34,787
Income tax liabilities		288	235	317
Total current liabilities		**248,052**	**241,894**	**225,958**
Trade and other payables	23	291,000	292,096	294,257
Borrowings	24	143,655	273,727	367,736
Derivative financial instruments	25	1,641	6,394	10,755
Provision for employees' end of service benefits	28	10,515	10,075	12,650
Total non-current liabilities		**446,811**	**582,292**	**685,398**
Total liabilities		**694,863**	**824,186**	**911,356**
Net assets		**980,115**	**995,546**	**968,063**
Equity				
Share capital	29	2,722	2,722	2,722
Additional paid-in capital	30	661,612	661,612	661,612
Hedging reserve	25	(9,657)	(15,839)	(19,951)
Statutory reserve	31	4,103	4,103	4,103
Translation reserve		(22,202)	5,800	331
Retained earnings		259,946	246,044	221,214
Equity attributable to Yahsat Owner		**896,524**	**904,442**	**870,031**
Non-controlling interests	17	83,591	91,104	98,032
Total equity		**980,115**	**995,546**	**968,063**

These consolidated financial statements were authorised for issue by the Board of Directors on 10 March 2021 and approved on their behalf by:

DocuSigned by: Musabbeh Al Kaabi 700A64D757D7407...
Chairman of the Board
Musabbeh Al Kaabi

DocuSigned by: 7B7598E52A0E480...
Chief Executive Officer and Director
Masood M. Sharif Mahmood

DocuSigned by: Andrew Francis Cole A6BF0B65FED14B7...
Chief Financial Officer
Andrew Francis Cole

* The comparative information is restated on account of correction of errors. See Note (36).

The notes on pages 9 to 55 form part of these consolidated financial statements.

The independent auditor's report is set out on pages 2 to 4.

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Al Yah Satellite Communications Company PJSC

Consolidated statement of changes in equity

for the year ended 31 December 2020

	Attributable to Yahsat Owner							
	Share capital	Additional paid-in capital	Hedging reserve	Other Reserves	Retained earnings	Total	Non-controlling interests	Total equity
	$ 000	$ 000	$ 000	$ 000	$ 000	$ 000	$ 000	$ 000
	(Note 29)	(Note 30)	(Note 25)				(Note 17)	
At 1 January 2019, as previously reported	2,722	661,612	(19,951)	4,434	222,900	871,717	98,647	970,364
Impact of correction of errors (Note 36)	-	-	-	-	(1,686)	(1,686)	(615)	(2,301)
At 1 January 2019, restated	**2,722**	**661,612**	**(19,951)**	**4,434**	**221,214**	**870,031**	**98,032**	**968,063**
Profit for the year	-	-	-	-	29,859	29,859	(6,986)	22,873
Other comprehensive income:								
Currency translation differences	-	-	-	1,027	-	1,027	29	1,056
Net loss on fair value of cash flow hedges	-	-	(5,928)	-	-	(5,928)	-	(5,928)
Reclassified to consolidated statement of profit or loss (Note 10 and Note 35)	-	-	10,040	4,442	-	14,482	-	14,482
Other comprehensive income for the year	**-**	**-**	**4,112**	**5,469**	**-**	**9,581**	**29**	**9,610**
Total comprehensive income for the year	**-**	**-**	**4,112**	**5,469**	**29,859**	**39,440**	**(6,957)**	**32,483**
Other movement in equity	-	-	-	-	(29)	(29)	29	-
Transactions with Yahsat Owner:								
Dividends	-	-	-	-	(5,000)	(5,000)	-	(5,000)
At 31 December 2019, restated	**2,722**	**661,612**	**(15,839)**	**9,903**	**246,044**	**904,442**	**91,104**	**995,546**
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 10)	-	-	11,148	-	-	11,148	-	11,148
Other comprehensive income for the year	**-**	**-**	**6,182**	**(28,002)**	**-**	**(21,820)**	**(11)**	**(21,831)**
Total comprehensive income for the year	**-**	**-**	**6,182**	**(28,002)**	**68,902**	**47,082**	**(7,513)**	**39,569**
Transactions with Yahsat Owner:								
Dividends (Note 29)	-	-	-	-	(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**

Other reserves include translation reserve and statutory reserve. There were no movements in statutory reserve during the current and previous years.

The notes on pages 9 to 55 form part of these consolidated financial statements.
The independent auditor's report is set out on pages 2 to 4.

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Al Yah Satellite Communications Company PJSC

Consolidated statement of cash flows

for the year ended 31 December 2020

	Notes	2020 $ 000	2019 $ 000
Operating activities			
Profit before income tax	22	61,600	30,338
Adjustments for:			
Share of results of equity-accounted investments	18	16,360	16,130
Depreciation, amortisation and impairment		149,566	155,429
Allowance (reversal of allowance) for expected credit losses	21	6,202	3,615
Loss allowance for inventories	19	2,692	1,648
Fair value adjustment to investment property	14	2,030	837
Finance income		(3,216)	(6,965)
Finance costs		20,589	32,722
Gain on disposal of a subsidiary	35	-	(3,401)
Gain on transfer of orbital rights - non-cash consideration	8	(10,000)	-
Provision for employees' end of service benefits	28	2,342	2,455
Write-off of property, plant and equipment / capital work in progress	12,13	7	837
Operating profit before working capital changes		**248,172**	**233,645**
Working capital changes:			
Trade and other receivables		2,224	(15,571)
Inventories		(6,266)	3,509
Trade and other payables		(4,329)	10,293
Deferred revenue		(8,812)	(8,363)
Employee end of service payments	28	(1,891)	(5,035)
Income tax paid		(169)	(461)
Net cash from operating activities		**228,929**	**218,017**
Investing activities			
Purchases of property, plant and equipment	12	(8,644)	(11,026)
Purchases of capital work in progress		(66,040)	(5,573)
Additions to intangible assets	16	(1,084)	(3,562)
Investment in an associate	18	(18,558)	-
Movement in short-term deposits with original maturity of over three months	22	20,000	(140,000)
Disposal of a subsidiary, net of cash disposed	35	-	(7,858)
Interest received		3,216	6,965
Net cash used in investing activities		**(71,110)**	**(161,054)**
Financing activities			
Dividend paid to the Shareholder	29	(55,000)	(5,000)
Repayment of borrowings	24,15	(127,545)	(110,914)
Interest paid on term loans		(17,536)	(31,370)
Net cash used in financing activities		**(200,081)**	**(147,284)**
Net decrease in cash and cash equivalents		**(42,262)**	**(90,321)**
Net foreign exchange difference		(255)	457
Cash and cash equivalents at 1 January		147,432	237,296
Cash and cash equivalents as at 31 December	22	**104,915**	**147,432**

The notes on pages 9 to 55 form part of these consolidated financial statements.
The independent auditor's report is set out on pages 2 to 4.

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1 Corporate information

Al Yah Satellite Communications Company (the "Company"), registered as a private joint stock company in Abu Dhabi, United Arab Emirates (UAE), was incorporated on 23 January 2007. UAE Federal Law No. 2 of 2015 (Companies Law) is applicable to the Company and has come into effect on 1 July 2015.

The Company is a wholly owned subsidiary of Mubadala Investment Company PJSC (the "Parent Company" or "the Shareholder" or "Yahsat owner"), 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 17 and 18.

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.

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. The Group is in the process of reviewing the new provisions and will apply the requirements thereof no later than one year from the date on which the amendments came into effect.

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 2020. The basis of consolidation is referred in the following notes:

Basis of consolidation	Note
(i) Subsidiaries	17
(ii) Investments in associates	18
(iii) Transactions eliminated on consolidation	17,18
(iv) Business combinations	35
(v) Transfer of entities under common control	35
(vi) Loss of control of a subsidiary	35
(vii) Acquisition of an associate in a business combination	35

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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 (including trade receivables, amounts due from related parties, accrued income and other 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.

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

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

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

Financial assets and liabilities are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, where the time value of money is material, receivables are measured at amortised cost using the effective interest method, less impairment losses, if any.

Cash and cash equivalents comprise cash balances and short-term deposits with original maturities of three months or less.

(ii) Non-derivative financial liabilities

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

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of 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 25.

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2 Significant accounting policies (continued)

2.3 Summary of significant accounting policies (continued)

B) Revenue from contract with customers
Refer Note 4.

C) Leases - the Group as a lessor
Refer Note 4 (Infrastructure services) and Note 14 (Investment property).

D) Finance income
Refer Note 10.

E) Other income
Refer Note 8.

F) Property, plant and equipment
Refer Note 12.

G) Capital work in progress
Refer Note 13.

H) Investment property
Refer Note 14.

I) Leases - the Group as a lessee
Refer Note 15.

J) Intangible assets
Refer Note 16.

K) Borrowing costs
Refer Note 10.

L) Impairment

Financial assets

The Group assesses on a forward-looking basis the expected credit losses associated with its assets 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, internal credit rating, external credit rating (as far as available), 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.

Non-financial assets and investment in associates

The carrying amounts of the Group's non-financial assets and investments in associates are reviewed at each reporting date to determine whether there is any indication of impairment. If such an indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit, or CGU"). The Group's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

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.

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2 Significant accounting policies (continued)

2.3 Summary of significant accounting policies (continued)

M) Foreign currency

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

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 other comprehensive income. When investments in subsidiaries, associates, joint ventures or net investment in a foreign operation are disposed of, the related translation differences previously recorded in equity are recognised in the consolidated statement of profit or loss as part of the gain or loss on disposal.

N) Employee terminal benefits
Refer Note 6.

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 11.

Q) Government Grants
Refer Note 27.

R) Current vs non-current classification

The Group presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification.

An asset is current when it is:
- expected to be realised or intended to be sold or consumed in the normal operating cycle
- held primarily for the purpose of trading
- expected to be realised within twelve months after the reporting period
Or
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when it is:
- expected to be settled in the normal operating cycle
- held primarily for the purpose of trading
- due to be settled within twelve months after the reporting period
Or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

S) Fair value measurement

A number of the Group's accounting policies and disclosures require the determination of fair values, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes as explained below. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The levels of fair value hierarchy are defined as follows:
Level 1: Measurement using quoted prices (unadjusted) from the active market.
Level 2: Measurement using valuation methods with parameters derived directly or indirectly from observable market data.
Level 3: Measurement using valuation methods with parameters not based exclusively on observable market data.

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).

Investment property

The fair value of investment property is determined using Level 2 valuation methods (Refer to Note 14).

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2 Significant accounting policies (continued)

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 2020. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Amendments to IFRS 3: Definition of a Business
The amendment to IFRS 3 Business Combinations clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that, together, significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no impact on the consolidated financial statements of the Group, but may impact future periods should the Group enter into any business combinations.

Amendments to IFRS 7, IFRS 9 and IAS 39 Interest Rate Benchmark Reform
The amendments to IFRS 9 and IAS 39 Financial Instruments: Recognition and Measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainty about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments have no impact on the consolidated financial statements of the Group as the existing interest rate swap (IRS) contracts (derivative used for hedging) will expire in 2022, much before 30 June 2023 when the USD LIBOR rates will no longer be published.

Amendments to IAS 1 and IAS 8 Definition of Material
The amendments provide a new definition of material that states, "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact nor are expected to have future impact on the consolidated financial statements of the Group.

Conceptual Framework for Financial Reporting issued on 29 March 2018
The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the IASB in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards. This will affect those entities which developed their accounting policies based on the Conceptual Framework. The revised Conceptual Framework includes some new concepts, updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. These amendments had no impact on the consolidated financial statements of the Group.

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. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.
The amendment applies to annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted. This amendment had no impact on the consolidated financial statements of the Group.

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2.4 Changes in accounting policies and disclosures (continued)

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.

IFRS 17 Insurance Contracts
The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. IFRS 17 is effective for reporting periods beginning on or after 1 January 2023, with comparative figures required. This standard is not applicable to the Group.

Amendments to IAS 1: Classification of Liabilities as Current or Non-Current
The amendments provide a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and are to be applied retrospectively. The Group is assessing the potential impact of this amendment.

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

The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively.

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.

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.

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.

Interest Rate Benchmark Reform — Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)
The amendments 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 to and how the entity manages those risks.

The amendment is effective for annual periods beginning on or after 1 January 2021.

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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 34)
ii) Financial instrument risk management (Note 34)

Significant accounting judgments

Revenue from contract with customers
Refer Note 4.

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 if the intention to renew is supported by an approved business case and b) for lease of buildings housing satellite gateways if 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.

For assessing significant influence, the Group considers the ability to participate in the financial and operating policy decisions of the investee. The Group presumes significant influence when it holds between 20% and 50% of the voting power of investee. The Group also considers its representation on the board, the ability of other vote holders to operate the investee without regard to the views of the Group, participation in policy-making processes, including participation in decisions about dividends or other distributions, material transactions between the Group and its investee, interchange of managerial personnel and provision of essential technical information.

In 2018, the Group acquired 89.83% ownership interest in Thuraya on 1 August 2018. The Group determined that it gained control over Thuraya as of 1 August 2018 considering that it has the right to direct the relevant activities as of that date through its majority appointed directors.

In 2018, the Group diluted 20% interest in its fixed satellite broadband business in Africa, Middle East and West Asia (BCS). The Group entered into an agreement (Joint venture agreement) with the non-controlling shareholder to govern the ownership, management and control of BCS. The Group has determined that by virtue of its majority representation in the Board, it has the right to direct the relevant activities of the business and continues to control the subsidiary.

On 29 November 2019, the Group acquired 20% shareholding in HPE, the Brazil JV Co (Note 35 B). The Group entered into a Joint venture agreement with the other shareholder, Hughes, to govern the ownership, management and control of HPE. The Group has determined that by virtue of its shareholding and representation in the Board, it has significant influence (but not control or joint control) over HPE as the Group has the right to participate in policy-making processes, including participation in decisions about dividends or other distributions, material transactions between the Group and its investee, interchange of managerial personnel and provision of essential technical information. Accordingly, the Group accounts for its investment in HPE as investment in an associate.

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3 Significant accounting judgments, estimates and assumptions (continued)

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 identified an indicator that the BCS cash generating unit (BCS CGU) may be impaired. Accordingly fair value less costs of disposal of the BCS CGU was estimated to determine its recoverable amount, using discounted cash flow projections from approved financial forecasts. The projections cover the period from 2021 to 2029 and were discounted using a discount rate of 8.4%. The recoverable amount of the CGU exceeded the carrying value of the BCS CGU as of 31 December 2020, indicating the CGU is not impaired. The recoverable amount would still be above carrying amount even with a 1% reduction in the terminal growth rate or a 1% increase in discount rate.

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 has not identified any indicator that suggests its equity accounted investments are 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 2020 has been determined using cash flow projections from financial budgets approved by senior management covering the period from 2021 to 2025. 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 2020, indicating the CGU is not impaired. The recoverable amount would still be above carrying amount even with a 1% reduction in the terminal growth rate or a 1% 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 to be recognised from initial recognition of the receivables. As at 31 December 2020, the Group is carrying an allowance of US$ 24.9 million (2019: US$ 27.1 million).

Business combinations
Accounting for the acquisition of a business requires the allocation of the purchase price to the various assets and liabilities of the acquired business. For most assets and liabilities, the purchase price allocation is accomplished by recording the asset or liability at its estimated fair value. Determining the fair value of assets acquired and liabilities assumed requires judgment by management and often involves the use of significant estimates and assumptions, including assumptions with respect to future cash inflows and outflows, discount rates, the useful lives of licences and other assets and market multiples. The Group's management uses all available information to make these fair value determinations.

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3 Significant accounting judgments, estimates and assumptions (continued)

Significant accounting estimates (continued)

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

Fair value of derivative financial instruments
The fair value of 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.

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 Novel Coronavirus (COVID 19) continues to progress and evolve. Therefore, it is challenging now, to predict the full extent and duration and its impact on the business and overall economic impact. As a result, businesses have subsequently seen reduced customer traffic and, where governments mandated, temporary suspension of travel and closure of recreation and public facilities.

To alleviate the negative impact of the COVID-19 pandemic, the UAE Government, Central Bank and other independent jurisdictions and regulators have taken measures and issued directives to support businesses and the UAE economy at large, including extensions of deadlines, facilitating continued business through social-distancing and easing pressure on credit and liquidity in the UAE.

The situation, including the government and public response to the challenges, continue to progress and rapidly evolve. Therefore, the extent and duration of the impact of these conditions remain uncertain and depend on future developments that cannot be accurately predicted at this stage, and a reliable estimate of such an impact cannot be made at the date of approval of these consolidated financial statements. Notwithstanding, these developments could impact our future financial results, cash flows and financial position.

DocuSign Envelope ID: 778C9F89-CEEC-4028-B244-4414FFBF8019

4 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 and sets out the criteria for every contract that must be met.
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.

Satellite services revenue primarily represents revenue from provision of satellite broadband services to customers. Revenue is recognised when services are rendered. For mobile satellite services, airtime revenue (voice, data and messaging services) is recognised over the period in which the services are provided; and 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.

Managed services revenue represents end-to-end integrated satellite communication and managed services provided to customers. Revenue is recognized in profit or loss in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by reference to the proportion of the service rendered. 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.

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.

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).

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.

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4 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	2020 $ 000	2019 $ 000
Rendering of services:			
Infrastructure services		244,566	237,784
Fixed satellite services		27,192	27,048
Mobile satellite services		45,270	53,278
Managed services		63,220	89,068
		380,248	**407,178**
Sale of equipment and accessories		27,259	33,391
		407,507	**440,569**
Revenue from related parties is disclosed in Note 20.			
Revenue includes:			
Revenue from contracts with customers		273,804	308,383
Income from operating leases included in infrastructure services		131,906	131,514
Income from operating leases included in managed services		1,797	672
		407,507	**440,569**
Disaggregation of revenue from contracts with customers:			
Infrastructure services - government capacity		102,905	100,530
Infrastructure services - others		9,755	5,740
Fixed satellite serivces - Africa, Middle East and West Asia		27,192	27,048
Mobile satellite services - worldwide		45,270	53,278
Managed services		61,423	88,396
Sale of equipment and accessories - mobile satellite services		26,957	31,658
Sale of equipment and accessories - fixed satellite services		302	1,733
		273,804	**308,383**
Timing of revenue recognition:			
Over time		243,525	271,113
At a point in time		30,279	37,270
		273,804	**308,383**
Contract backlog			
a) Remaining performance obligations from contracts with customers:			
Within one year		148,600	190,851
More than one year		592,802	701,167
		741,402	**892,018**
b) Future minimum lease rental receivables under non-cancellable operating leases, where Group is a lessor	33	774,494	907,304
Total contract backlog		**1,515,896**	**1,799,322**

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4 Revenue (continued)

	Notes	2020 $ 000	2019 $ 000
Contract balances:			
Trade receivables, net of loss allowance	21	94,448	105,139
Contract assets	21	19,827	14,842
Contract liabilities:			
Advances from a related party	20	128,040	128,040
Advances from other customers	23	5,999	7,589
Deferred revenue	26	22,095	30,907
Revenue recognised from contract liabilities at the beginning of the year		3,850	3,264

The disclosure on remaining performance obligations does not include the expected consideration related to performance obligations 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 33.

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:

Identifying performance obligations in a bundled sale and installation and maintenance services

The Group provides services that are either sold separately or bundled with equipment. The services are a promise to transfer services in the future and are part of the negotiated exchange between the Group and the customer. The Group determined that the supply of equipment and installation and maintenance for certain managed services contracts are not capable of being distinct since these are interdependent or interrelated. Consequently, the Group considered these as a single performance obligation and did not allocate the transaction price to more than one performance obligations.

Satisfaction of performance obligations

The Group is required to assess each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method for recognising revenue. The Group concluded that revenue for certain contracts for the supply and installation of equipment are to be recognised over time because the customer simultaneously receives and consumes the benefits provided by the Group. The Company recognises revenue based on milestones achieved.

For certain contracts for the supply of goods, the Group concluded that revenue is recognised at a point in time only upon receipt of customer acceptance to determine when the performance obligation of the Group under the contracts are satisfied.

Determination of transaction prices

The Group is required to determine the transaction price in respect of each of its contracts with customers. For this purpose, the Group assesses the impact of any variable consideration in the contract, due to discounts or penalties, the existence of any significant financing component and any non-cash consideration in the contract. In determining the impact of variable consideration, the Group uses the "most-likely amount" method in IFRS 15 whereby the transaction price is determined by reference to the single most likely amount in a range of possible consideration amounts.

Transfer of control in contracts with customers

In cases where the Group determines that performance obligations are satisfied at a point in time, revenue is recognised when control over the assets is transferred to the customer or benefits of the services being provided is received and consumed by the customer. In cases where the Group determines that performance obligations are not satisfied at a point in time, revenue is recognised over the time in accordance with the criteria as per IFRS 15.

DocuSign Envelope ID: 778C9F89-CEEC-4028-B244-4414FFBF8019

4 Revenue (continued)

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).

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) IFRIC Interpretation 4 – Determining whether an Arrangement contains a Lease, ii) IAS 17 - Leases and iii) 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 of ownership of the assets to UAEAF (Note 20) and
c) the service element of the arrangement will be accounted as revenue in proportion to the stage of completion at the reporting date.

5 Cost of revenue

	2020 $ 000	2019 $ 000
Cost of services sold*	19,971	29,144
Cost of equipment and accessories sold	20,070	24,648
	40,041	**53,792**

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

6 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.

DocuSign Envelope ID: 778C9F89-CEEC-4028-B244-4414FFBF8019

6 Staff costs (continued)

	Note	2020 $ 000	2019 $ 000
Employee costs		73,266	76,958
Outsourced staff costs		10,942	12,182
		84,208	**89,140**
Employee costs include:			
Pension contributions made in respect of UAE national employees in accordance with the UAE Federal Law No. (2), 2000		2,885	2,992
Charged during the year towards employee end of service benefits		2,342	2,455

7 Other operating expenses

	Note	2020 $ 000	2019 $ 000
Satellite services operations costs		12,107	13,720
Insurance expenses		8,716	4,820
Facilities and asset maintenance costs		5,376	7,430
Allowance for expected credit losses		6,522	3,397
IT support costs		2,974	3,158
Marketing expenses		3,404	4,048
Consultancy, legal and advisory expenses		2,715	2,890
Inventory obsolescence	19	2,692	1,648
Registration and filing expenses		1,436	2,457
Business travel expenses		985	4,239
Bank fees and charges		679	779
Learning and development expenses		332	1,325
Currency exchange losses - net		216	504
Other expenses		3,842	4,227
		51,996	**54,642**

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

8 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.

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

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

DocuSign Envelope ID: 778C9F89-CEEC-4028-B244-4414FFBF8019

8 Other income (continued)

	Notes	2020 $ 000	2019 $ 000
Gain on transfer of orbital rights		14,000	-
Rental income from investment property	14	1,091	1,940
Gain on disposal - discontinued operation	35	-	3,401
Income from services rendered to related parties	20	-	304
Others		577	216
		15,668	**5,861**

During the 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 is USD 14 million, comprising of USD 4 million in cash and a non-monetary consideration in the form of a right to future orbital services valued at USD 10 million.

9 Depreciation, amortisation and impairment

	Notes	2020 $ 000	2019 $ 000
Depreciation of property, plant and equipment		139,286	141,538
Depreciation of right-of-use assets	15	5,534	3,830
Amortisation of intangible assets		4,534	4,872
Impairment of non-current assets	12	213	417
		149,567	**150,657**

The amounts above relate to continuing operations.

10 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.

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10 Finance costs and Finance income (continued)

Finance costs and Finance income	Notes	2020 $ 000	2019 $ 000
Finance income			
Interest on short term deposit with banks		432	4,828
Interest on deposits with related party	20	2,784	1,928
		3,216	**6,756**
Finance costs			
Interest expense on borrowings - term loans		(8,225)	(19,636)
Interest expense on borrowings - lease liabilities	15	(1,216)	(1,352)
Fair value losses on derivative financial instruments transferred from equity		(11,148)	(10,040)
		(20,589)	**(31,028)**
Net finance costs		**(17,373)**	**(24,272)**

11 Income tax expense

Accounting policies

The tax expense / credit for the year comprise current and deferred tax.

The current income tax charge is calculated on the basis of the tax laws enacted at the end of the reporting period in the countries where the Group's subsidiaries operate and generate taxable income.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Also deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill in a business combination. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted in the jurisdiction of the individual companies by the end of the reporting period and are expected to apply when the related deferred income tax liability is settled or the deferred income tax asset is realised. A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profits will be available, against which the temporary differences can be utilised.

Deferred income tax assets and liabilities offset when:
a) a legally enforceable right exists to offset current income tax assets against current income tax liabilities
b) the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

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

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12 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. Cost also may include transfers from other comprehensive income of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. 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

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12 Property, plant and equipment (continued)

	Land and building	Satellite systems	Plant and machinery	Furniture and fixtures	Computers	Office equipment and Vehicles	Total
	$ 000	$ 000	$ 000	$ 000	$ 000	$ 000	$ 000
Cost							
At 1 January 2019	118,224	3,103,010	16,118	7,951	32,027	12,809	3,290,139
Additions	145	2,341	635	285	1,518	6,102	11,026
Transfers to investment property (Note 14)	(17,828)	-	-	-	-	-	(17,828)
Transfers to intangible assets (Note 16)	-	-	-	-	(11,468)	-	(11,468)
Discontinued operation (Note 35)	-	(131,400)	-	(208)	(3,535)	(11,062)	(146,205)
Exchange differences	-	(2,966)	-	(43)	(383)	(793)	(4,185)
Write-off	-	-	-	(584)	-	-	(584)
At 31 December 2019	**100,541**	**2,970,985**	**16,753**	**7,401**	**18,159**	**7,056**	**3,120,895**
Depreciation							
At 1 January 2019	21,579	1,605,957	5,596	7,157	24,575	4,574	1,669,438
Charge for the year	2,776	137,445	843	710	1,580	1,153	144,507
Transfers to investment property (Note 14)	(1,713)	-	-	-	-	-	(1,713)
Transfers to intangible assets (Note 16)	-	-	-	-	(9,573)	-	(9,573)
Discontinued operation (Note 35)	-	(15,171)	-	(277)	(393)	(353)	(16,194)
Exchange differences	-	(474)	-	(12)	(9)	(158)	(653)
Write-off	-	-	-	(584)	-	-	(584)
At 31 December 2019	**22,642**	**1,727,757**	**6,439**	**6,994**	**16,180**	**5,216**	**1,785,228**
Impairment							
At 1 January 2019	13,879	223,982	-	-	-	-	237,861
Charge for the year	417	-	-	-	-	-	417
Transfers to investment property (Note 14)	(9,024)	-	-	-	-	-	(9,024)
Discontinued operation (Note 35)	-	(39,918)	-	-	-	-	(39,918)
At 31 December 2019	**5,272**	**184,064**	**-**	**-**	**-**	**-**	**189,336**
Net book value	**72,627**	**1,059,164**	**10,314**	**407**	**1,979**	**1,840**	**1,146,331**
Cost							
At 1 January 2020	100,541	2,970,985	16,753	7,401	18,159	7,056	3,120,895
Additions	-	6,595	87	222	459	1,281	8,644
Transfer from capital work in progress (Note 13)	-	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**	**7,623**	**18,618**	**8,485**	**3,132,082**
Depreciation							
At 1 January 2020	22,642	1,727,757	6,439	6,994	16,180	5,216	1,785,228
Charge for the year	2,674	133,769	893	194	944	812	139,286
Exchange differences	-	-	-	-	-	16	16
At 31 December 2020	**25,316**	**1,861,526**	**7,332**	**7,188**	**17,124**	**6,044**	**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**	**435**	**1,494**	**2,441**	**1,018,003**

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13 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.

	Notes	$ 000
At 1 January 2019		20,634
Additions		4,364
Transfers to intangible assets	16	(4,981)
Write-off		(837)
At 31 December 2019		**19,180**
At 1 January 2020		19,180
Additions		82,016
Transfers to property, plant and equipment	12	(2,665)
At 31 December 2020		**98,531**

Capital work in progress as of the end of the reporting period comprise mainly of plant and equipment.

During the year, the Group entered into a contract for the procurement of a next generation satellite known as Thuraya 4 (T4), with an option to procure an additional satellite known as Thuraya 5 (T5).

Additions during the year mainly relate to the T4 satellite.

Borrowing costs capitalized during the year amounted to $ 1 million at a capitalisation rate of 5.4% (2019: Nil).

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14 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.

	Note	Land $ 000	Building $ 000	Total $ 000
Investment property accounted at fair value				
At 1 January 2019		13,675	4,238	17,913
Transfer from owner-occupied property	12	5,531	1,560	7,091
Net loss from fair value adjustment	7	(755)	(82)	(837)
At 31 December 2019 / 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**

The investment property relates to Dubai office building and associated land (property) of the subsidiary acquired during the previous year. 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 8). Net loss from fair value adjustment is recognized in other operating expenses (Note 7).

	2020 $ 000	2019 $ 000
Minimum lease payments receivable on leases of investment properties are as follows:		
Within 1 year	953	1,447
Between 1 and 2 years	430	1,256
	1,383	**2,703**

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15 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

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15 Leases - Group as a Lessee (continued)

A) Right-of-use assets

Carrying amounts and movements during the period	Satellite systems $ 000	Buildings $ 000	Total $ 000
At 1 January 2019	-	-	-
Effect of adoption of IFRS 16	-	16,565	16,565
Additions	15,420	-	15,420
Depreciation expense	(1,943)	(1,887)	(3,830)
At 31 December 2019	**13,477**	**14,678**	**28,155**
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**

B) Lease liabilities

Carrying amounts of lease liabilities and the movement for the period	Notes	2020 $ 000	2019 $ 000
Lease liabilities			
At 1 January		31,502	-
Effect of adoption of IFRS 16		-	16,565
Additions		446	15,733
Accretion of interest	10	1,216	1,352
Retirement		(38)	-
Lease modification		(2,384)	-
Payments		(10,945)	(2,148)
At 31 December	24	**19,797**	**31,502**
of which current		5,466	10,748
of which non-current		14,331	20,754
Amounts recognized in profit or loss in relation to leases			
Depreciation expense of right-of-use assets		5,534	3,830
Interest expense on lease liabilities		1,216	1,352
Expense relating to of low-value assets (included in other operating expenses)		161	550
Expense relating to short-term leases (included in other operating expenses)		-	312
Total		**6,911**	**6,044**
Cash flow information			
Total cash outflows for leases		10,945	2,698

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 15 years, but may have extension options.

Contracts may contain both lease and non-lease components. The group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

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).

During the year a lease contract pertaining to the sateliite systems, was modified with an extension to the lease term, but without a commensurate increase in the consideration. The group remeasured the lease liability at the modification date using its incremental borrowing rate. The remeasurement was adjusted in the carrying amount of right of use asset.

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16 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 35 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)	4-10

	Notes	Develop-ment costs	Licenses	Software	Goodwill	Total
		$ 000	$ 000	$ 000	$ 000	$ 000
Cost						
At 1 January 2019 (restated)		64,465	11,681	11,192	3,745	91,083
Additions		3,123	-	439	-	3,562
Transfer from capital work in progress	13	4,981	-	-	-	4,981
Transfer from property, plant and equipment	12	-	-	11,468	-	11,468
Discontinued operation	35	-	(10,467)	(9,274)	-	(19,741)
Exchange differences		-	(1,034)	-	-	(1,034)
At 31 December 2019		**72,569**	**180**	**13,825**	**3,745**	**90,319**
Amortisation						
At 1 January 2019		59,724	183	238	-	60,145
Charge for the year		3,876	1,507	1,292	-	6,675
Transfer from property, plant and equipment	12	-	-	9,573	-	9,573
Discontinued operation	35	-	(1,460)	(1,005)	-	(2,465)
Exchange differences		-	(102)	(31)	-	(133)
At 31 December 2019		**63,600**	**128**	**10,067**	**-**	**73,795**
Net book value at 31 December 2019		**8,969**	**52**	**3,758**	**3,745**	**16,524**
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**

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17 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 % 2020	Equity % 2019
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 (under liquidation)	Netherlands	100%	100%
Amwaj Communications LLC	Dormant entity	UAE	100%	100%
Thuraya Telecommunications Company PJSC (Thuraya)	Mobile telecommunication services via Satellite	UAE	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%
Discontinued operation (Note 35):				
Yahsat Latam Holding SA (Yah Latam)	Holding company	Brazil	0%	0%
Yah Telecomunicacoes LTDA (Yah Brazil)	Telecommunication services via satellite	Brazil	0%	0%

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17 Group information (continued)

B) Material partly-owned subsidiaries

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

	31 December 2020		31 December 2019	
	Thuraya $ 000	BCS $ 000	Thuraya $ 000 Restated	BCS $ 000
Proportion of equity interest held by non-controlling interests	10.17%	20.00%	10.17%	20.00%
Non-controlling interests	13,088	70,503	13,674	77,430
Profit attributable to non-controlling interests	(576)	(6,926)	(124)	(6,862)

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

	31 December 2020		31 December 2019	
Summarised statement of profit or loss:	Thuraya $ 000	BCS $ 000	Thuraya $ 000	BCS $ 000
Revenue	79,035	27,333	87,805	28,330
EBITDA	**23,933**	**(5,290)**	**25,588**	**(8,539)**
Depreciation, amortisation and impairment	(26,325)	(31,802)	(24,266)	(29,389)
Fair value adjustments on investment property	(2,030)	-	(837)	-
Operating profit	**(4,422)**	**(37,092)**	**485**	**(37,928)**
Net finance income/(cost)	(1,238)	2,679	(1,698)	3,824
Income tax expense	(1)	(219)	(6)	(205)
Profit for the year	**(5,661)**	**(34,632)**	**(1,219)**	**(34,309)**
Other comprehensive income	(99)	(5)	246	22
Total comprehensive (loss)/income	**(5,760)**	**(34,637)**	**(973)**	**(34,287)**
Attributable to non-controlling interests	(586)	(6,927)	(99)	(6,858)

Summarised statement of financial position:	Thuraya $ 000	BCS $ 000	Thuraya $ 000 Restated	BCS $ 000
Current assets (Inventories, receivables and cash balances)	79,089	155,315	68,883	169,999
Non-current assets (Property, plant and equipment and other assets)	114,574	221,978	132,772	249,012
Current liabilities (Trade and other payables, deferred revenue and borrowings)	(53,097)	(19,681)	(47,306)	(24,275)
Non-current liabilities (Borrowings and other liabilities)	(11,857)	(5,100)	(19,883)	(7,583)
Net assets / Total Equity	**128,709**	**352,512**	**134,466**	**387,153**
Attributable to:				
Yahsat Owner	115,621	282,009	120,792	309,723
Non-controlling interests	13,088	70,503	13,674	77,430

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18 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 35 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 % 2020	Equity % 2019
Al Maisan Satellite Communication Company LLC (Al Maisan)	Leasing of satellite capacity primarily for broadcasting customers	UAE	65%	65%
HNS Participações Empreendimentos S.A. (HPE; Brazil JV Co)	Telecommunication services via satellite	Brazil	20%	20%

Although Star holds more than 50% of the equity in Al Maisan, it does not control the financial and/or operating policies of Al Maisan. This is pursuant to an agreement, which provides the majority board representation to other shareholder of Al Maisan. However, as Star has the power to participate in the financial and operating policy decisions of Al Maisan due its representation on the board, it accounts for its investment as an associate.

Movement in the investments in associates:	Notes	2020 $ 000	2019 $ 000
At 1 January		151,285	36,625
Contributions made during the year		18,558	-
Acquired during the year	35	-	125,000
Share of results for the year		(16,360)	(16,130)
Exchange differences		(27,909)	5,790
At 31 December		**125,574**	**151,285**

Aggregate financial information of Al Maisan:	2020 $ 000	2019 $ 000
Share of results of equity-accounted investee	(2,053)	(14,203)
Share of total comprehensive income of equity-accounted investee	(2,053)	(14,203)

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18 Equity-accounted investments (continued)

Aggregate financial information of HPE:	2020 $ 000	2019 $ 000
Statement of comprehensive income (100%) for the year ended 31 December 2020 and one-month period ended 31 December 2019		
Revenue	109,684	12,341
Loss for the year	(71,537)	(9,634)
Other comprehensive income	-	-
Total comprehensive loss	**(71,537)**	**(9,634)**
Group's share of total comprehensive loss (20%)	(14,307)	(1,927)
Group's share of results in HPE	**(14,307)**	**(1,927)**
Statement of financial position (100%)		
Current assets	57,215	73,842
Non-current assets	295,309	345,951
Current liabilities	(36,544)	(40,655)
Non-current liabilities	(8,647)	(7,918)
Net assets 100%	**307,333**	**371,220**
Group's share in net assets (20%)	61,467	74,244
Goodwill (20%)	43,499	54,619
Other costs relating to the investment	239	-
Carrying amount of the investment in HPE	**105,205**	**128,863**

19 Inventories

Accounting policies

Inventories are stated at the lower of cost and net realisable value, after making loss allowance to account for obsolete or slow moving items. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Inventories	Notes	2020 $ 000	2019 $ 000
Equipment and accessories - satellite services		23,862	17,369
Ground operations spares		1,337	1,198
		25,199	**18,567**
Loss allowance		(11,908)	(9,113)
		13,291	**9,454**
Movement in loss allowance for inventories:			
At 1 January		9,113	7,465
Provisions made during the year		2,692	1,648
Other movement		103	-
At 31 December		**11,908**	**9,113**

During 2020, USD 20 million (2019: USD 24.6 million) of inventories were recognised as cost of equipment and accessories sold (Note 5).

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20 Related party transactions and balances

Identity of related parties

The Group, in the ordinary course of business, enters into transactions, at agreed terms and conditions, with other business enterprises or individuals that fall within the definition of related party contained in International Accounting Standard 24 Related Party Disclosures.

The Group has a related party relationship with the Parent Company and business entities over which the Parent Company can exercise control or significant influence; entities which are under common control of the shareholders of the Parent Company and associates.

a) Related party transactions:

Transaction with key management personnel	2020 $ 000	2019 $ 000
Key management personnel compensation:		
Short term employment benefits	3,609	4,360
Post-employment benefits	298	333

Transaction with other related parties	Notes	2020 $ 000	2019 $ 000
Revenue			
Entities under common control*		282,409	322,897
Associate		1,326	982
Total		**283,735**	**323,879**
* Revenue from entities under common control includes USD 278 million (2019: USD 288 million) from a single customer.			
Other income - management fees, office lease rent			
Associate	8	-	304
Interest income on short term deposits			
Entities under common control	10	2,784	1,928
Outsourced expenses, office lease rent, systems support			
Entities under common control		1,272	4,344
Parent Company		16	-
Cost of sales			
Entities under common control		1,762	1,099
Associate		534	163
Total		**2,296**	**1,262**
Learning and development expenses			
Entities under common control		99	301

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20 Related party transactions and balances (continued)

b) Related party balances

	Notes	2020 $ 000	2019 $ 000
Trade and other receivables due from related parties			
Entities under common control		53,596	65,456
Associates		1,490	82
Parent company		150	1,842
Total	21	**55,236**	**67,380**
Short-term deposits with a related party			
Entity under common control	22	130,000	140,000
Trade and other payables due to related parties			
Entities under common control		4,116	4,083
Associate		1,143	-
Parent company		-	112
Total	23	**5,259**	**4,195**
Deferred revenue			
Entities under common control		3,994	5,513
Associate		176	170
Total	26	**4,170**	**5,683**
Advance from a related party			
Entity under common control	23	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 the discharge date (which is the period following the full discharge by the Group of all liabilities relating to the term loan procured for the satellites) until the termination of the agreement. The advance is attributable to the lease element at USD 163 million (2019: 163 million), and to service element (contract with customers) at USD 128 million (2019: USD 128 million) (see Note 4).

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 27 to the consolidated financial statements which discloses information about another plot of land (Primary site) received by the Company.

Future payments pertaining to lease element included in capacity charges	2020 $ 000	2019 $ 000
Within one year	128,184	128,184
Between 2 and 5 years	512,736	512,736
After 5 years	109,723	237,907
At 31 December	**750,643**	**878,827**

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20 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 year the Group contributed to learning and development programmes in partnership with affiliates of the Parent Company.

c) During the 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% (2019: USD 140 million with interest rates ranging from 2.3% to 3.1% per annum).

d) During the year, the Group also placed short-term deposits with Abu Dhabi Commercial Bank for USD 100 million with an interest rate of 0.80% (2019: Nil).

(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 24 for other related party transactions.

21 Trade and other receivables

	Reference	Notes	2020 $ 000	2019 $ 000
Trade receivables - third parties			74,906	77,715
Trade receivables - related parties*			44,406	54,519
Sub total	a		**119,312**	**132,234**
Allowance for expected credit losses	b		(24,864)	(27,095)
Trade receivables, net of allowance	c		**94,448**	**105,139**
Accrued income - third parties			9,986	4,040
Accrued income - related parties*			9,841	10,802
Contract assets	d		**19,827**	**14,842**
Prepayments - orbital services		8	10,000	-
Prepayments - others			2,647	1,119
Advances - third parties			4,706	7,865
Advances - related parties*			642	107
Other receivables - third parties			5,906	5,926
Other receivables - related parties*			347	1,952
Sub total	e		**24,248**	**16,969**
Total trade and other receivables	c+d+e		**138,523**	**136,950**
of which non-current			11,227	3,215
of which current			127,296	133,735
Additional information:				
*Total due from related parties	y	20	55,236	67,380
Total contract balances, net of allowance	a+b+d		114,275	119,981
Total contract balances, excluding allowance	a+d		139,139	147,076

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21 Trade and other receivables (continued)

	2020		2019	
	Carrying amount	Loss allowance	Carrying amount	Loss allowance
	$ 000	$ 000	$ 000	$ 000
Categories of trade receivables and contract assets				
Managed services, government customers	49,748	(859)	44,091	(252)
Managed services, general category	6,391	(352)	11,572	(260)
Infrastructure services, government customers	5,829	-	5,768	-
Infrastructure services, general category	3,884	(2,339)	4,398	(685)
Fixed satellite services, general category	11,357	(6,000)	17,240	(4,251)
Fixed satellite services, high risk category	4,970	(4,882)	5,810	(5,810)
Mobile satellite services, general category	56,670	(10,432)	58,156	(15,837)
Others	290	-	41	-
	139,139	**(24,864)**	**147,076**	**(27,095)**

Movement in the allowance for expected credit losses:	Notes	2020 $ 000	2019 $ 000
At 1 January		27,095	24,727
Charge for the year		6,522	3,615
Reversal for the year		(320)	-
Written off during the year as uncollectible		(8,432)	(987)
Discontinued operation		-	(256)
Exchange differences		(1)	(4)
At 31 December		**24,864**	**27,095**

The ageing of trade receivables is as follows:		
Not past due	32,479	26,781
Past due 0 to 90 days	27,908	37,643
Past due 91 to 180 days	27,388	11,499
Past due above 180 days	31,537	56,311
	119,312	**132,234**

The Group's exposure to credit risk is disclosed in Note 34.

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 3.9 million (2019: 5 million).

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22 Cash and short-term deposits

	Notes	2020 $ 000	2019 $ 000
Cash on hand and in banks		94,912	147,429
Short-term deposits with banks		3	3
Short-term deposits with related parties	20	130,000	140,000
Cash and short-term deposits		**224,915**	**287,432**
Less: Short-term deposits with original maturities of over three months		(120,000)	(140,000)
Cash and cash equivalents		**104,915**	**147,432**

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

Reconciliation to the consolidated statement of cash flows:

	Notes	2020 $ 000	2019 $ 000
Profit before income tax from continuing operations		61,600	56,960
Loss before income tax from discontinued operations	35	-	(26,622)
Profit before income tax for purposes of cash flows		**61,600**	**30,338**

Significant non-cash transactions excluded from the consolidated statement of cash flows:

	Notes	2020 $ 000	2019 $ 000
Recognition of right-of-use assets	15	-	31,985
Acquisition of an associate in exchange for interest in a subsidiary	35	-	125,000

Changes in lease liabilities and borrowings arising from financing activities are disclosed in Notes 15(B) and 24, respectively.

23 Trade and other payables

	Notes	2020 $ 000	2019 $ 000
Trade payables - third parties		39,135	13,025
Trade payables - related parties*		1,152	851
Accruals		32,197	46,186
Other payables - third parties		5,949	5,897
Other payables - related parties*		4,107	3,344
Advance from a related party	20	291,000	291,000
Advances from other customers		5,999	7,589
Total trade and other payables		**379,539**	**367,892**
of which non-current		291,000	292,096
of which current		88,539	75,796
*Trade and other payables due to related parties	20	5,259	4,195
Contract liability:			
Included in advance from a related party		128,040	128,040
Included in advances from other customers		5,999	7,589

Advance from a related party is classified as non-current (Refer Note 20).

Advances from other customers mainly represent amounts received pursuant to a capacity services agreement. This advance will be adjusted over the term of the contract and includes Nil (2019: USD 1.1 million) classified as non-current.

Accruals include employee-related accruals of USD 8.3 million (2019: USD 7.4 million).

DocuSign Envelope ID: 778C9F89-CEEC-4028-B244-4414FFBF8019

24 Borrowings

Borrowings comprise term loans and lease liabilities.

	Notes	2020 $ 000	2019 $ 000
The carrying amount of borrowings are as follows:			
Term loans			
Term loan 1		248,734	359,260
Term loan 4		4,238	8,476
Total term loans		**252,972**	**367,736**
Lease liabilities	15	19,797	31,502
Total borrowings		**272,769**	**399,238**
of which current		129,114	125,511
of which non-current		143,655	273,727
The movement in term loans are as follows:			
At 1 January		372,317	481,083
Repayments		(116,601)	(108,766)
		255,716	**372,317**
Unamortised transaction costs		(2,744)	(4,581)
At 31 December		**252,972**	**367,736**
of which current		123,649	114,764
of which non-current		129,323	252,972
The principal amounts of term loans are repayable as follows:			
Within one year		125,484	116,599
1 - 2 years		130,232	125,484
2 - 5 years		-	130,234
		255,716	**372,317**

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. This facility included a Debt Service Reserve Letter of Credit facility (DSRLC) of USD 80 million, of which USD 67.2 million (2019: USD 67.2 million) has been utilised as at the end of the reporting period. The DSRLC facility is renewed half-yearly based on debt service for the next repayment period. The Group drewdown USD 984 million of the loan facility until the expiry of the availability period in 2012. The loan is repayable in twenty one semi-annual instalments starting from 31 December 2012, and the amount due within one year has been reflected accordingly. The loan bears interest at LIBOR plus margin ranging from 1.1% to 1.4% per annum over the term of the loan. The Group is required to maintain an annual DSCR (Debt Service Coverage Ratio) of 1.1 times to distribute the cash waterfall every June and December post collection of Capacity Charges from the UAE Armed Forces.

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 during the previous year. During the year, Thuraya repaid USD 4.3 million (2019: USD 4.3 million) The loan is repayable in equal monthly instalments over five years at EIBOR plus 4% with a minimum rate of 5.75%. The loan is structured as an Ijarah facility ("lease to own") related to Thuraya's primary gateway and ground segment assets and business expansion. It is 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.

DocuSign Envelope ID: 778C9F89-CEEC-4028-B244-4414FFBF8019

24 Borrowings (continued)

Term loan 4: The loan is stated net of unamortised transaction cost of US$ 18 thousand (2019: USD 36 thousand). As per the facility agreement, Thuraya is required to maintain a minimum Tangible Net worth of USD 95 million (AED 350 million). At 31 December 2020, the Tangible Net worth as defined in the Agreement amounted to USD 123.9 million.

Borrowings include outstanding balances due to related parties aggregating to USD 59.7 million (2019: USD 86.2 million). The interest expense on loans from related party banks amounted to USD 4.8 million (2019: USD 6.9 million).

25 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.

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25 Derivatives used for hedging (continued)

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of the following cash-flow hedging instruments related to forecasted transactions:

Interest rate exposure
The Group has an obligation to pay interest at variable rates (LIBOR plus margin) in connection with its borrowings. 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 receives 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 are made semi-annually until its expiry in 2022.

	2020 $ 000	2019 $ 000
Derivative financial liability		
Interest rate swap - Fair value	**9,657**	**15,839**
Contractual maturities		
Within one year	8,016	9,445
1 - 2 years	1,641	5,319
2 - 5 years	-	1,075
	9,657	**15,839**
Expected cash flows		
Within one year	8,029	9,565
1 - 2 years	1,646	5,479
2 - 5 years	-	1,123
	9,675	**16,167**
Notional principal amount outstanding	**197,252**	**317,405**

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.

26 Deferred revenue

	Notes	2020 $ 000	2019 $ 000
Unutilized airtime balances from prepaid scratch cards		12,469	10,259
Others		9,626	20,648
Total deferred revenue		**22,095**	**30,907**
of which contract liabilities - related parties	20	4,170	5,683

DocuSign Envelope ID: 778C9F89-CEEC-4028-B244-4414FFBF8019

27 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. Land received as government grants that does not meet the criteria that future economic benefits will flow to the Group, are not recognised, but their existence is disclosed in the consolidated financial statements.

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.

28 Provision for employees' end of service benefits

Accounting policies

For accounting policies on provison for employees' end of service benefits, refer Note 6.

The movement in the provision is as follows:	Note	2020 $ 000	2019 $ 000
At 1 January		10,075	12,650
Charge during the year		2,342	2,455
Payments made during the year		(1,891)	(5,035)
Exchange differences		(11)	5
At 31 December		**10,515**	**10,075**

29 Share capital

	2020 $ 000	2019 $ 000
Authorised issued and fully paid:		
10,000,000 shares of AED 1 each*	2,722	2,722

* Share capital is converted into USD at the rate of AED 3.6735 to USD 1.

During the year, the Company distributed and paid dividend of USD 55 million representing USD 5.50 per fully paid share (2019: USD 5 million).

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30 Additional paid-in capital

	2020 $ 000	2019 $ 000
Additional paid-in capital	661,612	661,612

Additional paid-in capital represents interest-free contributions from the Shareholder. Under the terms of the arrangement with the Shareholder, there is no obligation on the Company to repay the amount under any circumstances and any repayment is entirely at the discretion of the Company. In addition, the terms of the agreement specify that, on dissolution of the Company, the rights, benefits and obligations in the residual net assets and liabilities, attached to the contributions, shall rank pari passu with those attached to the share capital of the Company. Therefore, these contributions are more akin to equity instruments rather than liabilities, and accordingly are presented within equity.

31 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. Since the statutory reserve already reached 50% of the paid-up share capital, no further transfer was made during the current and previous year.

32 Capital commitments and contingent liabilities

	Note	2020 $ 000	2019 $ 000
Capital commitments - committed and contracted		267,440	11,801
Contingent liabilities - performance bonds provided by banks in the normal course of business		31,479	63,786
Contingent liabilities - letter of credit relating to Term Loan 1	24	67,228	67,228

During the year, the Group entered into a contract for procurement of a next generation satellite known as Thuraya 4 (T4), with an option to proucure 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.

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33 Leases - Group as a Lessor

The future minimum lease rental receivables under non-cancellable operating leases are as follows:

	Note	2020 $ 000	2019 $ 000
Satellite capacity leases - related party	20 (i)	750,643	878,827
Investment property leases - third parties	14	1,383	2,703
Other leases: *			
Satellite capacity leases - third parties		20,671	24,430
Gateway hosting - third parties		1,797	1,344
At 31 December		**774,494**	**907,304**
* The future minimum lease rental receivables under non-cancellable operating leases relating to other leases are as follows:			
Within one year		5,555	4,430
Between 2 and 5 years		15,034	15,706
After 5 years		1,879	5,638
At 31 December		**22,468**	**25,774**

34 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	2020 $ 000	2019 $ 000
Trade receivables and contract assets	21	114,275	119,981
Other receivables	21	6,253	7,878
Cash and short-term deposits	22	224,915	287,432
		345,443	**415,291**

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34 Financial risk management (continued)

Credit risk (continued)

Trade receivables and contract assets

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, fixed satellite services, mobile satellite services, infrastructure services and managed services.

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 47% (2019: 54%) are related parties or government related entities. Moreover, a substantial portion of the remaining customers are located in several jurisdictions and industries and operate in largely independent markets.

Financial instruments and cash deposits

The Group had credit risk arising from its derivatives used for hedging, which are settled on a net basis. At the reporting date, the net position of these instruments had a negative value. 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	Total
2020				
Borrowings	129,357	131,882	-	261,239
Derivative financial instruments	8,029	1,646	-	9,675
Trade and other payables (excluding advances from customers and accruals)	50,343	-	-	50,343
At 31 December 2020	**187,729**	**133,528**	**-**	**321,257**
2019				
Borrowings	128,379	133,096	133,538	395,013
Derivative financial instruments	9,565	5,479	1,123	16,167
Trade and other payables (excluding advances from customers and accruals)	23,116	-	-	23,116
At 31 December 2019	**161,060**	**138,575**	**134,661**	**434,296**

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.

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34 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.

	2020 $ 000	2019 $ 000
Interest expense		
- 25 basis points	203	173
+ 25 basis points	(203)	(173)

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.

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 2020 and 2019.

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	2020 $ 000	2019 $ 000
Interest bearing borrowings	24	255,716	372,317
Less: cash and short-term deposits	22	(224,915)	(287,432)
Net debt		30,801	84,885
Equity attributable to Yahsat Owner		896,524	904,442
Equity attributable to Yahsat Owner and net debt		**927,325**	**989,327**
Gearing ratio (%)		3%	9%

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35 Business combinations and changes in ownership interests

This note provides information on the changes to the group structure in the current and previous years.

The previous year changes in the group structure include:
A) Discontinued operation
B) Acquisition of an associate

There were no changes to the group structure in the current year.

Accounting policies

Business combinations

Business combinations are accounted for using the acquisition method. 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.

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.

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35 Business combinations and changes in ownership interests (continued)

Accounting policies (continued)

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 statement of comprehensive income. All other notes to the financial statements include amounts for continuing operations, unless indicated otherwise.

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.

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35 Business combinations and changes in ownership interests (continued)

Changes to the group structure in the prior year

On 6 May 2019, Star entered into an Implementation Deed with Hughes Network Systems LLC (Hughes) and HNS Participações Empreendimentos S.A. (HPE; Brazil JV Co) to combine Hughes and Star's satellite communication services business in Brazil.

Star's Brazilian business mainly comprised the Brazil payload of the Al Yah 3 satellite, certain assets held by Star and all assets held by Star's Brazilian subsidiaries (Yahsat Latam Holding S.A. and its direct, wholly-owned operating subsidiary. Yah Telecomunicações Ltda), which together were employed since 2018 in the provision of wholesale communication services to telecommunications providers and retail broadband communication services to consumers and small businesses in Brazil. Hughes' Brazilian business is held through its holding company HPE, offering wholesale communication services to telecommunications providers, broadband communication services to consumers and small businesses and communications services to corporate enterprise and government organizations.

Yahsat and Hughes plan, through the joint venture, to leverage their global experience in providing innovative satellite connectivity solutions to provide affordable, Ka-band satellite broadband services to a wide range of consumers in the unserved and underserved areas of Brazil, meeting growing demand for reliable internet connectivity from various sectors including small and large businesses, households and rural communities. The joint venture will also deliver tailored satellite solutions to enterprises and provide next generation backhaul connectivity to mobile network operators.

The Implementation Deed required Star to contribute its Brazil business to HPE (by selling Star's entire shareholding in Yahsat Latam Holding S.A. to Brazil JV Co) in consideration of the issuance of a 20% shareholding in HPE.

Completion of the joint venture was subject to the fulfilment of certain conditions precedent, including regulatory and competition approvals. All of these conditions precedent were fulfilled and, on 29 November 2019 ("closing"), the transaction completed, with Star contributing its Brazil business to HPE and obtaining a 20% shareholding in Brazil JV Co. As part of the completion of the joint venture, Yahsat and Hughes entered into a joint venture agreement (JV Agreement) to govern the terms upon which the joint venture would operate and the respective rights and obligations of the shareholders.

For Star, the transaction upon closing is accounted in the following manner:

A. Disposal of entire investment in its Brazilian business. The consideration for such disposal is the fair value of its retained interest in the JV. The disposal of Brazilian business is classified as a discontinued operation, with the closing date of 29 November 2019 as the date of disposal. The financial information relating to the discontinued operation for the period to the date of the disposal is set out in this note.

B. Acquisition of 20% interest in Brazil JV Co. The JV Agreement provides Star the right to participate in the financial and operating policy decisions of Brazil JV Co due to its representation in the Board. Hence Star accounts for this acquisition as an investment in an associate.

A. Discontinued operation

i) Financial performance and cash flow information

Financial performance and cash flow information presented below are for the eleven months ended 29 November 2019.

	2019 $ 000
Revenue from contract with customers	2,938
Cost of revenue	(471)
Staff costs	(11,170)
Operating expenses	(11,662)
EBITDA	**(20,365)**
Depreciation of property, plant and equipment	(2,969)
Amortisation of intangible assets	(1,803)
Finance income	209
Finance costs	(1,694)
Loss from discontinued operation before income tax	**(26,622)**
Income tax expense	(7,224)
Loss from discontinued operation	**(33,846)**
Exchange difference on translation of discontinued operation	(5,102)
Total comprehensive income from discontinued operation	**(38,948)**

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35 Business combinations and changes in ownership interests (continued)

A. Discontinued operation (continued)

	2019 $ 000
Net cash flow used in operating activities	(24,283)
Net cash flow used in investing activities	(10,197)
Net cash flow from financing activities	39,898
Net increase in the cash generated from the subsidiary	5,418

	Notes	2019 $ 000
ii) The major classes of assets and liabilities of the discontinued operation at the date of disposal were as follows:		
Property, plant and equipment	12	90,093
Intangible assets	16	17,276
Other receivables		1,501
Total non-current assets		**108,870**
Inventories		322
Trade and other receivables		6,246
Income tax assets		207
Cash and short term deposits		7,858
Total current assets		**14,633**
Total Assets		**123,503**
Trade and other payables		(6,346)
Total current liabilities		**(6,346)**
Total Liabilities		**(6,346)**
Net assets		**117,157**

iii) Details of the disposal of the Brazil business		
Fair value of consideration		125,000
Carrying amount of the net assets disposed		(117,157)
Reclassification of foreign currency translation reserve		(4,442)
Gain on disposal recognised in other income	8	**3,401**

B. Acquisition of an associate

Star's cost of investment in JV Co at US$ 125 million represents the fair value of the 20% interest in JV Co. As of 31 December 2019, Star has used provisional values to determine its share of the net fair value of the investee's (JV Co) identifiable assets and liabilities. During 2020, Star has determined the final fair values as follows:

	Provisional $ 000	Final $ 000
Deemed cost of investment at acquisition	125,000	125,000
of which Star's share of JV Co's net assets and liabilities	72,799	71,484
of which goodwill recognized at acquisition	52,201	53,516

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36 Correction of errors

During 2020, the Group discovered that deferred revenue relating to unutilized airtime balances from prepaid scratch cards had been erroneously understated in its consolidated financial statements since 2018. The error relates to Thuraya and dates back to periods prior to Thuraya's acquisition by Star in 2018. The main cause of the error is the accounting of airtime revenue, in those periods, on prepaid scratch cards sold free of cost to customers (FOC). The FOC cards carried a face value added to airtime balance upon activation. While no revenue was deferred on sale of the FOC cards (as it was free), revenue was recognized upon airtime usage resulting in overdrawing of deferred revenue.

The errors have been corrected by restating the assets and liabilities recognised on acquisition of Thuraya at 1 August 2018 and reversing the gain on bargain purchase accounted for as part of that acquisition. The correction had no impact on the consolidated statement of profit or loss and comprehensive income for the years ended 31 December 2019 and 2020.

The following table summarizes the impact on the Group's consolidated financial statements.

Impact on assets and liabilities arising from and recognised on the acquisition of Thuraya at 1 August 2018	**As previously reported** **$ 000**	**Adjustments** **$ 000**	**As restated** **$ 000**
Assets			
Property, plant and equipment	95,364		95,364
Capital work in progress	21,721		21,721
Investment property	17,913		17,913
Intangible assets	4,493		4,493
Other receivables non current	44		44
Inventories (net of loss allowance of USD 6,810 thousand)	14,521		14,521
Trade and other receivables (net of loss allowance of USD 15,869 thousand)	30,968		30,968
Cash and short-term deposits	21,860		21,860
Total assets	**206,884**	**-**	**206,884**
Liabilities			
Trade and other payables	21,204		21,204
Deferred revenue	26,763	6,046	32,809
Borrowings - current	8,762		8,762
Borrowings - non current (net of unamortised transaction cost of USD 75 thousand)	10,242		10,242
Provision for employees' end of service benefits	5,230	-	5,230
Total liabilities	**72,201**	**6,046**	**78,247**
Fair value of net assets acquired	**134,683**	**(6,046)**	**128,637**
Less: Non-controlling interests	(13,696)	615	(13,081)
Yahsat's share of net assets acquired	**120,987**	**(5,431)**	**115,556**
(Gain on bargain purchase included in other income)/Goodwill	(1,686)	5,431	3,745
Purchase consideration	**119,301**	**-**	**119,301**
Less: Cash and cash equivalents acquired	(21,860)	-	(21,860)
Cash outflow on acquisition	**97,441**	**-**	**97,441**

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36 Correction of errors (continued)

Impact on consolidated statement of financial position	As previously reported $ 000	Adjustments $ 000	As restated $ 000
1 January 2019			
Intangible assets	27,193	3,745	30,938
Other assets	1,848,481	-	1,848,481
Total assets	**1,875,674**	**3,745**	**1,879,419**
Deferred revenue	28,741	6,046	34,787
Other liabilities	876,569	-	876,569
Total liabilities	**905,310**	**6,046**	**911,356**
Net assets	**970,364**	**(2,301)**	**968,063**
Retained earnings	222,900	(1,686)	221,214
Others	648,817	-	648,817
Equity attributable to Yahsat owner	**871,717**	**(1,686)**	**870,031**
Non-controlling interests	98,647	(615)	98,032
Total equity	**970,364**	**(2,301)**	**968,063**
31 December 2019			
Intangible assets	12,779	3,745	16,524
Other assets	1,803,208	-	1,803,208
Total assets	**1,815,987**	**3,745**	**1,819,732**
Deferred revenue	24,861	6,046	30,907
Other liabilities	793,279	-	793,279
Total liabilities	**818,140**	**6,046**	**824,186**
Net assets	**997,847**	**(2,301)**	**995,546**
Retained earnings	247,730	(1,686)	246,044
Others	658,398	-	658,398
Equity attributable to Yahsat owner	**906,128**	**(1,686)**	**904,442**
Non-controlling interests	91,719	(615)	91,104
Total equity	**997,847**	**(2,301)**	**995,546**
Impact on consolidated statement of profit or loss			
For the year ended 31 December 2018			
Other income	104,127	(1,686)	102,441
Others	(62,246)	-	(62,246)
Profit for the year before discontinued operations	**41,881**	**(1,686)**	**40,195**
Loss after tax for the year from discontinued operations	(16,611)	-	(16,611)
Profit for the year	**25,270**	**(1,686)**	**23,584**
Profit for the year attributable to non-controlling interests	178	-	178
Profit for the year attributable to Yahsat Owner	**25,092**	**(1,686)**	**23,406**

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36 Correction of errors (continued)

Impact on consolidated statement of comprehensive income	As previously reported $ 000	Adjustments $ 000	As restated $ 000
For the year ended 31 December 2018			
Profit for the year	25,270	(1,686)	23,584
Other comprehensive income	17,193	-	17,193
Total comprehensive income for the year	**42,463**	**(1,686)**	**40,777**
Total comprehensive income attributable to non-controlling interests	178	-	178
Total comprehensive income attributable to Yahsat Owner	**42,285**	**(1,686)**	**40,599**
of which arising from continuing operations	59,572	(1,686)	57,886
of which arising from discontinued operations	(17,287)	-	(17,287)

37 Comparatives

The following items have been reclassifed to conform with the current year's presentation so that these appropriately reflect the nature of the transactions:
a) Change in fair value of investment property amounting to $ 837 thousand for the year ended 31 December 2019 has been reclassified from Other operating expenses to Fair value adjustments on investment property in the consolidated statement of profit or loss.
b) Deferred revenue amounting to $ 5,683 thousand have been reclassified from Trade and other payables to Deferred revenue in the consolidated statement of financial position as of 31 December 2019.
c) Deferred revenue amounting to $ 1.2 million has been reclassified to Advances from customers of $ 4 million (under Trade and other payables) and Accrued income of $ 2.8 million (under Trade and other receivables) in the consolidated statement of financial position as of 31 December 2019.

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Al Yah Satellite Communications Company PJSC

REPORTS AND CONSOLIDATED FINANCIAL STATEMENTS

31 December 2019

Al Yah Satellite Communications Company PJSC

Reports and Consolidated Financial Statements

31 December 2019

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smart satellite solutions

Contents **Page**

Board of Directors' Report	1
Independent auditor's report	2
Consolidated statement of profit or loss	5
Consolidated statement of comprehensive income	5
Consolidated statement of financial position	6
Consolidated statement of changes in equity	7
Consolidated statement of cash flows	8
Notes to the consolidated financial statements	9
Index to the notes to the consolidated financial statements	
1 Corporate information	9
2 Significant accounting policies	9
2.1 Basis of preparation	9
2.2 Basis of consolidation	9
2.3 Summary of significant accounting policies	10
2.4 Changes in accounting policies and disclosures	13
2.5 Standards issued but not yet effective	15
3 Significant accounting estimates and judgments	16
4 Revenue	19
5 Cost of revenue	22
6 Staff costs	22
7 Other operating expenses	22
8 Other income	23
9 Depreciation, amortisation and impairment	24
10 Finance costs and Finance income	24
11 Income tax expense	25
12 Property, plant and equipment	26
13 Capital work in progress	28
14 Investment property	29
15 Leases - Group as a Lessee	30
16 Intangible assets	32
17 Group information	33
18 Investment in equity-accounted investees	35
19 Inventories	36
20 Related party transactions and balances	37
21 Trade and other receivables	39
22 Cash and short-term deposits	41
23 Trade and other payables	41
24 Borrowings	42
25 Derivatives used for hedging	43
26 Deferred revenue	44
27 Government grants	45
28 Provision for employees' end of service benefits	45
29 Share capital	45
30 Additional paid-in capital	46
31 Statutory reserve	46
32 Capital commitments and contingent liabilities	46
33 Leases - Group as a Lessor	47
34 Financial risk management	47
35 Business combinations and changes in ownership interests	50

Al Yah Satellite Communications Company PJSC

Board of Directors' Report

31 December 2019

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 2019.

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

The results of the Group for the year ended 31 December 2019 are set out on page 5 of the consolidated financial statements.

Directors

The Directors who served during the year were:

H.E. Jassem Mohamed Al Zaabi (until 18 September 2019)
Khaled Al Qubaisi (from 18 September 2019)
H.E. Tareq Abdul Raheem Al Hosani
H.E. Dr. Mohammed Al Ahbabi
H.E. Sara Musallam
Rashed Al Ghafri
Mounir Barakat
H.E. Hisham Malak
Amal Al Ameri (from 18 September 2019)

Auditors

The consolidated financial statements for the year ended 31 December 2019 have been audited by M/s Ernst & Young.

On behalf of the Board of Directors

Chairman of the Board
Khaled Al Qubaisi

Date: 4 March 2020

Building a better working world

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF

AL YAH SATELLITE COMMUNICATIONS COMPANY PJSC

Report on the Audit of Consolidated Financial Statements

Opinion
We have audited the consolidated financial statements of Al Yah Satellite Communications Company PJSC (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2019, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2019 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Company in accordance with *International Code of Ethics for Professional Accountants (including international independence standards) (the "IESBA Code")* together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the United Arab Emirates, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management and those charged with governance for the consolidated financial statements
Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs and in compliance with the applicable provisions of the Company's Articles of Association and the UAE Federal Law No. (2) of 2015, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF

AL YAH SATELLITE COMMUNICATIONS COMPANY PJSC continued

Report on the Audit of Consolidated Financial Statements continued

Auditor's responsibilities for the audit of the consolidated financial statements continued
As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF

AL YAH SATELLITE COMMUNICATIONS COMPANY PJSC continued

Report on Other Legal and Regulatory Requirements

As required by the UAE Federal Law No. (2) of 2015, we report that:

i) we have obtained all the information and explanations we considered necessary for the purposes of our audit;

ii) the consolidated financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Law No. (2) of 2015 and the Company's Articles of Association;

iii) the Company has maintained proper books of account;

iv) the financial information included in the Directors' report is consistent with the books of account of the Company;

v) investments in shares and stocks during the year ended 31 December 2019 are disclosed in note 17, 18 and 35 to the consolidated financial statements;

vi) note 20 reflects material related party transactions and the terms under which they were conducted; and

vii) based on the information that has been made available to us nothing has come to our attention which causes us to believe that the Company has contravened, during the financial year ended 31 December 2019, any of the applicable provisions of the UAE Federal Law No. (2) of 2015 or of its Articles of Association which would materially affect its activities or its financial position as at 31 December 2019.

Further, as required by the Decree of the Chairman of the Abu Dhabi Accountability Authority No. (1) of 2017 pertaining to Auditing the Financial Statements of Subject Entities, we report that based on the information provided to us, nothing has come to our attention that causes us to believe that the Company has not complied, in all material respects, with the law of establishment of the Company and relevant provisions of the applicable laws, resolutions and circulars organising the Company's operations, which would have a material impact on the consolidated financial statements of the Company as at 31 December 2019.

Signed by
Anthony O' Sullivan
Partner
Ernst & Young
Registration No 687

30 March 2020
Abu Dhabi

Al Yah Satellite Communications Company PJSC

Consolidated statement of profit or loss

for the year ended 31 December 2019

	Notes	2019 $ 000	2018 Restated* $ 000
Continuing operations:			
Revenue	4	440,569	392,519
Cost of revenue	5	(53,792)	(61,322)
Staff costs	6	(89,140)	(77,448)
Other operating expenses	7	(55,479)	(43,712)
Other income	8	5,861	104,127
EBITDA**		**248,019**	**314,164**
Depreciation, amortisation and impairment	9	(150,657)	(231,430)
Operating profit		**97,362**	**82,734**
Finance income	10	6,756	3,992
Finance costs	10	(31,028)	(37,500)
Net Finance costs		**(24,272)**	**(33,508)**
Share of results of equity-accounted investments	18	(16,130)	(7,084)
Profit before income tax		**56,960**	**42,142**
Income tax expense	11	(241)	(261)
Profit for the year before discontinued operations		**56,719**	**41,881**
Discontinued operations:			
Loss after tax for the year from discontinued operations	35	(33,846)	(16,611)
Profit for the year		**22,873**	**25,270**
(Loss)/profit for the year attributable to non-controlling interests	17	(6,986)	178
Profit for the year attributable to Yahsat Owner		**29,859**	**25,092**

* Comparative figures were restated to present the results of discontinued operations (Note 35).
** Earnings from continuing operations before interest, tax, depreciation, amortisation, impairment and share of results of equity-accounted investments.

Consolidated statement of comprehensive income

for the year ended 31 December 2019

	Notes	2019 $ 000	2018 $ 000
Profit for the year		**22,873**	**25,270**
Other comprehensive income:			
Items that may be reclassified to profit or loss:			
Cash flow hedge - net (loss) / gain		(5,928)	3,162
Cash flow hedge loss reclassified to profit or loss	10	10,040	14,820
Exchange differences on translation of foreign operations		6,158	(113)
Exchange differences on translation of discontinued operations	35	(5,102)	(676)
Exchange differences reclassified to profit or loss	35	4,442	-
Total comprehensive income for the year		**32,483**	**42,463**
Total comprehensive (loss)/income attributable to non-controlling interests		(6,957)	178
Total comprehensive income attributable to Yahsat Owner		**39,440**	**42,285**
of which arising from continuing operations		78,388	59,572
of which arising from discontinued operations	35	(38,948)	(17,287)

The notes on pages 9 to 55 form part of these consolidated financial statements.
The independent auditor's report is set out on pages 2 to 4.

Al Yah Satellite Communications Company PJSC

Consolidated statement of financial position

at 31 December 2019

yahsat الياه سات
smart satellite solutions

	Notes	2019 $ 000	2018 $ 000
ASSETS			
Non-current assets			
Property, plant and equipment	12	1,146,331	1,382,840
Capital work in progress	13	19,180	20,634
Investment property	14	24,167	17,913
Right-of-use assets	15	28,155	-
Intangible assets	16	12,779	27,193
Investment in equity-accounted investees	18	151,285	36,625
Other receivables	21	3,215	3,242
Deferred income tax assets	11	72	8,044
Total non-current assets		**1,385,184**	**1,496,491**
Current assets			
Inventories	19	9,454	14,933
Trade and other receivables	21	130,935	126,699
Income tax assets		182	255
Cash and short-term deposits	22	287,432	237,296
Total current assets		**428,003**	**379,183**
TOTAL ASSETS		**1,813,187**	**1,875,674**
LIABILITIES			
Current liabilities			
Trade and other payables	23	77,479	74,727
Borrowings	24	125,511	106,931
Derivative financial instruments	25	9,445	9,196
Deferred revenue	26	20,378	28,741
Income tax liabilities		235	317
Total current liabilities		**233,048**	**219,912**
Non-current liabilities			
Trade and other payables	23	292,096	294,257
Borrowings	24	273,727	367,736
Derivative financial instruments	25	6,394	10,755
Provision for employees' end of service benefits	28	10,075	12,650
Total non-current liabilities		**582,292**	**685,398**
TOTAL LIABILITIES		**815,340**	**905,310**
NET ASSETS		**997,847**	**970,364**
EQUITY			
Share capital	29	2,722	2,722
Additional paid-in capital	30	661,612	661,612
Hedging reserve	25	(15,839)	(19,951)
Statutory reserve	31	4,103	4,103
Translation reserve		5,800	331
Retained earnings		247,730	222,900
Equity attributable to Yahsat Owner		**906,128**	**871,717**
Non-controlling interests	17	91,719	98,647
TOTAL EQUITY		**997,847**	**970,364**

These consolidated financial statements were authorised for issue by the Board of Directors on 4 March 2020 and approved on their behalf by:

Chairman of the Board
Khaled Al Qubaisi

Chief Executive Officer
Masood M. Sharif Mahmood

Chief Financial Officer
D. Balakrishnan

The notes on pages 9 to 55 form part of these consolidated financial statements.
The independent auditor's report is set out on pages 2 to 4.

Al Yah Satellite Communications Company PJSC

Consolidated statement of changes in equity

for the year ended 31 December 2019

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	Attributable to owners of Yahsat							
	Share capital	Additional paid-in capital	Hedging reserve	Other Reserves	Retained earnings	Total	Non-controlling interests	Total equity
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
	(Note 29)	(Note 30)	(Note 25)				(Note 17)	
At 1 January 2018	**2,722**	**558,112**	**(37,933)**	**5,223**	**183,596**	**711,720**	**-**	**711,720**
Effect of adoption of new accounting standards	-	-	-	-	(1,015)	(1,015)	-	(1,015)
As at 1 January 2018 (restated)	**2,722**	**558,112**	**(37,933)**	**5,223**	**182,581**	**710,705**	**-**	**710,705**
Profit for the year	-	-	-	-	25,092	25,092	178	25,270
Other comprehensive income:								
Exchange differences	-	-	-	(789)	-	(789)	-	(789)
Net gain on fair value of cash flow hedges	-	-	3,162	-	-	3,162	-	3,162
Reclassified to consolidated statement of profit or loss (Note 10)	-	-	14,820	-	-	14,820	-	14,820
Other comprehensive income for the year	**-**	**-**	**17,982**	**(789)**	**-**	**17,193**	**-**	**17,193**
Total comprehensive income for the year	**-**	**-**	**17,982**	**(789)**	**25,092**	**42,285**	**178**	**42,463**
Transactions with shareholders:								
Additional paid-in capital	-	103,500	-	-	-	103,500	-	103,500
Non controlling interests on acquisition of a subsidiary (Note 35)	-	-	-	-	-	-	13,696	13,696
Dilution of interest in a subsidiary (Note 35)	-	-	-	-	15,227	15,227	84,773	100,000
At 31 December 2018	**2,722**	**661,612**	**(19,951)**	**4,434**	**222,900**	**871,717**	**98,647**	**970,364**
At 1 January 2019	**2,722**	**661,612**	**(19,951)**	**4,434**	**222,900**	**871,717**	**98,647**	**970,364**
Profit for the year	-	-	-	-	29,859	29,859	(6,986)	22,873
Other comprehensive income:								
Exchange differences	-	-	-	1,027	-	1,027	29	1,056
Net loss on fair value of cash flow hedges	-	-	(5,928)	-	-	(5,928)	-	(5,928)
Reclassified to consolidated statement of profit or loss (Note 10 and Note 35)	-	-	10,040	4,442	-	14,482	-	14,482
Other comprehensive income for the year	**-**	**-**	**4,112**	**5,469**	**-**	**9,581**	**29**	**9,610**
Total comprehensive income for the year	**-**	**-**	**4,112**	**5,469**	**29,859**	**39,440**	**(6,957)**	**32,483**
Other movement in equity	-	-	-	-	(29)	(29)	29	-
Transactions with shareholders:								
Dividends (Note 29)	-	-	-	-	(5,000)	(5,000)	-	(5,000)
At 31 December 2019	**2,722**	**661,612**	**(15,839)**	**9,903**	**247,730**	**906,128**	**91,719**	**997,847**

Other reserves include translation reserve and statutory reserve. There were no movements in statutory reserve during the current and previous years.

The notes on pages 9 to 55 form part of these consolidated financial statements.
The independent auditor's report is set out on pages 2 to 4.

Al Yah Satellite Communications Company PJSC

Consolidated statement of cash flows

for the year ended 31 December 2019

	Notes	2019 $ 000	2018 $ 000
Operating activities			
Profit before income tax	22	30,338	21,672
Adjustments for:			
Share of results of equity-accounted investments	18	16,130	7,084
Depreciation, amortisation and impairment		155,429	232,563
Allowance (reversal of allowance) for expected credit losses	21	3,615	(5,715)
Loss allowance for inventories	19	1,648	655
Fair value adjustment to investment property	14	837	-
Finance income		(6,965)	(4,167)
Finance costs		32,722	41,362
Gain on disposal of a subsidiary	35	(3,401)	-
Other income - insurance claims	8	-	(101,153)
Other income - bargain purchase on acquisition of a subsidiary	8	-	(1,686)
Provision for employees' end of service benefits	28	2,455	1,979
Write-off of capital work in progress	13	837	-
Operating profit before working capital changes		**233,645**	**192,594**
Working capital changes:			
Trade and other receivables		(15,571)	397
Inventories		3,509	691
Trade and other payables		8,146	11,149
Deferred revenue		(8,363)	2
Proceeds from insurance claim	8	-	101,153
Employee end of service payments	28	(5,035)	(355)
Income tax paid		(461)	(98)
Net cash from operating activities		**215,870**	**305,533**
Investing activities			
Purchases of property, plant and equipment	12	(11,026)	(19,110)
Purchases of capital work in progress		(5,574)	(36,929)
Additions to intangible assets	16	(3,562)	-
Movement in short-term deposits with original maturity of over three months	22	(140,000)	40,328
Disposal of a subsidiary, net of cash disposed	35	(7,858)	-
Acquisition of a subsidiary, net of cash received	35	-	(97,441)
Interest received		6,965	4,167
Net cash used in investing activities		**(161,055)**	**(108,985)**
Financing activities			
Dividend paid to the Shareholder	29	(5,000)	-
Repayment of borrowings	24	(108,766)	(203,737)
Interest paid		(31,370)	(38,651)
Contribution from the Shareholder	30	-	103,500
Proceeds from disposal of interest in a subsidiary	35	-	100,000
Net cash used in financing activities		**(145,136)**	**(38,888)**
Net (decrease) increase in cash and cash equivalents		**(90,321)**	**157,660**
Net foreign exchange difference		457	3,500
Cash and cash equivalents at 1 January		237,296	76,136
Cash and cash equivalents as at 31 December	22	**147,432**	**237,296**

The notes on pages 9 to 55 form part of these consolidated financial statements.
The independent auditor's report is set out on pages 2 to 4.

1 Corporate information

Al Yah Satellite Communications Company (the "Company"), registered as a private joint stock company in Abu Dhabi, United Arab Emirates (UAE), was incorporated on 23 January 2007. UAE Federal Law No. 2 of 2015 (Companies Law) is applicable to the Company and has come into effect on 1 July 2015.

The Company is a wholly owned subsidiary of Mubadala Investment Company PJSC (the "Parent Company" or "the Shareholder" or "Yahsat owner"), 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 17 and 18.

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.

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 2019. The basis of consolidation is referred in the following notes:

Basis of consolidation	Note
(i) Subsidiaries	17
(ii) Investments in associates	18
(iii) Transactions eliminated on consolidation	17,18
(iv) Business combinations	35
(v) Transfer of entities under common control	35
(vi) Loss of control of a subsidiary	35
(vii) Acquisition of an associate in a business combination	35

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 (including trade receivables, amounts due from related parties, accrued income and other 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.

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

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

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

Financial assets and liabilities are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, where the time value of money is material, receivables are measured at amortised cost using the effective interest method, less impairment losses, if any.

Cash and cash equivalents comprise cash balances and short-term deposits with original maturities of three months or less.

(ii) Non-derivative financial liabilities

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

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of 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 25.

2 Significant accounting policies (continued)

2.3 Summary of significant accounting policies (continued)

B) Revenue from contract with customers
Refer Note 4.

C) Leases - the Group as a lessor
Refer Note 4 (Infrastructure services) and Note 14 (Investment property).

D) Finance income
Refer Note 10.

E) Other income
Refer Note 8.

F) Property, plant and equipment
Refer Note 12.

G) Capital work in progress
Refer Note 13.

H) Investment property
Refer Note 14.

I) Leases - the Group as a lessee
Refer Note 15.

J) Intangible assets
Refer Note 16.

K) Borrowing costs
Refer Note 10.

L) Impairment

Financial assets

The Group assesses on a forward-looking basis the expected credit losses associated with its assets 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, internal credit rating, external credit rating (as far as available), 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.

Regardless of analysis above, a significant increase in credit risk is presumed if a debtor is more than 90 days past due in making a contractual payment.

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.

Non-financial assets and investment in associates

The carrying amounts of the Group's non-financial assets and investments in associates are reviewed at each reporting date to determine whether there is any indication of impairment. If such an indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit, or CGU"). The Group's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

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.

2 Significant accounting policies (continued)

2.3 Summary of significant accounting policies (continued)

M) Foreign currency

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

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 other comprehensive income. When investments in subsidiaries, associates, joint ventures or net investment in a foreign operation are disposed of, the related translation differences previously recorded in equity are recognised in the consolidated statement of profit or loss as part of the gain or loss on disposal.

N) Employee terminal benefits
Refer Note 6.

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 11.

Q) Government Grants
Refer Note 27.

R) Current vs non-current classification

The Group presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification.

An asset is current when it is:
- expected to be realised or intended to be sold or consumed in the normal operating cycle
- held primarily for the purpose of trading
- expected to be realised within twelve months after the reporting period
Or
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when it is:
- expected to be settled in the normal operating cycle
- held primarily for the purpose of trading
- due to be settled within twelve months after the reporting period
Or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

S) Fair value measurement

A number of the Group's accounting policies and disclosures require the determination of fair values, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes as explained below. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The levels of fair value hierarchy are defined as follows:
Level 1: Measurement using quoted prices (unadjusted) from the active market.
Level 2: Measurement using valuation methods with parameters derived directly or indirectly from observable market data.
Level 3: Measurement using valuation methods with parameters not based exclusively on observable market data.

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).

Investment property

The fair value of investment property is determined using Level 2 valuation methods (Refer to Note 14).

2 Significant accounting policies (continued)

2.4 Changes in accounting policies and disclosures

New and amended standards and interpretations
The Group applied IFRS 16 Leases for the first time. The nature and effect of the changes as a result of adoption of this new accounting standard is described below. Several other amendments and interpretations apply for the first time in 2019, but do not have an impact on the consolidated financial statements of the Group. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

IFRS 16 Leases
IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 does not have an impact for leases where the Group is the lessor.

The Group adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. Therefore, the cumulative effect of adopting IFRS 16 was recognised as an adjustment to the opening balance of retained earnings at 1 January 2019, with no restatement of comparative information. The Group elected to use the practical expedient to not reassess whether a contract is, or contains a lease at 1 January 2019. Instead, the Group applied the standard only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or changed after 1 January 2019.

At transition, lease liabilities were measured at the present value of the remaining lease payments discounted at the Group's incremental borrowing rate as at 1 January 2019. Right-to-use assets were measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The Group elected to use the exemptions applicable to the standard to leases previously classified as operating leases.
- Apply the exemption not to recognize right-to-use assets and liabilities for lease contracts for which the lease terms ends within 12 months as of the date of initial application or for which the underlying asset is of low value;
- Adjust the right-to-use assets by the amount of IAS 37 onerous contract provision immediately before the date of initial application, as an alternative to an impairment review;
- Apply a single discount rate to portfolio of leases with similar characteristic;
- Exclude initial direct cost from measuring the right-to-use of asset at the date of initial application; and
- Use hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

The effect of adoption of IFRS 16 as at 1 January 2019 is as follows:

	$ 000
Assets	
Right-of-use assets	16,565
Total assets	**16,565**
Liabilities	
Borrowings - lease liabilities	16,565
Total liabilities	**16,565**

The lease liabilities as at 1 January 2019 can be reconciled to the operating lease commitments as of 31 December 2018, as follows:

	$ 000
Operating lease commitments as at 31 December 2018	8,592
Weighted average incremental borrowing rate as at 1 January 2019	6.3%
Discounted operating lease commitments as at 1 January 2019	**7,754**
Add: Lease payments relating to renewal periods not included in operating lease commitments as at 31 December 2018	8,811
Lease liabilities as at 1 January 2019	**16,565**

2 Significant accounting policies (continued)

2.4 Changes in accounting policies and disclosures (continued)

IFRIC Interpretation 23 Uncertainty over Income Tax Treatment
The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 Income Taxes. It does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:
- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

The Group determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty.

The Group applies significant judgement in identifying uncertainties over income tax treatments. Since the Group's subsidiaries operate in a multinational environment, it assessed whether the Interpretation had an impact on its consolidated financial statements. Upon adoption of the Interpretation, the Group considered whether it has any uncertain tax positions, particularly those relating to transfer pricing. The subsidiaries' tax filings in different jurisdictions include deductions related to transfer pricing and the taxation authorities may challenge those tax treatments. The Group determined, based on its tax compliance and transfer pricing study, that it is probable that its tax treatments (including those for the subsidiaries) will be accepted by the taxation authorities. The Interpretation did not have an impact on the consolidated financial statements of the Group.

Amendments to IFRS 9: Prepayment Features with Negative Compensation
Under IFRS 9, a debt instrument can be measured at amortised cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to IFRS 9 clarify that a financial asset passes the SPPI criterion regardless of an event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract. These amendments had no impact on the consolidated financial statements of the Group.

Amendments to IAS 19: Plan Amendment, Curtailment or Settlement
The amendments to IAS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to determine the current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event. An entity is also required to determine the net interest for the remainder of the period after the plan amendment, curtailment or settlement using the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event, and the discount rate used to remeasure that net defined benefit liability (asset). The amendments had no impact on the consolidated financial statements of the Group as it did not have any plan amendments, curtailments, or settlements during the period.

Amendments to IAS 28: Long-term interests in associates and joint ventures
The amendments clarify that an entity applies IFRS 9 to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). This clarification is relevant because it implies that the expected credit loss model in IFRS 9 applies to such long-term interests.

The amendments also clarified that, in applying IFRS 9, an entity does not take account of any losses of the associate or joint venture, or any impairment losses on the net investment, recognised as adjustments to the net investment in the associate or joint venture that arise from applying IAS 28 Investments in Associates and Joint Ventures. The amendments had no impact to the consolidated financial statements of the Group.

Annual Improvements 2015-2017 Cycle

IFRS 3 Business Combinations
The amendments clarify that, when an entity obtains control of a business that is a joint operation, it applies the requirements for a business combination achieved in stages, including remeasuring previously held interests in the assets and liabilities of the joint operation at fair value. In doing so, the acquirer remeasures its entire previously held interest in the joint operation. An entity applies those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2019, with early application permitted. These amendments had no impact on the consolidated financial statements of the Group as there is no transaction where joint control is obtained.

IFRS 11 Joint Arrangements
An entity that participates in, but does not have joint control of, a joint operation might obtain joint control of the joint operation in which the activity of the joint operation constitutes a business as defined in IFRS 3.

2 Significant accounting policies (continued)

2.4 Changes in accounting policies and disclosures (continued)

IFRS 11 Joint Arrangements (continued)
The amendments clarify that the previously held interests in that joint operation are not remeasured. An entity applies those amendments to transactions in which it obtains joint control on or after the beginning of the first annual reporting period beginning on or after 1 January 2019, with early application permitted.

These amendments had no impact on the consolidated financial statements of the Group as there is no transaction where a joint control is obtained.

IAS 12 Income Taxes
The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognises the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where it originally recognised those past transactions or events.

An entity applies the amendments for annual reporting periods beginning on or after 1 January 2019, with early application permitted. When the entity first applies those amendments, it applies them to the income tax consequences of dividends recognised on or after the beginning of the earliest comparative period.

Since the Group's current practice is in line with these amendments, they had no impact on the consolidated financial statements of the Group.

IAS 23 Borrowing Costs
The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.

The entity applies the amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments. An entity applies those amendments for annual reporting periods beginning on or after 1 January 2019, with early application permitted.

This amendment impacts the capitalization rate (weighted average rate of general borrowing costs) for qualifying assets, as Term Loan 1 (Note 24) is treated as part of general borrowing with effect from 1 January 2019. However, as there were no qualifying assets during the year, the amendment did not have an impact on the consolidated financial statements.

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.

IFRS 17 Insurance Contracts
The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. IFRS 17 is effective for reporting periods beginning on or after 1 January 2021, with comparative figures required. This standard is not applicable to the Group.

Amendments to IFRS 3: Definition of a Business
The amendments help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test.

The amendments are effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2020 and to asset acquisitions that occur on or after the beginning of that period. Since the amendments apply prospectively to transactions or other events that occur on or after the date of first application, the Group will not be affected by these amendments on the date of transition.

Amendments to IAS 1 and IAS 8: Definition of Material
The amendments align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

The amendments are effective for annual periods beginning on or after 1 January 2020 and are not expected to have a significant impact on the Group's consolidated financial statements.

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 2022 and are to be applied retrospectively. The Group is assessing the potential impact of this amendment.

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 34)
ii) Financial instrument risk management (Note 34)

Significant accounting judgments

Revenue from contract with customers
Refer Note 4.

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 if the intention to renew is supported by an approved business case and b) for lease of buildings housing satellite gateways if 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.

For assessing significant influence, the Group considers the ability to participate in the financial and operating policy decisions of the investee. The Group presumes significant influence when it holds between 20% and 50% of the voting power of investee. The Group also considers its representation on the board, the ability of other vote holders to operate the investee without regard to the views of the Group, participation in policy-making processes, including participation in decisions about dividends or other distributions, material transactions between the Group and its investee, interchange of managerial personnel and provision of essential technical information.

In 2018, the Group acquired 89.83% ownership interest in Thuraya on 1 August 2018 (Note 35 C). The Group determined that it gained control over Thuraya as of 1 August 2018 considering that it has the right to direct the relevant activities as of that date through its majority appointed directors.

In 2018, the Group diluted 20% interest in its fixed satellite broadband business in Africa, Middle East and West Asia (Yahclick; Subsidiary) (Note 35 D). The Group entered into an agreement (Joint venture agreement) with the non-controlling shareholder to govern the ownership, management and control of Yahclick. The Group has determined that by virtue of its majority representation in the Board, it has the right to direct the relevant activities of the business and continues to control the subsidiary.

On 29 November 2019, the Group acquired 20% shareholding in HPE, the Brazil JV Co (Note 35 B). The Group entered into a Joint venture agreement with the other shareholder, Hughes, to govern the ownership, management and control of HPE. The Group has determined that by virtue of its shareholding and representation in the Board, it has significant influence (but not control or joint control) over HPE as the Group has the right to participate in policy-making processes, including participation in decisions about dividends or other distributions, material transactions between the Group and its investee, interchange of managerial personnel and provision of essential technical information. Accordingly, the Group accounts for its investment in HPE as investment in an associate.

3 Significant accounting judgments, estimates and assumptions (continued)

Significant accounting estimates

Impairment of non-financial assets
The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded entities or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the fifth year.

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. Effective 1 July 2019, the Group reduced the estimated useful lives of satellites T2 and T3. The Group accounted for the change prospectively. The change increased the depreciation for the year by US$ 3.8 million and is expected to result to an increased depreciation in the subsequent year by US$ 7.6 million.

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.

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 to be recognised from initial recognition of the receivables. As at 31 December 2019, the Group is carrying an allowance of US$ 27.1 million (2018: US$ 24.7 million).

Business combinations
Accounting for the acquisition of a business requires the allocation of the purchase price to the various assets and liabilities of the acquired business. For most assets and liabilities, the purchase price allocation is accomplished by recording the asset or liability at its estimated fair value. Determining the fair value of assets acquired and liabilities assumed requires judgment by management and often involves the use of significant estimates and assumptions, including assumptions with respect to future cash inflows and outflows, discount rates, the useful lives of licences and other assets and market multiples. The Group's management uses all available information to make these fair value determinations.

Fair value of derivative financial instruments
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.

3 Significant accounting judgments, estimates and assumptions (continued)

Significant accounting estimates (continued)

Impairment assessment of investment in an equity-accounted investee
Management applies the guidance in IAS 36 to identify if potential impairment exists for its investment in an equity-accounted investee. At the end of each reporting period, an assessment is made as to whether there is any objective evidence of impairment. In such instances, the investment is subject to an impairment test by comparing the carrying amount to the recoverable amount of the asset. Considering the long term nature of these investments, the recoverable amount is determined based on value-in-use calculations. In assessing the value-in-use, the 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.

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.

Estimate of fair value of consideration received for loss of control of subsidiary
The Group applies the guidance in IFRS 13 Fair Value Measurement to determine fair value of consideration received for loss of control of a subsidiary. Where the consideration is in the form of equity shares of an entity which constitutes a business, the fair value is estimated by calculating the present value of estimated cash flows of the business using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the business.

The Group estimated the fair value of the equity shares of JV Co (HPE) received as consideration for the disposal of its Brazilian subsidiary at $125 million. Discount rate of 10.3% was used in estimating the fair value. The fair value so estimated was also the deemed cost of the Group's acquisition of 20% shares in HPE, which it accounts for as an investment in associate (Note 35).

4 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 and sets out the criteria for every contract that must be met.
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.

Satellite services revenue primarily represents revenue from provision of satellite broadband services to customers. Revenue is recognised when services are rendered. For mobile satellite services, airtime revenue (voice, data and messaging services) is recognised over the period in which the services are provided; and 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.

Managed services revenue represents end-to-end integrated satellite communication and managed services provided to customers. Revenue is recognized in profit or loss in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by reference to the proportion of the service rendered. 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.

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.

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).

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.

4 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**	**2019 $ 000**	**2018 $ 000**
Rendering of services:			
Infrastructure services		237,784	236,109
Fixed satellite services		27,048	24,441
Mobile satellite services		53,278	22,329
Managed services		89,068	95,921
		407,178	**378,800**
Sale of equipment and accessories		33,391	13,719
		440,569	**392,519**
Revenue from related parties is disclosed in Note 20.			
Revenue includes:			
Revenue from contracts with customers		305,531	257,580
Income from operating leases included in infrastructure services	20,33	134,366	134,267
Income from operating leases included in managed services	33	672	672
		440,569	**392,519**
Disaggregation of revenue from contracts with customers:			
Infrastructure services - government capacity	20	100,530	98,224
Infrastructure services - others		2,888	3,618
Fixed satellite serivces - Africa, Middle East and West Asia		27,048	24,441
Mobile satellite services - worldwide		53,278	22,329
Managed services		88,396	95,249
Sale of equipment and accessories - mobile satellite services		31,658	12,345
Sale of equipment and accessories - fixed satellite services		1,733	1,374
		305,531	**257,580**
Timing of revenue recognition:			
Over time		268,261	232,840
At a point in time		37,270	24,740
		305,531	**257,580**
Remaining performance obligations from contracts with customers:			
Within one year		190,851	179,427
More than one year		701,167	825,032
		892,018	**1,004,459**

4 Revenue (continued)

	Notes	2019 $ 000	2018 $ 000
Contract balances:			
Trade receivables, net of loss allowance	21	50,620	48,179
Due from related parties		54,519	43,491
Contract assets:			
Due from related parties (unbilled revenue)		10,802	19,546
Accrued income		1,240	-
Contract liabilities:			
Due to related parties		5,683	-
Advances from a related party	20	128,040	128,040
Advances from other customers	23	3,589	5,656
Deferred revenue	26	20,378	28,741
Revenue recognised from contract liabilities at the beginning of the year		3,264	4,809

The disclosure on remaining performance obligations does not include the expected consideration related to performance obligations 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 33.

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:

Identifying performance obligations in a bundled sale and installation and maintenance services

The Group provides services that are either sold separately or bundled with equipment. The services are a promise to transfer services in the future and are part of the negotiated exchange between the Group and the customer. The Group determined that the supply of equipment and installation and maintenance for certain managed services contracts are not capable of being distinct since these are interdependent or interrelated. Consequently, the Group considered these as a single performance obligation and did not allocate the transaction price to more than one performance obligations.

Satisfaction of performance obligations

The Group is required to assess each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method for recognising revenue. The Group concluded that revenue for certain contracts for the supply and installation of equipment are to be recognised over time because the customer simultaneously receives and consumes the benefits provided by the Group. The Company recognises revenue based on milestones achieved.

For certain contracts for the supply of goods, the Group concluded that revenue is recognised at a point in time only upon receipt of customer acceptance to determine when the performance obligation of the Group under the contracts are satisfied.

Determination of transaction prices

The Group is required to determine the transaction price in respect of each of its contracts with customers. For this purpose, the Group assesses the impact of any variable consideration in the contract, due to discounts or penalties, the existence of any significant financing component and any non-cash consideration in the contract. In determining the impact of variable consideration, the Group uses the "most-likely amount" method in IFRS 15 whereby the transaction price is determined by reference to the single most likely amount in a range of possible consideration amounts.

Transfer of control in contracts with customers

In cases where the Group determines that performance obligations are satisfied at a point in time, revenue is recognised when control over the assets is transferred to the customer or benefits of the services being provided is received and consumed by the customer. In cases where the Group determines that performance obligations are not satisfied at a point in time, revenue is recognised over the time in accordance with the criteria as per IFRS 15.

4 Revenue (continued)

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).

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) IFRIC Interpretation 4 – Determining whether an Arrangement contains a Lease, ii) IAS 17 - Leases and iii) 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 of ownership of the assets to UAEAF (Note 20) and
c) the service element of the arrangement will be accounted as revenue in proportion to the stage of completion at the reporting date.

5 Cost of revenue

	2019 $ 000	2018 $ 000
Direct costs	29,144	50,233
Cost of equipment and accessories sold	24,648	11,089
	53,792	**61,322**

Direct costs mainly represent cost of procurement of goods and services relating to managed services contracts.

6 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.

6 Staff costs (continued)

Staff costs	Note	2019 $ 000	2018 $ 000
Employee costs		76,958	65,584
Outsourced staff costs		12,182	11,864
		89,140	**77,448**
Employee costs include:			
Pension contributions made in respect of UAE national employees in accordance with the UAE Federal Law No. (2), 2000		2,992	2,670
Charged during the year towards employee end of service benefits		1,321	668

7 Other operating expenses

	Note	2019 $ 000	2018 $ 000
Satellite services operations costs		13,720	10,850
Facilities and asset maintenance costs		7,430	5,734
Insurance expenses		4,820	5,123
Business travel expenses		4,239	6,138
Marketing expenses		4,048	7,649
Allowance (reversal of allowance) for expected credit losses		3,397	(5,757)
IT support costs		3,158	1,981
Consultancy, legal and advisory expenses		2,890	3,955
Registration and filing expenses		2,457	1,154
Inventory obsolescence		1,648	112
Learning and development expenses		1,325	1,845
Change in fair value of investment property	14	837	-
Bank fees and charges		779	1,662
Currency exchange losses - net		504	1,308
Other expenses		4,227	1,958
Total other operating expenses		**55,479**	**43,712**

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

8 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.

	Notes	2019 $ 000	2018 $ 000
Gain on disposal - discontinued operation	35	3,401	-
Rental income from investment property	14	1,940	928
Income from services rendered to related parties	20	304	344
Income from insurance claims		-	101,153
Bargain purchase on acquisition of a subsidiary	35	-	1,686
Others		216	16
		5,861	**104,127**

8 Other income (continued)

During the previous year, the Group received insurance proceeds net of accelerated premiums, amounting to USD 101.1 million resulting from the Group's claim against an anomaly relating to the Al Yah 3 satellite launch.

9 Depreciation, amortisation and impairment

	Notes	2019 $ 000	2018 $ 000
Depreciation of property, plant and equipment		141,538	129,647
Depreciation of right-of-use assets	15	3,830	-
Amortisation of intangible assets		4,872	1,352
Impairment of non-current assets	12	417	100,431
		150,657	**231,430**

The amounts above relate to continuing operations.

10 Finance costs and Finance income

Accounting policies

Finance income

Finance income comprises interest income on funds invested and is recognised as it accrues in profit or loss using the effective interest method.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are added to the cost of the assets until such time the assets are substantially ready for their intended use.

Where funds are borrowed specifically for the purpose of obtaining a qualifying asset, any investment income earned on temporary surplus funds is deducted from borrowing costs eligible for capitalisation. In the case of general borrowings, a capitalisation rate, which is the weighted average rate of general borrowing costs, is applied to the expenditure on qualifying assets and included in the cost of the asset.

A borrowing originally made to develop a qualifying asset is treated as part of general borrowings when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.

All other borrowing costs are recognised as an expense when incurred.

Finance costs and Finance income	Notes	2019 $ 000	2018 $ 000
Finance income			
Interest on short term deposit with banks		4,828	2,783
Interest on deposits with related party	20	1,928	1,209
		6,756	**3,992**
Finance costs			
Interest expense on borrowings - term loans		(19,636)	(22,680)
Interest expense on borrowings - lease liabilities	15	(1,352)	-
Fair value losses on derivative financial instruments transferred from equity		(10,040)	(14,820)
		(31,028)	**(37,500)**
Net finance costs		**(24,272)**	**(33,508)**

11 Income tax expense

Accounting policies

The tax expense / credit for the year comprise current and deferred tax.

The current income tax charge is calculated on the basis of the tax laws enacted at the end of the reporting period in the countries where the Group's subsidiaries operate and generate taxable income.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Also deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill in a business combination. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted in the jurisdiction of the individual companies by the end of the reporting period and are expected to apply when the related deferred income tax liability is settled or the deferred income tax asset is realised. A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profits will be available, against which the temporary differences can be utilised.

Deferred income tax assets and liabilities offset when:
a) a legally enforceable right exists to offset current income tax assets against current income tax liabilities
b) the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

	2019 $ 000	2018 $ 000
The components of foreign income tax credit/(expense) are:		
Current tax:		
Current tax on profits for the year	(245)	(313)
Total current tax	**(245)**	**(313)**
Deferred tax:		
Origination and reversal of temporary differences	4	52
Total deferred tax	**4**	52
Income tax expense	**(241)**	**(261)**

The taxes mainly relate to the subsidiaries in the Netherlands and South Africa and is not significant. Hence a tax reconciliation to the accounting profit is not provided.

The movement of the deferred tax assets is as follows:

Deferred tax assets	2019 $ 000	2018 $ 000
At 1 January	8,044	4,783
Credited to profit or loss during the year	4	52
Reversals	(7,100)	3,863
Other temporary and translation differences	(876)	(654)
At 31 December	**72**	**8,044**

Deferred tax mainly arose from temporary differences relating to tax benefits on pre-operative expenses incurred in Brazil, relating to the discontinued operation. The Group has recognised a deferred tax asset to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

12 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. Cost also may include transfers from other comprehensive income of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. 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

12 Property, plant and equipment (continued)

	Land and building $ 000	Satellite systems $ 000	Plant and machinery $ 000	Furniture and fixtures $ 000	Computers $ 000	Office equipment and Vehicles $ 000	Total $ 000
Cost							
At 1 January 2018	89,169	1,691,632	16,112	7,084	10,450	4,480	1,818,927
Acquisition (Note 35)	28,368	1,094,523	-	722	16,850	1,526	1,141,989
Transfer from capital work in progress (Note 13)	-	310,026	-	-	-	(38)	309,988
Additions	687	6,637	6	249	4,735	6,796	19,110
Exchange differences	-	192	-	(104)	(8)	45	125
At 31 December 2018	**118,224**	**3,103,010**	**16,118**	**7,951**	**32,027**	**12,809**	**3,290,139**
Depreciation							
At 1 January 2018	16,477	592,349	4,743	6,038	7,408	2,526	629,541
Acquisition (Note 35)	2,478	889,202	-	670	15,573	1,272	909,195
Charge for the year	2,624	124,479	853	486	1,554	688	130,684
Exchange differences	-	(73)	-	(37)	40	88	18
At 31 December 2018	**21,579**	**1,605,957**	**5,596**	**7,157**	**24,575**	**4,574**	**1,669,438**
Impairment							
Acquisition (Note 35)	13,879	123,551	-	-	-	-	137,430
Charge for the year	-	100,431	-	-	-	-	100,431
At 31 December 2018	**13,879**	**223,982**	**-**	**-**	**-**	**-**	**237,861**
Net book value	**82,766**	**1,273,071**	**10,522**	**794**	**7,452**	**8,235**	**1,382,840**
Cost							
At 1 January 2019	118,224	3,103,010	16,118	7,951	32,027	12,809	3,290,139
Additions	145	2,341	635	285	1,518	6,102	11,026
Transfers to investment property (Note 14)	(17,828)	-	-	-	-	-	(17,828)
Transfers to intangible assets (Note 16)	-	-	-	-	(11,468)	-	(11,468)
Discontinued operation (Note 35)	-	(131,400)	-	(208)	(3,535)	(11,062)	(146,205)
Exchange differences	-	(2,966)	-	(43)	(383)	(793)	(4,185)
Write-off	-	-	-	(584)	-	-	(584)
At 31 December 2019	**100,541**	**2,970,985**	**16,753**	**7,401**	**18,159**	**7,056**	**3,120,895**
Depreciation							
At 1 January 2019	21,579	1,605,957	5,596	7,157	24,575	4,574	1,669,438
Charge for the year	2,776	137,445	843	710	1,580	1,153	144,507
Transfers to investment property (Note 14)	(1,713)	-	-	-	-	-	(1,713)
Transfers to intangible assets (Note 16)	-	-	-	-	(9,573)	-	(9,573)
Discontinued operation (Note 35)	-	(15,171)	-	(277)	(393)	(353)	(16,194)
Exchange differences	-	(474)	-	(12)	(9)	(158)	(653)
Write-off	-	-	-	(584)	-	-	(584)
At 31 December 2019	**22,642**	**1,727,757**	**6,439**	**6,994**	**16,180**	**5,216**	**1,785,228**
Impairment							
At 1 January 2019	13,879	223,982	-	-	-	-	237,861
Charge for the year	417	-	-	-	-	-	417
Transfers to investment property (Note 14)	(9,024)	-	-	-	-	-	(9,024)
Discontinued operation (Note 35)	-	(39,918)	-	-	-	-	(39,918)
At 31 December 2019	**5,272**	**184,064**	**-**	**-**	**-**	**-**	**189,336**
Net book value	**72,627**	**1,059,164**	**10,314**	**407**	**1,979**	**1,840**	**1,146,331**

13 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.

	Notes	$ 000
Cost		
At 1 January 2018		286,625
Acquisition	35	21,721
Additions		36,826
Transfers to property, plant and equipment	12	(309,988)
Transfers to intangible assets	16	(12,606)
Exchange differences		(1,944)
At 31 December 2018		**20,634**
Cost		
At 1 January 2019		20,634
Additions		4,364
Transfers to intangible assets	16	(4,981)
Write-off		(837)
At 31 December 2019		**19,180**

Capital work in progress as of the end of the reporting period comprise mainly of plant and equipment. Additions during the previous year mainly relate to the costs of Al Yah 3 satellite.

Borrowing costs capitalized during the year is Nil (2018: $ 1.5 million at a capitalisation rate of 1.5%).

14 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.

	Note	Land $ 000	Building $ 000	Total $ 000
Investment property accounted at fair value				
At 1 January 2018		-	-	-
Acquisition	35	13,675	4,238	17,913
At 31 December 2018 / At 1 January 2019		**13,675**	**4,238**	**17,913**
Transfer from owner-occupied property	12	5,531	1,560	7,091
Net loss from fair value adjustment	7	(755)	(82)	(837)
At 31 December 2019		**18,451**	**5,716**	**24,167**

The investment property relates to Dubai office building and associated land (property) of the subsidiary acquired during the previous year. 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 8). Net loss from fair value adjustment is recognized in other operating expenses (Note 7).

Minimum lease payments receivable on leases of investment properties are as follows:	2019 $ 000	2018 $ 000
Within 1 year	1,447	1,554
Between 1 and 2 years	1,256	1,929
	2,703	**3,483**

15 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.

The estimated useful lives of right-of-use assets are as follows:

Asset category	Years
Right-of-use assets - satellite systems	4
Right-of-use assets - buildings	10

A) Right-of-use assets

Carrying amounts and movements during the period	Notes	Satellite systems $ 000	Buildings $ 000	Total $ 000
At 1 January 2019		-	-	-
Effect of adoption of IFRS 16	2.4	-	16,565	16,565
Additions		15,420	-	15,420
Depreciation expense		(1,943)	(1,887)	(3,830)
At 31 December 2019		**13,477**	**14,678**	**28,155**

15 Leases - Group as a Lessee (continued)

B) Lease liabilities

Carrying amounts of lease liabilities and the movement for the period	Notes	2019 $ 000
Lease liabilities		
At 1 January		-
Effect of adoption of IFRS 16	2.4	16,565
Additions		15,733
Accretion of interest	10	1,352
Payments		(2,148)
At 31 December	24	**31,502**
of which current		10,748
of which non-current		20,754
Amounts recognized in profit or loss in relation to leases		
Depreciation expense of right-of-use assets		3,830
Interest expense on lease liabilities		1,352
Expense relating to short-term leases (included in other operating expenses)		312
Expense relating to of low-value assets (included in other operating expenses)		550
Total		**6,044**
Cash flow information		
Total cash outflows for leases		2,698

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 15 years, but may have extension options.

Contracts may contain both lease and non-lease components. The group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

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).

16 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.

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)	4-10

	Notes	Develop-ment costs $ 000	Licenses $ 000	Software $ 000	Total $ 000
Cost					
At 1 January 2018		-	13,365	-	13,365
Acquisition	35	63,051	180	-	63,231
Transfer from capital work in progress	13	1,414	-	11,192	12,606
Exchange differences		-	(1,864)	-	(1,864)
At 31 December 2018		**64,465**	**11,681**	**11,192**	**87,338**
Amortisation					
At 1 January 2018		-	-	-	-
Acquisition	35	58,558	180	-	58,738
Charge for the year		1,166	44	238	1,448
Exchange differences		-	(41)	-	(41)
At 31 December 2018		**59,724**	**183**	**238**	**60,145**
Net book value at 31 December 2018		**4,741**	**11,498**	**10,954**	**27,193**
Cost					
At 1 January 2019		64,465	11,681	11,192	87,338
Additions		3,123	-	439	3,562
Transfer from capital work in progress	13	4,981	-	-	4,981
Transfer from property, plant and equipment	12	-	-	11,468	11,468
Discontinued operation	35	-	(10,467)	(9,274)	(19,741)
Exchange differences		-	(1,034)	-	(1,034)
At 31 December 2019		**72,569**	**180**	**13,825**	**86,574**
Amortisation					
At 1 January 2019		59,724	183	238	60,145
Charge for the year		3,876	1,507	1,292	6,675
Transfer from property, plant and equipment	12	-	-	9,573	9,573
Discontinued operation	35	-	(1,460)	(1,005)	(2,465)
Exchange differences		-	(102)	(31)	(133)
At 31 December 2019		**63,600**	**128**	**10,067**	**73,795**
Net book value at 31 December 2019		**8,969**	**52**	**3,758**	**12,779**

17 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 % 2019	Equity % 2018
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	Netherlands	100%	100%
Amwaj Communications LLC	Dormant entity	UAE	100%	100%
Subsidiaries acquired during the previous year (Note 35):				
Thuraya Telecommunications Company PJSC (Thuraya)	Mobile telecommunication services via Satellite	UAE	89.83%	89.83%
Subsidiaries incorporated and diluted during the previous year (Note 35):				
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%
Discontinued operation (Note 35):				
Yahsat Latam Holding SA (Yah Latam)	Holding company	Brazil	-	100%
Yah Telecomunicacoes LTDA (Yah Brazil)	Telecommunication services via satellite	Brazil	-	100%

17 Group information (continued)

B) Material partly-owned subsidiaries

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

	31 December 2019		31 December 2018	
	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	14,289	77,430	14,388	84,259
Profit attributable to non-controlling interests	(124)	(6,862)	692	(514)

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

	31 December 2019		31 December 2018	
Summarised statement of profit or loss:	Thuraya $ 000	BCS $ 000	Thuraya $ 000	BCS $ 000
Revenue	87,805	28,330	34,687	2,552
EBITDA	**24,751**	**(8,539)**	**14,391**	**(374)**
Depreciation, amortisation and impairment	(24,266)	(29,389)	(7,086)	(2,269)
Operating profit	**485**	**(37,928)**	**7,305**	**(2,643)**
Net finance income/(cost)	(1,698)	3,824	(504)	91
Income tax credit/(expense)	(6)	(205)	(1)	(17)
Profit for the year	**(1,219)**	**(34,309)**	**6,800**	**(2,569)**
Other comprehensive income	246	22	-	(39)
Total comprehensive (loss)/income	**(973)**	**(34,287)**	**6,800**	**(2,608)**
Profit/(loss) attributable to non-controlling interests	(124)	(6,862)	692	(514)
Summarised statement of financial position:				
Current assets (Inventories, receivables and cash balances)	66,083	169,999	63,938	173,699
Non-current assets (Property, plant and equipment and other assets)	132,772	249,012	134,284	261,313
Current liabilities (Trade and other payables, deferred revenue and borrowings)	(38,460)	(24,275)	(42,726)	(13,533)
Non-current liabilities (Borrowings and other liabilities)	(19,883)	(7,583)	(14,012)	(183)
Net assets / Total Equity	**140,512**	**387,153**	**141,484**	**421,296**
Attributable to:				
Yahsat Owner	126,223	309,723	127,096	337,037
Non-controlling interests	14,289	77,430	14,388	84,259

18 Investment in equity-accounted investees

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 35 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 % 2019	Equity % 2018
Al Maisan Satellite Communication Company LLC (Al Maisan)	Leasing of satellite capacity primarily for broadcasting customers	UAE	65%	65%
Acquired during the year (Note 35):				
HNS Participações Empreendimentos S.A. (HPE; Brazil JV Co)	Telecommunication services via satellite	Brazil	20%	-

Although Star holds more than 50% of the equity in Al Maisan, it does not control the financial and/or operating policies of Al Maisan. This is pursuant to an agreement, which provides the majority board representation to other shareholder of Al Maisan. However, as Star has the power to participate in the financial and operating policy decisions of Al Maisan due its representation on the board, it accounts for its investment as an associate.

Movement in the investments in associates:	Notes	2019 $ 000	2018 $ 000
At 1 January		36,625	43,709
Acquired during the year	35	125,000	-
Share of results for the year		(16,130)	(7,084)
Exchange differences		5,790	-
At 31 December		**151,285**	**36,625**

Aggregate financial information of Al Maisan:	2019 $ 000	2018 $ 000
Share of results of equity-accounted investee	(14,203)	(7,084)
Share of total comprehensive income of equity-accounted investee	(14,203)	(7,084)

18 Investment in equity-accounted investees (continued)

Aggregate financial information of HPE:	2019 $ 000	2018 $ 000
HPE's statement of comprehensive income (100%) for the one-month period ended 31 December 2019		
Revenue	12,341	-
Loss for the year	(9,634)	-
Other comprehensive income	-	-
Total comprehensive loss	**(9,634)**	**-**
Group's share of total comprehensive loss (20%)	(1,927)	-
Group's share of results in HPE	**(1,927)**	**-**
HPE's statement of financial position (100%)		
Current assets	73,842	-
Non-current assets	345,951	-
Current liabilities	(40,655)	-
Non-current liabilities	(7,918)	-
Net assets 100%	**371,220**	**-**
Group's share in net assets (20%)	74,244	-
Goodwill	54,619	-
Carrying amount of the investment in HPE	**128,863**	**-**

19 Inventories

Accounting policies

Inventories are stated at the lower of cost and net realisable value, after making loss allowance to account for obsolete or slow moving items. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Inventories	Notes	2019 $ 000	2018 $ 000
Equipment and accessories - satellite services		17,369	20,679
Ground operations spares		1,198	1,719
		18,567	**22,398**
Loss allowance		(9,113)	(7,465)
		9,454	**14,933**
Movement in loss allowance for inventories:			
At 1 January		7,465	-
Acquisitions	35	-	6,810
Provisions made during the year		1,648	655
At 31 December		**9,113**	**7,465**

During 2019, USD 24.6 million (2018: USD 11.1 million) of inventories were recognised as cost of equipment and accessories sold (Note 5).

20 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 associate.

a) Related party transactions:

Transaction with key management personnel	2019 $ 000	2018 $ 000
Key management personnel compensation:		
Short term employment benefits	4,360	4,221
Post-employment benefits	333	304

Transaction with other related parties	Notes	2019 $ 000	2018 $ 000
Revenue			
Entities under common control*		322,897	310,219
Associate		982	1,229
Total		**323,879**	**311,448**
* Revenue from entities under common control includes USD 288 million (2018: USD 297 million) from a single customer.			
Other income - management fees, office lease rent			
Associate	8	304	344
Interest income on short term deposits			
Entities under common control	10	1,928	1,209
Outsourced expenses, office lease rent, systems support			
Entities under common control		4,344	3,211
Cost of sales			
Entities under common control		1,099	891
Associate		163	401
Total		**1,262**	**1,292**
Learning and development expenses			
Entities under common control		301	1,351

20 Related party transactions and balances (continued)

b) Related party balances

	Notes	2019 $ 000	2018 $ 000
Due from related parties			
Entities under common control		65,456	62,707
Associates		82	470
Parent company		1,842	-
Total	21	**67,380**	**63,177**
Short-term deposits with a related party			
Entity under common control	22	140,000	-
Due to related parties	23		
Entities under common control		9,596	4,381
Associate		170	218
Parent company		112	4
Total		**9,878**	**4,603**
Advance from a related party			
Entity under common control	23	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 the discharge date (which is the period following the full discharge by the Group of all liabilities relating to the term loan procured for the satellites) until the termination of the agreement. The advance is attributable to the lease element at USD 163 million (2018: 163 million), and to service element (contract with customers) at USD 128 million (2018: USD 128 million) (see Note 4).

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 27 to the consolidated financial statements which discloses information about another plot of land (Primary site) received by the Company.

Future payments pertaining to lease element included in capacity charges	2019 $ 000	2018 $ 000
Within one year	128,184	128,184
Between 2 and 5 years	512,736	512,736
After 5 years	237,907	366,091
At 31 December	**878,827**	**1,007,011**

20 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 Abu Dhabi Autonomous System Investment Co LLC, ADNOC Offshore and General Secretariat of Ministry of Presidential Affairs. Advances received from customers pursuant to these contracts are reported under 'Due to related parties'. These advances will be subsequently adjusted towards the consideration in respect of the contract deliverables.

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

c) During the year the Group placed short-term deposits with Mubadala Treasury Holding Company LLC for USD 140 million with interest rates ranging from 2.3% to 3.1% per annum (2018: USD 46 million with interest rates ranging from 1.6% to 1.8% per annum).

(iii) Transactions with an associate

a) In terms of the Management Services agreement with Al Maisan, Star charged management fees for support services rendered to the associate. Star also charges the associate for satellite operations support and lease of office space.

b) Star 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 24 for other related party transactions.

21 Trade and other receivables

	Notes	2019 $ 000	2018 $ 000
Trade receivables		77,715	72,906
Allowance for expected credit losses		(27,095)	(24,727)
Trade receivables net of allowance		**50,620**	**48,179**
Due from related parties	20	67,380	63,177
Prepayments		1,119	2,274
Advances		7,865	6,210
Accrued income		1,648	501
Other receivables		5,518	9,600
Total trade and other receivables		**134,150**	**129,941**
of which non-current		3,215	3,242
of which current		130,935	126,699

21 Trade and other receivables (continued)

Categories of trade receivables and contract assets	2019 Carrying amount $ 000	2019 Expected credit loss $ 000	2018 Carrying amount $ 000	2018 Loss allowance $ 000
Managed services, government customers	44,091	(252)	56,691	-
Managed services, general category	11,572	(260)	1,313	(225)
Infrastructure services, government customers	5,768	-	5,709	-
Infrastructure services, general category	4,398	(685)	12,210	(290)
Fixed satellite services, general category	17,240	(4,251)	12,345	(3,639)
Fixed satellite services, high risk category	5,810	(5,810)	5,210	(5,210)
Mobile satellite services, general category	55,356	(15,837)	41,925	(14,826)
Others	38	-	680	(537)
	144,273	**(27,095)**	**136,083**	**(24,727)**

Movement in the allowance for expected credit losses:	Notes	2019 $ 000	2018 $ 000
At 1 January		24,727	14,101
Effect of adoption of IFRS 9		-	1,015
Acquisitions	35	-	15,869
Charge/(reversal) for the year		3,615	(5,715)
Discontinued operation		(256)	-
Written off during the year as uncollectible		(987)	(543)
Exchange differences		(4)	-
At 31 December		**27,095**	**24,727**
Ageing of trade receivables and amounts due from related parties are as follows:			
Not past due		39,643	43,435
Past due 0 to 90 days		37,643	27,514
Past due 91 to 180 days		11,499	13,603
Past due above 180 days		56,310	51,531
		145,095	**136,083**

The Group's exposure to credit risk is disclosed in Note 34.

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

Other receivables include recoverable taxes USD Nil (2018: USD 4.0 million) and b) Staff related receivables USD 5.0 million (2018: 5.1 million).

22 Cash and short-term deposits

	Notes	2019 $ 000	2018 $ 000
Cash on hand and in banks		147,429	63,400
Short-term deposits with banks		3	173,896
Short-term deposits with a related party	20	140,000	-
Cash and short-term deposits		**287,432**	**237,296**
Less: Short-term deposits with original maturities of over three months		(140,000)	-
Cash and cash equivalents		**147,432**	**237,296**

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

Reconciliation to the consolidated statement of cash flows:

	Notes	2019 $ 000	2018 $ 000
Profit before income tax from continuing operations		56,960	42,142
Loss before income tax from discontinued operations	35	(26,622)	(20,470)
Profit before income tax for purposes of cash flows		**30,338**	**21,672**

Significant non-cash transactions excluded from the consolidated statement of cash flows:

	Notes	2019 $ 000	2018 $ 000
Recognition of right-of-use assets	15	31,985	-
Acquisition of an associate in exchange for interest in a subsidiary	35	125,000	-

Changes in lease liabilities and borrowings arising from financing activities are disclosed in Notes 15(B) and 24, respectively.

23 Trade and other payables

	Notes	2019 $ 000	2018 $ 000
Trade payables		13,025	23,469
Due to related parties	20	9,878	4,603
Accruals		46,186	37,519
Other payables		5,897	6,737
Advance from a related party	20	291,000	291,000
Advances from other customers		3,589	5,656
Total trade and other payables		**369,575**	**368,984**
of which non-current		292,096	294,257
of which current		77,479	74,727

Advance from a related party is classified as non-current (Refer Note 20).

Advances from other customers mainly represent amounts received pursuant to a capacity services agreement. This advance will be adjusted over the term of the contract and includes USD 1.1 million (2018: USD 3.2 million) classified as non-current.

Accruals include employee-related accruals of USD 9.4 million (2018: USD 12.6 million).

24 Borrowings

Borrowings comprise term loans and lease liabilities.

	Notes	2019 $ 000	2018 $ 000
The carrying amount of borrowings are as follows:			
Term loans			
Term loan 1		359,260	461,953
Term loan 4		8,476	12,714
Total term loans		**367,736**	**474,667**
Lease liabilities	15	31,502	-
Total borrowings		**399,238**	**474,667**
of which current		125,511	106,931
of which non-current		273,727	367,736
The movement in term loans are as follows:			
At 1 January		481,083	665,741
Acquisitions	35	-	19,079
Repayments		(108,766)	(203,737)
		372,317	**481,083**
Unamortised transaction costs		(4,581)	(6,416)
At 31 December		**367,736**	**474,667**
of which current		114,764	106,931
of which non-current		252,972	367,736
The principal amounts of term loans are repayable as follows:			
Within one year		116,599	108,766
1 - 2 years		125,484	116,599
2 - 5 years		130,234	255,718
		372,317	**481,083**

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. This facility included a Debt Service Reserve Letter of Credit facility (DSRLC) of USD 80 million, of which USD 67.2 million (2018: USD 67.2 million) has been utilised as at the end of the reporting period. The DSRLC facility is renewed half-yearly based on debt service for the next repayment period. The Group drewdown USD 984 million of the loan facility until the expiry of the availability period in 2012. The loan is repayable in twenty one semi-annual instalments starting from 31 December 2012, and the amount due within one year has been reflected accordingly. The loan bears interest at LIBOR plus margin ranging from 1.1% to 1.4% per annum over the term of the loan. The Group is required to maintain an annual DSCR (Debt Service Coverage Ratio) of 1.1 times to distribute the cash waterfall every June and December post collection of Capacity Charges from the UAE Armed Forces.

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 during the previous year. During the year, Thuraya repaid USD 4.3 million (2018: USD 3.8 million) The loan is repayable in equal monthly instalments over five years at EIBOR plus 4% with a minimum rate of 5.75%. The loan is structured as an Ijarah facility ("lease to own") related to Thuraya's primary gateway and ground segment assets and business expansion. It is 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.

24 Borrowings (continued)

Term loan 4: The loan is stated net of unamortised transaction cost of US$ 36 thousand (2018: USD 53 thousand). As per the facility agreement, Thuraya is required to maintain a minimum Tangible Net worth of USD 129 million (AED 475 million). At 31 December 2019, the Tangible Net worth as defined in the Agreement amounted to USD 131.2 million.

Borrowings include outstanding balances due to related parties aggregating to USD 86.2 million (2018: USD 110.8 million). The interest expense on loans from related party banks amounted to USD 6.9 million (2018: USD 11.6 million).

Term loans 2 and 3 were fully repaid as at the end of the previous year.

25 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.

25 Derivatives used for hedging (continued)

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of the following cash-flow hedging instruments related to forecasted transactions:

Interest rate exposure
The Group has an obligation to pay interest at variable rates (LIBOR plus margin) in connection with its borrowings. 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 receives 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 are made semi-annually until its expiry in 2022.

	2019 $ 000	2018 $ 000
Derivative financial liability		
Interest rate swap - Fair value	**15,839**	**19,951**
Contractual maturities		
Within one year	9,445	9,196
1 - 2 years	5,319	6,440
2 - 5 years	1,075	4,315
After 5 years	-	-
	15,839	**19,951**
Expected cash flows		
Within one year	9,565	9,378
1 - 2 years	5,479	6,746
2 - 5 years	1,123	4,656
	16,167	**20,780**
Notional principal amount outstanding	**317,405**	**428,614**

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.

26 Deferred revenue

	2019 $ 000	2018 $ 000
Unutilized airtime balances from prepaid scratch cards	16,761	27,518
Others	3,617	1,223
	20,378	**28,741**

27 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. Land received as government grants that does not meet the criteria that future economic benefits will flow to the Group, are not recognised, but their existence is disclosed in the consolidated financial statements.

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.

28 Provision for employees' end of service benefits

Accounting policies

For accounting policies on provison for employees' end of service benefits, refer Note 6.

The movement in the provision is as follows:	Note	2019 $ 000	2018 $ 000
At 1 January		12,650	5,822
Charge during the year		2,455	1,979
Payments made during the year		(5,035)	(355)
Acquisitions	35	-	5,230
Exchange differences		5	(26)
At 31 December		**10,075**	**12,650**

29 Share capital

	2019 $ 000	2018 $ 000
Authorised issued and fully paid:		
10,000,000 shares of AED 1 each*	2,722	2,722

* Share capital is converted into USD at the rate of AED 3.6735 to USD 1.

During the year, the Company distributed and paid dividend of USD 5 million representing USD 0.50 per fully paid share (2018: Nil).

30 Additional paid-in capital

	2019 $ 000	2018 $ 000
Additional paid-in capital	661,612	661,612

Additional paid-in capital represents interest-free contributions from the Shareholder. Under the terms of the arrangement with the Shareholder, there is no obligation on the Company to repay the amount under any circumstances and any repayment is entirely at the discretion of the Company. In addition, the terms of the agreement specify that, on dissolution of the Company, the rights, benefits and obligations in the residual net assets and liabilities, attached to the contributions, shall rank pari passu with those attached to the share capital of the Company. Therefore, these contributions are more akin to equity instruments rather than liabilities, and accordingly are presented within equity. During the previous year, the Company received additional contribution amounting to USD 103.5 million from the Shareholder.

31 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. Since the statutory reserve already reached 50% of the paid-up share capital, no further transfer was made during the current and previous year.

32 Capital commitments and contingent liabilities

	Note	2019 $ 000	2018 $ 000
Capital commitments - committed and contracted		11,801	12,202
Contingent liabilities - performance bonds provided by banks in the normal course of business		63,786	109,481
Contingent liabilities - letter of credit relating to Term Loan 1	24	67,228	67,228

33 Leases - Group as a Lessor

The future minimum lease rental receivables under non-cancellable operating leases are as follows:

	Note	2019 $ 000	2018 $ 000
Satellite capacity leases - related party	20 (i)	878,827	1,007,011
Investment property leases - third parties	14	2,703	3,483
Other leases: *			
Satellite capacity leases - third parties		24,430	31,584
Gateway hosting - third parties		1,344	2,016
At 31 December		**907,304**	**1,044,094**
* The future minimum lease rental receivables under non-cancellable operating leases relating to other leases are as follows:			
Within one year		4,430	6,720
Between 2 and 5 years		15,706	25,536
After 5 years		5,638	1,344
At 31 December		**25,774**	**33,600**

34 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	2019 $ 000	2018 $ 000
Due from related parties	21	67,380	63,177
Trade receivables and accrued income	21	52,268	48,680
Other receivables (excluding recoverable taxes)	21	5,518	5,594
Cash and short-term deposits	22	287,432	237,296
		412,598	**354,747**

34 Financial risk management (continued)

Credit risk (continued)

Trade receivables and contract assets

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, fixed satellite services, mobile satellite services, infrastructure services and managed services.

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 53% (2018: 54%) are related parties or government related entities. Moreover, a substantial portion of the remaining customers are located in several jurisdictions and industries and operate in largely independent markets.

Financial instruments and cash deposits

The Group had credit risk arising from its derivatives used for hedging, which are settled on a net basis. At the reporting date, the net position of these instruments had a negative value. 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	Total
2019				
Borrowings	128,379	133,096	133,538	395,013
Derivative financial instruments	9,565	5,479	1,123	16,167
Trade and other payables (excluding advances from customers and accruals)	28,800	-	-	28,800
	166,744	**138,575**	**134,661**	**439,980**
2018				
Borrowings	128,683	131,669	269,753	530,105
Derivative financial instruments	9,378	6,746	4,656	20,780
Trade and other payables (excluding advances from customers and accruals)	34,809	-	-	34,809
	172,870	**138,415**	**274,409**	**585,694**

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.

34 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.

	2019 $ 000	2018 $ 000
Interest expense		
- 25 basis points	173	130
+ 25 basis points	(173)	(130)

Fair values

The fair values of financial assets and liabilities, together with the carrying amounts shown in the consolidated statement of financial position, are as follows:

	31 December 2019		31 December 2018	
	Carrying amount $ 000	Fair value $ 000	Carrying amount $ 000	Fair value $ 000
Financial assets carried at amortised cost				
Cash and short-term deposits	287,432	287,432	237,296	237,296
Trade and other receivables (excluding prepayments, advances and recoverable taxes)	125,166	125,166	117,451	117,451
	412,598	**412,598**	**354,747**	**354,747**
Financial liabilities carried at amortised cost				
Trade and other payables (excluding advances from customers and accruals)	28,800	28,800	34,809	34,809
Borrowings	367,736	367,736	474,667	474,667
	396,536	**396,536**	**509,476**	**509,476**
Liabilities carried at fair value				
Interest rate swap	15,839	15,839	19,951	19,951

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.

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 2019 and 2018.

34 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	2019 $ 000	2018 $ 000
Interest bearing borrowings	24	372,317	481,083
Less: cash and short-term deposits	22	(287,432)	(237,296)
Net debt		84,885	243,787
Equity attributable to Yahsat Owner		906,128	871,717
Equity attributable to Yahsat Owner and net debt		**991,013**	**1,115,504**
Gearing ratio (%)		9%	22%

35 Business combinations and changes in ownership interests

This note provides information on the changes to the group structure in the current and previous years.

The current year changes in the group structure include:
A) Discontinued operation
B) Acquisition of an associate

The previous year changes in the group structure include:
C) Business combination - Acquisition of a subsidiary
D) Transfer of entities under common control and dilution of interest in a subsidiary

Accounting policies

Business combinations

Business combinations are accounted for using the acquisition method. 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.

35 Business combinations and changes in ownership interests (continued)

Accounting policies (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 statement of comprehensive income. All other notes to the financial statements include amounts for continuing operations, unless indicated otherwise.

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 undertakes a provisional PPA to report the acquisition at the reporting date. The Group will finalise the fair values and PPA, within one-year from the date of acquisition and will report 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.

35 Business combinations and changes in ownership interests (continued)

Changes to the group structure in the current year

On 6 May 2019, Star entered into an Implementation Deed with Hughes Network Systems LLC (Hughes) and HNS Participações Empreendimentos S.A. (HPE; Brazil JV Co) to combine Hughes and Star's satellite communication services business in Brazil.

Star's Brazilian business mainly comprised the Brazil payload of the Al Yah 3 satellite, certain assets held by Star and all assets held by Star's Brazilian subsidiaries (Yahsat Latam Holding S.A. and its direct, wholly-owned operating subsidiary. Yah Telecomunicações Ltda), which together were employed since 2018 in the provision of wholesale communication services to telecommunications providers and retail broadband communication services to consumers and small businesses in Brazil. Hughes' Brazilian business is held through its holding company HPE, offering wholesale communication services to telecommunications providers, broadband communication services to consumers and small businesses and communications services to corporate enterprise and government organizations.

Yahsat and Hughes plan, through the joint venture, to leverage their global experience in providing innovative satellite connectivity solutions to provide affordable, Ka-band satellite broadband services to a wide range of consumers in the unserved and underserved areas of Brazil, meeting growing demand for reliable internet connectivity from various sectors including small and large businesses, households and rural communities. The joint venture will also deliver tailored satellite solutions to enterprises and provide next generation backhaul connectivity to mobile network operators.

The Implementation Deed required Star to contribute its Brazil business to HPE (by selling Star's entire shareholding in Yahsat Latam Holding S.A. to Brazil JV Co) in consideration of the issuance of a 20% shareholding in HPE.

Completion of the joint venture was subject to the fulfilment of certain conditions precedent, including regulatory and competition approvals. All of these conditions precedent were fulfilled and, on 29 November 2019 ("closing"), the transaction completed, with Star contributing its Brazil business to HPE and obtaining a 20% shareholding in Brazil JV Co. As part of the completion of the joint venture, Yahsat and Hughes entered into a joint venture agreement (JV Agreement) to govern the terms upon which the joint venture would operate and the respective rights and obligations of the shareholders.

For Star, the transaction upon closing is accounted in the following manner:

A. Disposal of entire investment in its Brazilian business. The consideration for such disposal is the fair value of its retained interest in the JV. The disposal of Brazilian business is classified as a discontinued operation, with the closing date of 29 November 2019 as the date of disposal. The financial information relating to the discontinued operation for the period to the date of the disposal is set out in this note.

B. Acquisition of 20% interest in Brazil JV Co. The JV Agreement provides Star the right to participate in the financial and operating policy decisions of Brazil JV Co due to its representation in the Board. Hence Star accounts for this acquisition as an investment in an associate.

A. Discontinued operation

i) Financial performance and cash flow information

Financial performance and cash flow information presented are for the eleven months ended 29 November 2019 (2019 column) and the year ended 31 December 2018.

	Notes	2019 $ 000	2018 $ 000
Revenue from contract with customers		2,938	227
Cost of revenue		(471)	(584)
Staff costs		(11,170)	(9,044)
Operating expenses		(11,662)	(6,249)
EBITDA		**(20,365)**	**(15,650)**
Depreciation of property, plant and equipment		(2,969)	(1,037)
Amortisation of intangible assets		(1,803)	(96)
Finance income		209	175
Finance costs		(1,694)	(3,862)
Loss from discontinued operation before income tax		**(26,622)**	**(20,470)**
Income tax (expense) credit		(7,224)	3,859
Loss from discontinued operation		**(33,846)**	**(16,611)**
Exchange difference on translation of discontinued operation		(5,102)	(676)
Total comprehensive income from discontinued operation		**(38,948)**	**(17,287)**

35 Business combinations and changes in ownership interests (continued)

A. Discontinued operation (continued)

	2019 $ 000	2018 $ 000
Net cash flow from operating activities	(24,283)	(11,994)
Net cash flow from investing activities	(10,197)	(20,282)
Net cash flow from financing activities	39,898	31,312
Net increase (decrease) in the cash generated from the subsidiary	5,417	(964)

	Notes	2019 $ 000
ii) The major classes of assets and liabilities of the discontinued operation at the date of disposal were as follows:		
Property, plant and equipment	12	90,093
Intangible assets	16	17,276
Other receivables		1,501
Total non-current assets		**108,870**
Inventories		322
Trade and other receivables		6,246
Income tax assets		207
Cash and short term deposits		7,858
Total current assets		**14,633**
Total Assets		**123,503**
Trade and other payables		(6,346)
Total current liabilities		**(6,346)**
Total Liabilities		**(6,346)**
Net assets		**117,157**
iii) Details of the disposal of the Brazil business		
Fair value of consideration		125,000
Carrying amount of the net assets disposed		(117,157)
Reclassification of foreign currency translation reserve		(4,442)
Gain on disposal recognised in other income	8	**3,401**

B. Acquisition of an associate

Star's cost of investment in JV Co at US$ 125 million represents the fair value of the 20% interest in JV Co. Star has used provisional values to determine its share of the net fair value of the investee's (JV Co) identifiable assets and liabilities.

Provisional values recognised at acquisition are as follows:	Notes	2019 $ 000
Deemed cost of investment at acquisition		125,000
of which Star's share of JV Co's net assets and liabilities (provisional)		72,799
of which goodwill recognized at acquisition (provisional)		52,201

35 Business combinations and changes in ownership interests (continued)

Changes to the group structure in the previous year

C. Acquisition of a subsidiary

In the previous year, on 1 August 2018, Yahsat, through its subsidiary Star acquired 89.83% ownership in Thuraya Telecommunications Company PJSC, a company incorporated on 26 April 1997 in Abu Dhabi, United Arab Emirates. Thuraya is engaged in the business of operating a satellite based mobile telecommunication system via Geo-synchronous Earth Orbit satellites and conducting related activities comprising the sale of handsets, IP data and marine terminals, prepaid cards and accessories.

The acquisition will significantly bolster Yahsat's satellite solutions portfolio for both commercial and government clients, as well as increase global footprint by entering into the L-band market. By integrating the portfolios of the two companies, Yahsat will be able to offer a comprehensive mobile and fixed satellite services portfolio, further strengthening its value proposition to customers and unlock significant untapped potential, bringing longer-term stability and growth to the overall business.

The assets and liabilities arising from and recognised on the acquisition of Thuraya are as follows:

	Notes	2018 $ 000
Assets		
Property, plant and equipment	12	95,364
Capital work in progress	13	21,721
Investment property	14	17,913
Intangible assets	16	4,493
Other receivables non current		44
Inventories (net of loss allowance of USD 6,810 thousand)		14,521
Trade and other receivables (net of loss allowance of USD 15,869 thousand)		30,968
Cash and short-term deposits		21,860
Total assets		**206,884**
Liabilities		
Trade and other payables		21,204
Deferred revenue		26,763
Borrowings - current		8,762
Borrowings - non current (net of unamortised transaction cost of USD 75 thousand)		10,242
Provision for employees' end of service benefits	28	5,230
Total liabilities		**72,201**
Fair value of net assets acquired		**134,683**
Less: Non-controlling interests		(13,696)
Yahsat's share of net assets acquired		**120,987**
Gain on bargain purchase included in other income		(1,686)
Purchase consideration		**119,301**
Less: Cash and cash equivalents acquired		(21,860)
Cash outflow on acquisition		**97,441**

From the date of acquisition to 31 December 2018, Thuraya contributed revenue of USD 34.7 million and net profit of USD 6.8 million towards the operations of the Group. If the acquisition had taken place at the beginning of the previous year, revenue and net profit for the Group would have been USD 441.8 million and USD 19.7 million, respectively.

Non-controlling interest was measured as the non-controlling interest's proportionate share of Thuraya's net identifiable assets.

35 Business combinations and changes in ownership interests (continued)

D. Transfer of entities under common control and dilution of interest in a subsidiary

In the previous year, on 30 August 2018, Yahsat and Star entered into an Implementation Agreement (agreement) with Hughes Network Systems LLC (Hughes) in relation to Star's fixed satellite broadband services business in Africa, Middle East and West Asia (Yahclick).

The agreement required Yahsat to contribute Yahclick (including identified assets, liabilities and goodwill) as a going concern valued at USD 400 million and fulfill closing conditions, upon which Hughes must contribute USD 100 million towards a 20% non-controlling interest. The identified assets include Yahsat and Star's ownership in subsidiaries Al Najm, Yala and Star Network.

The closing conditions included:
a) Transfer of ownership of identified assets, intellectual properties and operating licenses
b) Execution of agreements to support the operations of Yahclick i.e. payload operations, technical operations, resource agreements, business support services agreements
c) Regulatory and other approvals as applicable.

To effect the contribution in line with the agreement, Yahsat formed two new legal entities (subsidiaries), namely a) Broadband Connectivity Solutions (Restricted) Limited (BCS, Holdco, 100% owned by Star) and b) BCS Investments LLC (Opco, 0.1% held by Star and rest by Holdco).

Subsequently on 6 December 2018 (closing date), Yahsat fulfilled closing conditions and contributed the identified assets and liabilities to Opco. On the same day, Hughes contributed USD 100 million towards 20% ownership in Holdco.

The disposal gain and non-controlling interest (NCI) on the closing date are as follows:	**2018 $ 000**
a) Carrying value of assets and liabilities contributed by Yahsat to BCS on closing date	323,865
b) Cash contributed by Hughes to BCS for 20% ownership	100,000
Total Equity of BCS on closing date	**423,865**
c) of which Yahsat share @ 80%	339,092
d) of which Non-controlling interest @ 20%, presented in consolidated statement of changes in equity under non-controlling interests	84,773
e) Dilution gain on disposal of 20% ownership to Hughes (c-a), presented in consolidated statement of changes in equity under retained earnings	15,227

Annex 2 – Memorandum of Association and Articles of Association

ARTICLES OF ASSOCIATION

النظام الأساسي

AL YAH SATELLITE COMMUNICATIONS COMPANY

الياه للاتصالات الفضائية

PUBLIC JOINT STOCK COMPANY

(شركة مساهمة عامة)

Table of Contents **المحتويات**

Article No.		**المــادة**
	Part One **Company Incorporation**	**الباب الأول** **في تأسيس الشركة**
1	Incorporation of Company	1 تأسيس الشركة
2	Definitions	2 التعاريف
2	Name of Company	3 اسم الشركة
4	Head Office of Company	4 مركز الشركة
5	Duration of Company	5 مدة الشركة
6	Objects of the Company	6 أغراض الشركة
	Part Two **The Capital**	**الباب الثاني** **راس مال الشركة**
7	Share Capital	7 رأس المال
8	Ownership of Shares	8 ملكية الأسهم
9	Exemptions	9 استثناءات
10	Liability of Shareholders	10 التزامات المساهمين
11	Consequences of Ownership of Shares	11 آثار ملكية الأسهم
12	Indivisible Shares	12 أسهم غير قابلة للتجزئة
13	Heirs and Creditors	13 ورثة المساهم ودائنيه
14	Rights of Shareholders	14 حقوق المساهمين
15	Disposal of Shares	15 التصرف بالأسهم

16	Rights to Dividends	استحقاق الأرباح	16
17	Increasing or Decreasing Share Capital	زيادة أو تخفيض رأس المال	17
	Part Three **Loan Debentures**	**الباب الثالث** **سندات القرض والصكوك**	
18	Loan Securities; Sukuk and Bonds	السندات والصكوك	18
	Part Four **The Board of Directors of the Company**	**الباب الرابع** **مجلس إدارة الشركة**	
19	Election	الانتخاب	19
20	Term	المدة	20
21	Chairman and Vice Chairman	الرئيس ونائب الرئيس	21
22	Management	الجهاز الاداري	22
23	Powers of the Board of Directors	سلطات مجلس الادارة	23
24	Quorum for Board Meetings and Resolutions	نصاب اجتماعات مجلس الإدارة والقرارات	24
25	Loss of Directorship	فقدان عضوية المجلس	25
26	Liability	المسؤولية	26
27	Remuneration	المكافأة	27
	Part Five **The General Assembly**	**الباب الخامس** **الجمعية العمومية**	
28	Formation of General Assembly	تكوين الجمعية العمومية	28
29	Meetings of General Assembly	اجتماعات الجمعية العمومية	29
30	Invitation to Meetings	الدعوة الى الاجتماعات	30
31	Agenda of Meetings	جدول أعمال الاجتماعات	31

32	Registration of Shareholders	تسجيل المساهمين	32
33	Quorum and Voting at Meetings	نصاب الاجتماعات والتصويت	33
34	Chairing the General Assembly	رئاسة الجمعية العمومية	34
35	General Assembly Meeting	اجتماع الجمعية العمومية	35
36	Discussing Matters not in the Agenda	تداول مسائل خارج جدول الأعمال	36
37	Amending the Articles of Association	تعديل النظام الأساسي	37
38	Decisions of General Assembly	قرارات الجمعية العمومية	38
	Part Six **The Auditor**	**الباب السادس** **مدقق الحسابات**	
39	Appointment of Auditor	تعيين المدقق	39
40	Powers and Obligations of Auditor	صلاحيات والتزامات مدقق أو مراجع الحسابات	40
41	Report of Auditor	تقرير مدقق أو مراجع الحسابات	41
	Part Seven **The Company's Finance**	**الباب السابع** **مالية الشركة**	
42	Books of Accounts and Financial Year	دفاتر الحسابات والسنة المالية	42
43	Distribution of Dividends Prior to Listing	توزيع الأرباح قبل الادراج	43
44	Distribution of Dividends Post Listing	توزيع الأرباح بعد الادراج	44
	Part Eight **Disputes**	**الباب الثامن** **المنازعات**	
45	Civil Proceedings	الدعوى المدنية	45
46	Indemnity	التعويض	46

	Part Nine **Dissolution and Liquidation of the Company**	**الباب التاسع** **حل الشركة وتصفيتها**	
47	Dissolution of Company	حل الشركة	47
48	Liquidation	التصفية	48
	Part Ten **Final Provisions**	**الباب العاشر** **أحكام ختامية**	
49	Applicable Provisions	الأحكام الواجبة التطبيق	49
50	Severability	الفصل بين المواد	50
51	Publication	النشر	51

Articles of Association of
Al Yah Satellite Communications Company
(a Public Joint Stock Company)

النظام الأساسي لشركة
الياه للاتصالات الفضائية
(شركة مساهمة عامة)

Part One
Company Incorporation

الباب الأول
تأسيس الشركة

Article 1
(Incorporation of Company)

المادة (1)
(تأسيس الشركة)

The Company was established as a private joint stock company in accordance with the provisions of Federal Law No. (8) of 1984 Concerning Commercial Companies and its amending laws and Federal law by Decree No. 3 of 2003 Concerning the Organization of the Telecommunication Sector and obtained a commercial licence number CN-1005700.

تأسست الشركة بموجب أحكام القانون الاتحادي رقم (8) لسنة 1984 في شأن الشركات التجارية والقوانين المعدلة لهُ والمرسوم بقانون اتحادي رقم (3) لسنة 2003 في شأن تنظيم قطاع الاتصالات كشركة مساهمة خاصة، وحصلت على رخصة تجارية رقم CN- 1005700.

Whereas Federal Law No. (2) of 2015 Concerning Commercial Companies issued on 25 March 2015 has repealed Federal Law No. (8) of 1984 Concerning Commercial Companies and its amending Laws and required existing companies to adjust their articles of association in compliance with the provisions of Federal Law No. (2) of 2015.

ولما كان القانون الإتحادي رقم (2) لسنة 2015 في شأن الشركات التجارية الصادر في 25 مارس 2015 قد نص على إلغاء القانون الإتحادي رقم (8) لسنة 1984 في شأن الشركات التجارية والقوانين المعدلة له، وأوجب على الشركات القائمة بتعديل أنظمتها الأساسية بما يتوافق مع أحكامه.

وحيث قررت الجمعية العمومية للشـــركة بموجب القرار الخاص الصـــادر من قبل شـــركة المعمورة دايفيرسـيفايد جلوبال هولدنغ ش.م.ع (سـابقاً شـركة المبادلة للتنمية ش.م.ع وهي شـركة مملوكة بالكامل لشركة مبادلة للاستثمار ش.م.ع) المساهم الوحيد في الشركة بتاريخ 26 ابريل 2017 الموافقة على تعديل أحكام النظام الأســاســي للشــركة ليتوافق وأحكام القانون الإتحادي رقم (2) لســنة 2015 في شــأن الشركات التجارية.

Whereas the general assembly of the Company adopted on 26 April 2017 a Special Resolution issued by Mamoura Diversified Global Holding PJSC (*previously known as Mubadala Development Company PJSC, a wholly owned subsidiary of Mubadala Investment Company PJSC*) the sole Shareholder in the Company to amend the articles of association of the Company in line with Federal Law No. (2) of 2015 Concerning Commercial Companies.

وحيث قررت الجمعية العمومية للشـــركة بموجب القرار الخاص الصـــادر من قبل شـــركة المعمورة دايفيرسـيفايد جلوبال هولدنغ ش.م.ع (سـابقاً شـركة المبادلة للتنمية ش.م.ع وهي شـركة مملوكة بالكامل لشـركة مبادلة للاسـتثمار ش.م.ع) المسـاهم الوحيد في الشركة بتاريخ 28 ابريل 2021 الموافقة على تحويل الشـــركة لتصـــبح شـــركة مســـاهمة عامة واســـتثناؤها من بعض احكام قانون الشـــركات وفقاً لأحكام المادة 29 من قانون الاتصـــالات بموافقة الهيئة العامة لتنظيم قطاع الاتصـــالات والحكومة الرقمية وتعديل أحكام النظام الأساسي للشركة وذلك على النحو التالي:

Whereas the general assembly of the Company adopted on 28 April 2021 a Special Resolution issued by Mamoura Diversified Global Holding PJSC (*previously known as Mubadala Development Company PJSC, a wholly owned subsidiary of Mubadala Investment Company PJSC*) the sole Shareholder in the Company to convert the Company into a public joint stock company, exempt the Company from certain provisions of the Companies Law pursuant to Article 29 of the Telecom Law following the approval of the Telecommunications and Digital Government Regulatory Authority and to amend the Company's articles of association as follows:

المادة (2)
(التعاريف)

في هذا النظام الأساسي تكون للتعابير الواردة أدناه المعاني المحددة قرين كل منها ما لم يقتض السياق خلاف ذلك:

Article 2
(Definitions)

In these Articles of Association, the following terms shall have the following meanings, unless the context requires otherwise:

UAE: The United Arab Emirates;	**الدولة**: دولة الإمارات العربية المتحدة.
Authority: Emirates Securities and Commodities Authority;	**الهيئـــــــــــة:** هيئة الأوراق المالية والسلع؛
TRA: Telecommunications and Digital Government Regulatory Authority which oversees the activity of the Company in the UAE;	**هيئة تنظيم الاتصالات**: الهيئة العامة لتنظيم قطاع الاتصالات والحكومة الرقمية والمشرفة على نشاط الشركة في الدولة؛
Competent Authority: The Abu Dhabi Department of Economic Development;	**الســـلطة المختصـــة**: دائرة التنمية الاقتصـــادية بإمارة ابوظبي؛
Company: **Al Yah Satellite Communications Company**, public joint stock company;	**الشركة**: الياه للاتصالات الفضائية، شركة مساهمة عامة؛
Companies Law: Federal Law No. (2) of 2015 Concerning Commercial Companies, and any amending or replacement laws thereto;	**قانون الشركات:** القانون الاتحادي رقم (2) لسنة 2015 بشأن الشركات التجارية وأية قوانين معدلة له أو تحل محله؛
Telecom Law: Federal Law by Decree No. (3) of 2003 Regarding the Organisation of the Telecommunication Sector and its amending Laws;	**قانون الاتصالات:** المرسوم بقانون إتحادي رقم (3) لسنة 2003 في شأن تنظيم قطاع الاتصالات والقوانين المعدلة له؛
Articles of Association: these Articles of Association;	**النظام** أو **النظام الأساسي**: هذا النظام الأساسي؛

Board of Directors or **Board**: the Board of Directors of the Company, each a "**Director**";

مجلس الإدارة او المجلس: مجلس ادارة الشركة، وعضو مجلس الادارة يعني أي من أعضاء المجلس؛

Chairman: the Chairman of the Board of Directors;

رئيس المجلس: رئيس مجلس إدارة الشركة؛

Shareholder: A shareholder in the Company;

المساهم: المساهم في الشركة؛

Special Resolution: a resolution that has been passed by a majority of three quarters of the shares represented at the Company's general assembly;

القرار الخاص: القرار الصادر بأغلبية أصوات المساهمين الذين يملكون ما لا يقل عن ثلاثة أرباع الأسهم الممثلة في اجتماع الجمعية العمومية للشركة؛

Cumulative Voting: each Shareholder has a number of votes equal to the number of shares held by such Shareholder. Such votes can be provided to a single nominated director or distributed among more than one nominated director provided that the numbers of votes to be given to such group of nominated directors is not more than the number of the votes held by such Shareholder in any case whatsoever;

التصويت التراكمي: أن يكون لكل مساهم عدد من الأصوات يساوي عدد الأسهم التي يملكها بحيث يقوم بالتصويت بها لمرشح واحد لعضوية مجلس الإدارة أو توزيعها بين من يختارهم من المرشحين على أن لا يتجاوز عدد الأصوات التي يمنحها للمرشحين الذي اختارهم عدد الأصوات التي بحوزته؛

The singular terms shall refer to the "plural" and vice versa, and the masculine terms shall include the "feminine" and vice versa, unless otherwise indicated by the text.

تشمل ألفاظ المفرد "الجمع" والعكس بالعكس وتشمل ألفاظ المذكر "المؤنث" والعكس بالعكس ما لم يدل السياق على غير ذلك.

Article 3
(Name of Company)

The name of the Company is **Al Yah Satellite Communications Company**, a public joint stock company. The Company may conduct its business through the abbreviated term "Yahsat", or any other abbreviated name as may be determined by the Board.

المادة (3)
(اسم الشركـة)

اسم الشركة هو **الياه للاتصالات الفضائية**، شركة مساهمة عامة. يجوز للشركة أن تمارس أعمالها من خلال الاسم المختصر (الياه سات) او من خلال اي اسم مختصر آخر يحدده مجلس الادارة.

Article 4
(Head Office of Company)

The head office of the Company and its legal place of business shall be in the City of Abu Dhabi, Emirate of Abu Dhabi. The Board of Directors may establish branches, offices or agencies of the Company in the United Arab Emirates or abroad.

المادة (4)
(مركز الشركـة)

مركز الشـركة الرئيسـي ومحلها القانوني في مدينة أبوظبي بـإمـارة أبوظبي ويجوز لمجلس الإدارة أن ينشـئ لها فروعًا أو مكاتب أو توكيلات أو تأسـيس شـركات تابعة للشـركة في دولة الإمارات العربية المتحدة أو في خارجها.

Article 5
(Duration of Company)

The duration of the Company shall be one hundred (100) Gregorian years, and shall thereafter automatically continue for consecutive similar periods unless dissolved by a Special Resolution.

المادة (5)
(مـدة الشركة)

مدة الشركة هي مائة (100) سنة ميلادية وتجدد بعد ذلك تلقائيًا لمدد متعاقبة مماثلة ما لم يتم حلها بقرار خاص.

Article 6
(Objects of the Company)

The objects for which the Company is established are as follows:

المادة (6)
(أغراض الشركة)

تكون الأغراض التي تأسست من أجلها الشركة كما يلي:

1. To procure the design, development and manufacture of, and to launch, own, manage, control, operate and maintain communications satellites for the purpose of military and commercial satellite mobile and fixed communications through handheld equipment or terminal equipment, for use in land-based vehicles of every type, aircrafts or ships and or fixed single or multi-channel terminals and all related and associated infrastructure and ground segments wherever situated and to deliver in any way to any company or administration or person in any state, mobile communication services based on or from using such satellites.

-1 توفير التصميم والتطوير والتصنيع وطرح وامتلاك وإدارة ومراقبة وتشغيل وصيانة الاتصالات عبر الأقمار الصناعية لغاية الاتصالات العسكرية والتجارية عبر الأقمار الصناعية المتحركة أو الثابتة من خلال أجهزة محمولة باليد أو أجهزة محطات الإرسال، لاستعمالها في المركبات الأرضية من أي نوع أو الطائرات أو السفن و/أو محطات قنوات الإرسال الثابتة الفردية أو المتعددة وجميع البنية التحتية المرتبطة وذات الصلة والقطع الأرضية في أي مكان تكون ولتقديم خدمات الاتصالات الخلوية والخدمات التبعية الأخرى من خلال هذه الأقمار الصناعية بأي طريقة كانت لأي شركة أو إدارة أو شخص في أية دولة.

2. To invent, design, develop, construct, manufacture, produce, erect, install, sell, hire, license, supply or otherwise deal in all kinds of equipment, apparatus, accessories, machinery, products which are required or likely to be required by the Company or other persons for the purposes of, or in connection with the business of the Company.

-2 إختراع وتصميم وتطوير وبناء وتصنيع وإنتاج وإقامة وتركيب وبيع وتأجير وترخيص وتزويد أو بغير ذلك التعامل في جميع أنواع الأدوات والمعدات والاكسسوارات والأجهزة والمنتجات اللازمة أو ستلزم من قبل الشركة أو من قبل أشخاص آخرين للغايات أو للأمور المتعلقة بأعمال الشركة.

3. To carry on the business of inventors and to conduct or promote the conduct by other

-3 مزاولة أعمال المخترعين ولعمل أو الترويج للعمل من قبل أشخاص آخرين في مجال

persons of research and development in connection with any of the activities of the Company and in any other area which might benefit the business of the Company.

البحث والتطوير فيما يتعلق بأي من أعمال الشـــركة وفي أي مجال آخر يمكن أن يفيد أعمال الشركة.

4. To establish, maintain and operate research stations, laboratories, plants, workshops, field stations facilities and establishments and generally to engage in research and developments for the Company and for other persons.

-4 تـأمين وإدامـة وتشـــغيـل ومراكز البحـث والمختبرات والمصـــانع وورشـــات العمل والمنشـــآت والمرافق الميدانية وبشـكل عام للقيـام بـأعمـال البحـث والتطوير للشـــركـة ولأشخاص آخرين.

5. To establish, manage, operate or participate in the establishments, management and operation of clearing houses, traffic billing exchange or accounting data for traffic between companies and telecom administrations using the Company's network or other telecom networks.

-5 تأســيس وإدارة وتشــغيل أو المشــاركة في تأســيس وإدارة وتشــغيل جهات المقاصــة وتبادل فوترة المكالمات أو بيانات المحاسبة فيمـا يتعلق بـالمكـالمـات بين الشـــركـات وإدارات الاتصـــالات التي تســتعمل شــبكة الشركة أو شبكات الشركات الأخرى.

6. To incorporate, own, manage, establish and invest severally or jointly with third parties, in establishments, companies, investment funds, economic enterprises and/or education and training centres.

-6 إنشاء وتملك وإدارة وتأسيس والاستثمار في المؤســســات و/أو الشــركات و/أو الجهات الاقتصادية و/او الصناديق الاستثمارية و/او المنشـــآت التعليمية والتدريبية، بصـــورة منفردة أو بالاشتراك مع أطراف أخرى.

7. To provide investment, economical, technical, management, financial and administrative consultancy services for

-7 تقديم الخدمات الاســتشــارية الاســتثمارية والاقتصـــادية والتقنية والمالية والإدارية للمشـاريع والمؤسـسـات والشـركات ولإعداد

projects, establishments and companies and to prepare feasibility studies for projects and marketing of projects.

دراســات الجدوى الاقتصــادية للمشــاريع ولتسويق المشاريع.

8. To engage in commercial, agencies, commercial representation, and agency of foreign companies that practice business related or similar to the Company's activities.

8- القيام بأعمال الوكالات التجارية والتمثيل التجاري للشــركات الأجنبية التي تمارس أعمالا متعلقة أو مشابهة لأعمال الشركة.

9. Carryout any activity that the Board deem necessary to enable the Company to achieve any of its above mentioned activities or which may be considered subsidiary thereof including borrowing and appointment of professional advisors and consultants.

9- القيام بكافة الأعمال التي تؤدي وفقًا لرأي مجلس إدارة الشــركة إلى تحقيق كل أو أي من الأغراض المنوه عليها أعلاه أو تعد تابعة لها بما في ذلك الاقتراض وتعيين المستشارين المهنيين.

In addition to the foregoing, the Company may do any operation, and exert any power towards the achievement of these purposes, including without limitation:

بالإضافة لما ذكر أعلاه، يحق للشركة القيام بأي عمل وممارســة أية صــلاحية لغاية تحقيق هذه الغايات بما في ذلك ودون تحديد:

a. The conclusion of contracts and agreements; entering into, executing and abiding by arrangements with any other individual, establishment, company, or with any government or authority (federal or local) towards the achievement of the Company objectives; obtaining from these

أ) إتمام العقود والاتفاقيات والدخول في وتنفيذ والالتزام بالترتيبات مع أي شــخص أو مؤسسة أو شركة أخرى أو مع أية حكومة أو هيئة (اتحادية أو محلية) لغاية تنفيذ أهداف الشــركة والحصــول من هؤلاء الأشخاص أو المؤسسات أو الشركات أو الحكومات أو الهيئات على أية حقوق أو

individuals, establishments, companies, governments or authorities any rights, privileges or licenses that the Company deems convenient for such arrangements, rights, privileges or licenses.

امتيازات أو رخص تراها الشـركة مناسـبة لمثل هذه الترتيبات أو الحقوق أو الامتيازات أو الرخص.

b. To own and lease property; pledge moveable and immovable assets; borrow funds; issue debt instruments, debentures, bonds and sukuk; and acquire companies engaged in activities that are related to the activities of the Company or any other activity.

ب) تملك واسـتئجار وتأجير ورهن الأصـول المنقولـة وغير المنقولـة واقتراض الأموال وإصـدار أدوات الدين والسندات والصـكوك والاسـتحواذ على الشـركـات التي تقوم بأنشـطة ذات صـلة بنشـاط الشـركة أو أي نشاط آخر.

c. To issue guarantees and grant other security, including mortgages over moveable and immovable assets and properties of the Company.

ج) اصـدار الضـمانات واعطاء الضـمانات الأخرى وتشـمل الرهون على الأصـول المنقولة وغير المنقولة وعقارات الشركة.

d. To open and maintain bank accounts.

د) فتح وإدارة الحسابات البنكية.

e. To draw, accept and negotiate negotiable instruments.

ه) سـحب وقبول والمفاوضـة على الصـكوك القابلة للتداول.

f. To establish regulations relating to the hiring, retirement and remuneration of the Company's employees.

و) إصـدار لوائح خاصـة باسـتخدام وتقاعد ومكافآت ورواتب موظفي الشركة.

g. To register intellectual property rights.

ز) تسجيل حقوق الملكية الفكرية.

h. To pursue, defend and settle all claims, including by means of judicial proceedings, arbitration or mediation.

ح) متابعة والدفاع عن وتسـوية كافة المطالبات من خلال الإجراءات القضـائية والتحكيمية والتوفيقية.

i. The Company may have an interest in, or contribute in any way to, other authorities or companies, which are engaged in similar

ط) يحق للشركة أن يكون لها مصلحة في أو أن تسـاهم بـأي طريقـة كـانـت في الهيئـات والشـركـات الأخرى التي تزاول أعمـال

business, or which would help it to achieve its objectives in the UAE or abroad. It may also acquire, take over, or participate therein through merger, affiliation or otherwise with these authorities or companies.

مشـابهة أو التي من الممكن أن تسـاعدها في تحقيق أهدافها في الإمارات العربية المتحدة أو في الخارج. كما يحق للشركة أن تكتسب أو تسـيطر على أو تسـاهم في هذه الهيئات والشركات من خلال الدمج أو التآلف أو بأي طريقة أخرى.

The objects and powers of the Company set forth in the above paragraphs shall be interpreted in a non-restrictive fashion and in their broadest meanings. It shall be permissible for the Company to carry out its objects and to exercise its aforesaid authorities in any emirate of the UAE and in other places throughout the world. It may also, expand, throughout the world. It may also, expand, modify or amend these in any manner from time to time by a Special Resolution.

تفسـر أغراض وصـلاحيات الشـركة المنصـوص عليها في الفقرات أعلاه بشـكل غير مقيد وبأوسـع معـانيهـا، ويجوز للشـركـة أن تحقق أغراضـهـا وتمارس صـلاحياتها المذكورة في أي من إمارات الدولة وفي الأماكن الأخرى على امتداد العالم، كما يجوز لها توسيعها وتغييرها وتعديلها بأي طريقة من وقت لآخر بقرار خاص.

Part Two
The Capital

Article 7
(Share Capital)

The share capital of the Company has been set at the amount of UAE Dirhams two billion four hundred thirty nine million seven seventy thousand and two hundred sixty five (AED 2,439,770,265) divided into two billion four hundred thirty nine

الباب الثاني
راس مال الشركة

المادة (7)
(رأس المال)

حدد رأس مال الشركة ملياران واربعمائة وتسعة وثلاثون وسبعمائة وسبعون ألف ومائتان وخمسة وستون (2,439,770,265) درهم اماراتي موزع على ملياران واربعمائة وتسعة وثلاثون وسبعمائة وسبعون ألف ومائتان وخمسة وستون

million seven seventy thousand and two hundred sixty five (2,439,770,265) shares, having a nominal value of AED one (1) for each share, all of which are nominal fully paid up shares.

(2,439,770,265) سهم بقيمة اسمية قدرها درهم واحد (1) لكل سهم وجميعها أسهم اسمية ومدفوعة بالكامل.

Article 8
(Ownership of Shares)

المادة (8)
(ملكية الأسهم)

Unless the Board of Directors resolves otherwise and without prejudice to the related applicable laws and government resolutions in the UAE, ownership of shares by UAE nationals must not be less than fifty-one per cent. (51%) of the issued share capital.

ما لم يقرر مجلس إدارة الشـــركة خلاف ذلك بقرار منــه ودون إخلال بــأحكــام القوانين والقرارات الحكومية ذات العلاقة والمرعية في الدولة، يجب ألا تقل نسـبة الأسـهم المملوكة لمواطني دولة الإمارات العربية المتحدة في كل الأحوال عن (51%) واحد وخمســين في المائة من إجمالي رأس مال الشــركة المصدر.

Article 9
(Exemptions)

المادة (9)
(استثناءات)

The Company shall not be subject to any of the following Articles of the Companies Law (or any replacement Articles or provisions and any Articles or provisions ancillary thereto): (11/2), (13), (14), (107/1), (109), (110), (112 to 117 inclusive), (124/1), (125), (126), (131 to 133 inclusive), (149), (207), (215), (227), (228), (302), (303) and (344).

لا تخضع الشركة لأحكام المواد التالية من قانون الشركات (أو أية أحكام أو مواد تحل محلها، أو أية مواد أو أحكام تابعة بذلك): (2/11) و(13) و(14) و (1/107) و(109) و (110) ومن (112) الى وشاملاً (117) و(1/124) و(125) و(126) ومن (131) الى وشاملاً (133) و(1/143) و(149) و (207) و(215) و(227) و(228) و(302) و(303) و (344).

Article 10
(Liability of Shareholders)

المادة (10)
(التزامات المساهمين)

The Shareholders shall not be responsible for any liabilities or losses that the Company incurs save to the extent to the unpaid amount of the shares they own, if any. The obligations of Shareholders may not be increased without their unanimous consent.

لا يلتزم المساهمون بأية التزامات أو خسائر على الشركة إلا في حدود المبلغ (إن وجد) المتبقي غير المدفوع على ما يملكون من أسهم، ولا يجوز زيادة التزاماتهم إلا بموافقتهم الإجماعية.

Article 11
(Consequences of Ownership of Shares)

المادة(11)
(آثار ملكية الأسهم)

Each share shall confer upon the owner acceptance of the Articles of Association and the general assembly's resolutions. No Shareholder may request that the amount they contributed by repaid.

يترتب على ملكية السهم قبول المساهم لنظام الشركة الأساسي ولقرارات جمعيتها العمومية، ولا يجوز للمساهم أن يطلب استرداد ما دفعه للشركة كحصة في رأس المال.

Article 12
(Indivisible Shares)

المادة (12)
(أسهم غير قابلة للتجزئة)

No share shall be divisible into fractions. In the event ownership of a share devolves by inheritance upon several heirs, or was held by several persons, those persons should select one of them to represent them towards the Company.

يكون السهم غير قابل للتجزئة لكسور عشرية إذا آلت ملكية السهم بالميراث إلى عدة ورثة أو تملكه أشخاص متعددون وجب أن يختاروا من بينهم من يمثلهم تجاه الشركة.

Article 13
(Heirs and Creditors)

المادة (13)
(ورثة المساهم ودائنيه)

The heirs or creditors of a Shareholder may not, under any pretext, demand that the Company's ledger or assets be attached, or demand that the Company be divided or sold for inability to divide it, neither may they in any way intervene in the

لا يجوز لورثة المساهم أو لدائنيه بأية حجة كانت أن يطلبوا وضع الأختام على دفاتر الشركة أو ممتلكاتها ولا أن يطلبوا قسـمتها أو بيعها جملة لعدم إمكان القسـمة ولا أن يتدخلوا بأية طريقة كانت في إدارة

management of the Company, and when utilising their rights, they have to rely on the Company's inventory lists, final accounts and the resolutions of the general assembly.

الشـركة ويجب عليهم لدى اسـتعمال حقوقهم التعويل على قوائم جرد الشـركة وحسـاباتها الختامية وعلى قرارات جمعيتها العمومية.

Article 14
(Rights of Shareholders)

Each share provides its respective holder with an equal right to a share of the Company's assets at the time of liquidation and a share of profits as illustrated hereinafter and to attend general assemblies and vote on any of its proposed resolutions.

المادة (14)
(حقوق المساهمين)

كل سـهم يخول مالكه الحق في حصـة معادلة لحصـة غيره بلا تمييز في ملكيـة موجودات الشـركة عند تصـفيتها وفي الأرباح على الوجه المبين فيما بعد وفي حضـور جلسـات الجمعية العمومية والتصـويت على قراراتها.

Article 15
(Disposal of Shares)

If the Company's shares are listed on a financial market, the Company must comply with the laws, regulations and decisions which are applicable to the financial market on which the Company is listed or in relation to the issuance and registration of the Company's shares, the trading and transfer of those shares, and any rights arising therefrom. No transfer of, dealing in or pledging of shares in the Company shall be recognised if such transfer, dealing or pledge would result in contravention of these Articles of Association or rules and regulations issued by the Board of Directors in this regard and all such transactions shall be registered in a special register referred to as the "**Shareholders Register**".

المادة (15)
(التصرف بالأسهم)

في حال تم إدراج الشـركة في سـوق مالي، تتبع الشـركة القوانين والأنظمة والقرارات المعمول بها في السوق المالي المدرجة فيه بشأن إصدار وتسجيل أسهم الشركة وتداولها ونقل ملكيتها ورهنها وترتيب أي حقوق عليها. ولا يجوز تسـجيل أيّ تنازل عن أسـهم الشـركة أو التصـرف فيها أو رهنها على أي وجه، إذا كان من شأن التنازل أو التصرف او الرهن مخالفة أحكام هذا النظام الأسـاسـي أو الانظمة أو القواعد التي يصـدرها مجلس الإدارة في هذا الشـأن ويجب تسـجيل كافة التعاملات المذكورة في سـجل خاص يسمى "**سجل المساهمين**".

Article 16
(Rights to Dividends)

1. Subject to paragraph 2 of this Article, dividends due on a share shall be paid to the holder thereof that was registered in the Shareholders Register of the Company on the date that the general assembly which resolved such distribution of dividends was convened. Such registered Shareholder shall have an exclusive right to payments made on the share, whether in the form of an interest in profits or in the Company's assets upon liquidation.

2. In the event of listing the Company's shares on a stock exchange in the UAE, dividends due on a share shall be paid to the Shareholder who is registered in the Shareholders Register of the Company in accordance with the regulations, resolutions and circulars issued by the Authority in this respect. Such registered Shareholder shall have an exclusive right to such payments made on its share in the form of a share in profits.

المادة (16)
(استحقاق الارباح)

1. دون الاخلال بالفقرة 2 من هذه المادة، تدفع الشركة حصص الأرباح المستحقة عن السهم لآخر مالك مقيد اسمه في سجل المساهمين بالشركة في ذات اليوم المقرر لانعقاد الجمعية العمومية للشركة الذي تقرر فيه توزيع الأرباح باكتمال النصاب القانوني، ويكون له وحده الحق في المبالغ المستحقة عن ذلك السهم سواء كانت حصصًا في الأرباح أو نصيبًا في موجودات الشركة في حال تصفيتها.

2. في حال ادراج أسهم الشركة في أحد الأسواق المالية في الدولة، فتدفع حصص الأرباح المستحقة عن السهم للمساهم المقيد أسمه في سجل المساهمين وفقا للأنظمة والقرارات والتعاميم الصادرة عن الهيئة بهذا الشأن ويكون له وحده الحق في المبالغ المستحقة عن السهم.

Article 17
(Increasing or Decreasing Share Capital)

1. It shall be permissible to increase the capital of the Company by issuing new shares at the same nominal value as the original shares. A premium and subscription fee

المادة (17)
(زيادة أو تخفيض رأس المال)

1- يجوز زيادة رأس مال الشركة بإصدار أسهم جديدة بنفس القيمة الاسمية التي للأسهم الأصلية كما يجوز إضافة علاوة ومصاريف إصدار للقيمة الاسمية للأسهم الأصلية.

may also be added to the nominal value of the share.

2. It shall not be permissible to issue new shares at less than their nominal value, and if they are issued at a greater value the Board of Directors shall have the discretion to apply the difference in any way they see fit so as to enable the Company to attain its objects.

-2 ولا يجوز إصـدار الأسـهم الجديدة بأقل من قيمتها الاسـمية، وإذا تم إصـدارها بأكثر من ذلـك كـان لمجلس الإدارة حق التصـرف الكـامـل في الفرق في الأوجـه التي يراهـا مناسبة لتمكين الشركة من تحقيق أغراضها.

3. It shall be permissible to reduce the share capital after obtaining the approval of the Authority.

-3 يجوز تخفيض رأس مـال الشـركـة بعـد الحصول على موافقة الهيئة.

4. An increase or reduction in the share capital shall be by Special Resolution and in both cases in accordance with a proposal of the Board of Directors, and after the report of the auditor of accounts has been heard in the case of any reduction, and provided that in the event of increasing the capital, the amount of such increase as well as the shares' issuance price and the existing Shareholders' priority rights to subscribe to such increase shall be stated, and, in the event of a reduction, the amount thereof and the manner of its implementation shall be stated.

-4 تكون زيادة رأس المال أو تخفيضـه بقرار خـاص من الجمعيـة العموميـة بنـاء على اقتراح من مجلس الإدارة في الحالتين وبعد سـماع تقرير مدقق الحسـابات في حالة أي تخفيض، وعلى أن يبين في حـالـة الزيـادة مقدارها وحق المساهمين القدامى في أولوية الاكتتاب في هذه الزيادة وللجمعية المذكورة أن تفوض مجلس إدارة الشركة بتحديد سعر إصدار الأسهم ومصاريف وعلاوة الإصدار وتحـديـد المرحلـة أو المراحـل لتنفيـذ قرار زيـادة رأس المـال، وكيفيـة توزيع الأسـهم الجديدة على طالبي الاكتتاب ويبين في حالة التخفيض مقدار هذا التخفيض وكيفية تنفيذه.

5. As an exception to the above paragraphs of this Article, the Company may increase its capital, without applying the pre-emption rights of the existing Shareholders, to achieve any of the following purposes: (a) setting up and operating employee incentive schemes; (b) a strategic partner becoming a Shareholder in the Company; (c) to convert the Company's debts, sukuk or bonds into shares in the Company; (d) to merge with another company; and/or (e) acquiring an existing company and issuing new shares in the Company to the partners or shareholders of that acquired company, provided that the Company obtains all the approvals required pursuant to these Articles of Association, including the issuance of a Special Resolution.

-5 استثناء مما ورد في الفقرات السابقة من هذه المادة يجوز زيادة رأس مال الشـــركة دون إعمال حق الأولوية للمساهمين وذلك لتحقيق أي مما يلي: (أ) لأغراض إنشـــاء وادارة برنامج أســهم تحفيز لموظفي الشـركة و/أو (ب) لأغراض إدخال شـــريك اســـتراتيجي كمساهم في الشركة، و/أو (ج) لتحويل ديون الشركة أو السندات والصكوك التي تصدرها الى أسهم في الشركة و/او (د) الاندماج مع شـــركة أخرى؛ و/او (ه) الاســـتحواذ على شـــركة قائمة وإصـــدار اســـهم جديدة في الشـركة لصـالح الشـركاء او المسـاهمين في تلك الشـــركة المســـتحوذ عليها، وذلك دون إعمـال لحقوق الأولويـة وذلـك بشـــرط استصدار قرار خاص من الجمعية العمومية والحصـــول على جميع الموافقات اللازمة وفقاً لهذا النظام.

Part Three
Loan Debentures

الباب الثالث
سندات القرض والصكوك

Article 18
(Loan Securities; Sukuk; Bonds)

1. The Board may resolve to issue debt securities, debentures, bonds or sukuk (or any combination of them) of any tenor, and may determine the amount, purpose and the terms and conditions of each issue save that if such debt securities, debentures, bonds or sukuk are convertible into shares in the Company (a "**Convertible Issue**"), their issuance (including the maximum amount that may be issued) shall also require the prior approval of the general assembly. The general assembly may authorize the Board to determine the amount (up to the maximum amount approved by the general assembly) and the terms and conditions and manner of conversion of each Convertible Issue as the Board deems fit. The consideration for a bond or sukuk issuance may be cash or in-kind consideration. The Board of Directors shall also have the right to enter into loan and credit facilities agreements with banks and financial institutions to finance the Company or any of its projects and activities.

المادة (18)
(السندات والصكوك)

-1 لمجلس الادارة أن يقرر إصدار أدوات دين و/أو سندات قرض و/أو سندات دين و/أو صكوك من أي نوع كانت ولأي مدة ويبين القرار شروط وأحكام كل إصدار والغرض منه وقيمته، شريطة الحصول على الموافقة المسبقة للجمعية العمومية إذا كان إصدار أدوات الدين و/أو سندات القرض و/أو سندات الدين و/أو الصكوك قابل للتحويل إلى أسهم (**"الاصدار القابل للتحويل"**) في الشركة (ويشمل ذلك الحد الاعلى للإصدار). للجمعية العمومية أن تصدر قراراً بتفويض مجلس الادارة بشكل عام تحديد مبلغ (على أن لا يتجاوز الحد الاعلى الذي وافقت عليه الجمعية العمومية) وشروط وحالات الاصدار القابل للتحويل وسعر التحويل وكيفية التحويل وذلك حسبما يراهُ مجلس الادارة مناسباً في هذا الخصوص. ويجوز ان يتم سداد قيمة السندات او الصكوك التي تصدرها الشركة نقداً او عيناً. ولمجلس الإدارة إبرام اتفاقيات قروض وتسهيلات ائتمانية مع البنوك والمؤسسات المالية لتمويل الشركة او أي من مشاريعها واعمالها.

2. The issuance of debt securities, debentures, bonds or sukuk (or any combination of them) and the terms of issue thereof shall be subject to the regulations, rules or resolutions issued by the Board in this regard (after obtaining the approval of the general assembly by Special Resolution in the case of a Convertible Issue). Such issuance shall not be subject to any other regulations, rules or resolutions unless such debt securities, debentures, bonds or sukuk (or any combination of them) are offered in a public offering in the UAE and advertising such issue in local newspapers published in the UAE, in which case the relevant rules and regulations issued by the Authority shall also apply.

2- يخضع إصدار أدوات الدين و/أو سندات القرض و/أو سندات الدين و/او الصكوك وشروط اصدارها لما يصدره مجلس الادارة من انظمة او لوائح او قرارات في هذا الشأن (وبعد الحصول على موافقة الجمعية العمومية بقرار خاص في حال كان الاصدار قابل للتحويل). ولا تخضع عمليات الاصدار لأية انظمة او لوائح او قرارات اخرى الا إذا تقرر اصدار وعرض ادوات وسندات الدين و/أو سندات القرض و/أو صكوك في اكتتاب عام داخل الدولة وبالإعلان عن ذلك في الصحف المحلية التي تصدر في الدولة، عندها يتوجب التقيد بما تصدره الهيئة من تعليمات او ضوابط في هذا الشأن.

Part Four
The Board of Directors of the Company

الباب الرابع
مجلس إدارة الشركة

Article 19
(Election)

المادة (19)
(الانتخاب)

The management of the Company shall be vested in a Board of Directors comprised of nine (9) Directors who shall be elected by the general assembly by secret ballot using Cumulative Voting.

يتولى إدارة الشـركة مجلس إدارة يتكون من تسـعة (9) اعضـاء يتم انتخابهم من قبل الجمعية العمومية بالتصـويت السـري التراكمي. كما يجب في جميع الأحوال أن يكون أغلبية أعضاء مجلس الإدارة بمن

The majority of the Directors, including the Chairman, must be UAE nationals.

فيهم الرئيس من المتمتعين بجنســـية دولة الامارات العربية المتحدة.

Article 20
(Term)

1. Each member of the Board of Directors shall be appointed for a term of three (3) years, and upon the expiration, the Board of Directors shall be reconstituted by election by the general assembly of the Company. It shall be permissible to elect, the members whose tenure has expired.

2. The Board may appoint members to positions which become vacant during the year, provided that such appointment is presented to the general assembly at the first meeting thereof to ratify their appointment or to appoint others, and if the number of positions becoming vacant during the year reaches one quarter of the number of Directors or more, the Board of Directors must invite the general assembly to convene within thirty (30) days from the date of the last vacancy, in order to elect persons to fill the vacant positions. In all cases, the new Director shall complete the

المادة (20)
(المـدة)

-1 يتولى كل عضو من أعضاء مجلس الإدارة منصبه لمدة ثلاث سنوات، وفي نهاية هذه المدة يتم انتخاب أعضاء مجلس الإدارة في الجمعية العمومية للشـــركة ويجوز إعادة انتخاب الأعضـــاء الذين انتهت مدة عضويتهم.

-2 ويجوز لمجلس الإدارة أن يعين أعضاء في المراكز التي تخلو أثناء الســـنة على أن يتم عرض هذا التعيين على الجمعية العمومية للشـركة في أول اجتماع لها لإقرار تعيينهم أو تعيين غيرهم، وإذا بلغت المراكز الشاغرة في أثناء السنة ربع عدد أعضاء المجلس أو أكثر وجب على مجلس الإدارة دعوة الجمعية العمومية للاجتماع خلال 30 (ثلاثين) يوماً على الأكثر من تاريخ شـــغر آخر مركز لانتخاب من يشـــغل المراكز الشاغرة وفي جميع الأحوال يكمل العضو الجديد مدة ســـلفه ويكون هذا العضـــو قابلاً للانتخاب مرة أخرى .

term of his or her predecessor and such Director may be re-elected once again.

Article 21
(Chairman and Vice Chairman)

The Board of Directors shall elect by secret ballot in the first meeting following the election of the Directors, a Chairman and a Vice Chairman from amongst the Directors. The Chairman shall be a national of the United Arab Emirates. The Chairman shall be the legal representative of the Company and shall represent the Company before the judiciary and third parties, and shall implement the resolutions adopted by the Board. The Vice Chairman shall assume the role of the Chairman in the Chairman's absence or if he is unable to act. It shall not be permissible for the same individual to contemporaneously hold the position of Chairman and managing director or any other executive function in the Company. The Chairman, the Vice Chairman, any Director, including managing director, the chief executive officer or other individual duly authorised by the Board shall individually have the right to sign on behalf of the Company. Such authority shall be to the extent provided in resolutions of the Board.

المادة (21)
(الرئيس ونائب الرئيس)

ينتخب مجلس الإدارة من بين أعضائه بالتصويت السري رئيساً ونائباً للرئيس في أول اجتماع يعقده بعد الانتخاب ويشترط أن يكون الرئيس من مواطني الدولة، ويكون رئيس المجلس الممثل القانوني للشركة ويمثلها أمام القضاء وفي علاقتها بالغير، وعليه تنفيذ القرارات التي يصدرها المجلس ويقوم نائب الرئيس مقام الرئيس عند غيابه أو قيام مانع لديه، ولا يجوز الجمع بين منصب رئيس مجلس الادارة ومنصب العضو المنتدب أو أي وظيفة تنفيذية أخرى بالشركة. ويملك حق التوقيع عن الشركة على انفراد كل من رئيس مجلس الإدارة أو نائبه أو أيّ من أعضاء مجلس الإدارة أو العضو المنتدب أو الرئيس التنفيذي أو أي موظف آخر من موظفي الشركة يفوضه المجلس في ذلك، وذلك كله في حدود قرارات مجلس الإدارة.

Article 22
(Management)

The Board of Directors may also form, from amongst its members and other third parties, one or more committees including the executive

المادة (22)
(الجهاز الاداري)

لمجلس الإدارة أن يشكل من بين أعضائه ومن الغير لجنة أو أكثر من بينها اللجنة التنفيذية يمنحها بعض

committee to which certain of the Board of Directors' authorities may be delegated, or which may be entrusted with supervising the conduct of the Company's business, advising the Board, and the execution of the resolutions of the Board of Directors. The Board must appoint a secretary to the Board of Directors who may not be one of the Directors and who shall satisfy the requirements of the Corporate Governance Guide issued by the Authority. The secretary shall report directly to the Board of Directors. The secretary may only be dismissed by resolution of the Board of Directors.

اختصاصاته أو يعهد إليها بمراقبة سير العمل بالشركة وتقديم الاستشارة إلى المجلس وتنفيذ قرارات المجلس. ويعين مجلس الإدارة مقررًا له من غير أعضائه تتوافر فيه المتطلبات المحددة في دليل الحوكمة الصادر عن الهيئة ويتبع مجلس الإدارة مباشرة ، ولا يجوز عزله الا بموجب قرار من مجلس الإدارة.

Article 23
(Powers of the Board of Directors)

المادة (23)
(سلطات مجلس الإدارة)

1. The Board of Directors or its designee shall have all the powers and rights to perform all acts and things on behalf of the Company as the Company may be permitted to do for the management of the Company, and to engage in all actions and exercise all the necessary powers to achieve its goals. Such powers and actions shall not be limited except as provided by these Articles of Association or a resolution of the general assembly as within the jurisdiction of the Company's general assembly. The Board of Directors has been expressly authorised, for the purposes of Article 154 of the Companies Law, to enter into loan agreements for any term including terms in excess of three (3) years, to sell the Company's real estate and its assets,

1- لمجلس الإدارة أو من يفوضه المجلس بذلك كافة السلطات في إدارة الشركة والقيام بكافة الأعمال والتصرفات نيابة عن الشركة حسبما هو مصرح للشركة القيام به، وممارسة كافة الصلاحيات المطلوبة لتحقيق أغراضها. ولا يحد من هذه السلطات والصلاحيات إلا بما نُص عليه صراحة في هذا النظام الأساسي أو بقرار من الجمعية العمومية للشركة على اعتباره من اختصاص الجمعية العمومية للشركة. كما تم تفويض مجلس الإدارة صراحة ولأغراض المادة (154) من قانون الشركات بإبرام الاتفاقيات الخاصة بالقروض لأي مدة بما في ذلك لمدة تتجاوز الثلاث (3) سنوات وبيع عقارات وأموال

mortgage the said real estate and assets and to release the liability of creditors of the Company and to enter into conciliations and to agree arbitration.

الشـــركة أو رهن هذه العقارات والأموال وإبراء ذمة مديني الشـــركة من التزاماتهم وإجراء المصالحات والاتفاق على التحكيم.

2. The Board of Directors or its designee may exercise all its authorities to utilize any of the Company's assets or funds to enable the Company to achieve its objectives. As such, the Board of Directors may, for example, but not exclusively on behalf of and for the Company enter into agreements and contracts related to acquiring companies by the Company and investing in and managing and operating and maintaining such companies. The Board of Directors or its designee may appoint consultants and determine their remuneration and form of payment.

2- ولمجلس الإدارة أو من يفوضـــه المجلس بذلك كافة السلطات والصلاحيات لاستخدام أي من موجودات الشـــركة وأموالها لتمكين الشركة من تحقيق أغراضها. فيجوز لمجلس الإدارة على ســبيل المثال لا الحصــر نيابة عن وباسم الشركة إبرام الاتفاقيات والعقود الخاصــة بشـراء الشـركات من قبل الشـركة والاســتثمار في تلك الشـــركات وإدارتها وتشغيلها وصيانتها. ولمجلس الإدارة أو من يفوضــه المجلس بذلك تعيين مستشـارين له وللشركة وتحديد أتعابهم وسدادها.

3. The Board of Directors may not make any change in the nature of the Company's main business which, if made, would affect the ability of the Company to carry on its business in substantially the manner and substantially to the same extent as such business was carried on immediately prior to such disposition or change, unless such change has first been approved by a Special Resolution.

3- لا يجوز لمجلس الإدارة أن يغير في طبيعة نشـاط الشـركة الرئيسـي إذا كان ذلك التغيير في النشــاط جوهريًا أو من شــأنه التأثير في قدرة الشـركة بشـكل أسـاسـي على ممارسـة نشـــاطها بنفس الطريقـة وبنفس الـدرجـة السـابقة مباشـرة على ذلك التغيير، ما لم يكن ذلك التغيير قد أجيز بقرار خاص.

4. The Board of Directors or its designee shall be responsible for laying down the rules relating to administrative and financial matters, employee affairs and their entitlements, and shall likewise lay down a special regulation governing its business and meetings, and the distribution of functions and responsibilities amongst its members.

4- ويضع مجلس الإدارة أو من يفوضه المجلس بذلك اللوائح المتعلقة بالشؤون الإدارية والمالية وشؤون الموظفين ومستحقاتهم المالية، كما يضع المجلس لائحة خاصة بتنظيم أعماله واجتماعاته وتوزيع الاختصاصات والمسؤوليات.

5. The Board may appoint a chief executive officer, chief financial officer, and other employees and determine their salaries and wages and dismiss them or replace them by others.

5- لمجلس الإدارة تعيين رئيساً تنفيذاً للشركة ورئيساً للشؤون المالية وموظفين ومستخدمين آخرين للشركة ويحدد رواتبهم وأجورهم ويقرر إنهاء خدماتهم واستبدالهم بغيرهم.

6. Permit the creation or cancellation of any subsidiary, branch or agency, specify the expenses of management for each subsidiary, branch or agency, perform all the transactions necessary to subject the Company to the laws of the countries in which it operates and appoint all the representatives, agents and officials abroad as required by the laws of such countries.

6- يجيز إنشاء أو إلغاء أي شركة تابعة أو فرع أو وكالة ويحدد نفقات الإدارة لكل شركة تابعة أو فرع أو وكالة ويقوم بجميع المعاملات اللازمة لإخضاع الشركة لقوانين الدول التي تعمل فيها ويعين جميع الممثلين والوكلاء والمسؤولين وفقاً لأحكام القوانين المعمول بها في تلك الدول.

7. Appoint, dismiss and replace the Company agents and representatives in and outside the UAE and determine the conditions of contracting therewith.

7- يعين ويعزل ويستبدل وكلاء وممثلي الشركة في داخل الدولة وخارجها ويحدد شروط التعاقد معهم.

8. Decide on the means of investment of whatever kind or amount, withdraw and transfer all the values and assets of the Company, and contribute in any establishments that perform the same activities as the Company.

8- يقرر كيفية توظيف الأموال مهما كان نوعها ومقدارها وسحب وتحويل جميع القيم والحقوق الخاصة بالشركة والمساهمة بمؤسسات تقوم بنفس أغراض هذه الشركة.

9. Conclude all contracts related to the Company's purpose, of whatever type and nature and under the conditions deemed appropriate by the Board of Directors to enable the Company to achieve its approved objects.

9- يجري جميع العقود المتعلقة بموضوع الشركة مهما كان نوعها بالشروط التي يراها مناسبة لتمكين الشركة من تحقيق أهدافها الموافق عليها.

10. Specify the administrative expenses and overheads for the progress of the Company's business.

10- يحدد المصاريف الإدارية والعمومية لسير اعمال الشركة.

11. Purchase, assign, mortgage and sell all the monies, real estate and movable and immovable assets of the Company.

11- يشتري ويتنازل ويبيع ويرهن جميع الأموال والحقوق المنقولة وجميع العقارات والحقوق غير المنقولة.

12. Approve all loans and borrow such amounts as are necessary for the requirements and business of the Company pursuant to a

12- يقر جميع القروض ويمكنه أن يقترض جميع المبالغ اللازمة لاحتياجات الشركة وأعمالها بالطريقة وبالفائدة والشروط التي يراها مجلس الادارة ملائمة.

manner, interest and conditions deemed appropriate by the Board of Directors.

13. Conclude, revoke, cancel and assign lease contracts as per the conditions deemed appropriate by the Board of Directors.

13- يعقد الإيجارات ويفسـخها ويلغيها ويتنازل عنها بالشروط التي يراها مناسبة.

14. Insure all the Company's real estate, movable and immovable assets.

14- يعقد تأمينات على جميع عقارات الشـركة وممتلكاتها المنقولة وغير المنقولة.

15. Approve, circulate and endorse all promissory notes, bills of exchange, cheques and commercial bonds, and guarantee the issuers thereof.

15- يقر جميع السـندات لأمر، وسـندات السـحب والشـيكات، والسـندات التجارية ويتداول بها ويظهرها ويكفل محرريها.

16. Barter, bargain, reconcile and agree to arbitration regarding all the interests of the Company

16- يمكنـه إجراء المقـايضـة والمسـاومـة والمصالحة والاتفاق على التحكيم فيما يتعلق بجميع مصالح الشركة.

17. Authorise the collection of any sum of whatever amount, commercial and financial bond values to the account of the Company from any public or private establishment, bank or any natural or corporate person, and grant the requisite receipts and releases.

17- يصـرح بقبض كل مبلغ مهما كان مقداره وقيم السـندات المالية والتجارية لحسـاب الشـركة من أية مؤسـسـة عامة أو مصـرف أو مؤسسة خاصة، ومن كل شخص طبيعي أو معنوي ويعطي الإيصـالات والإبراءات اللازمة.

18. Approve the conclusion of all contracts, waiver and assign every right of the

18- يجيز كل العقود ويسـقط كل حق ويتنازل عن كل حق عائد للشـركة بكفالة أو بدون

Company with or without guarantee, retract the insurance and concessions, lift attachments, demand or approve striking off reference to every entry and law suit or arbitration.

كفالة ويرجع عن التأمينات والامتيازات ويرفع الحجوزات ويطلب أو يوافق على شطب إشارة كل قيد ودعوى قضائية أو تحكيم.

19. Participate in tenders and auctions and provide all required guarantees.

19- يشترك في المناقصات والمزايدات ويقدم جميع الكفالات.

20. Appoint authorized representatives of the Company and specify their powers, their employment terms, their salaries and their remuneration.

20- تعيين وكلاء مفوضين عن الشركة وتحديد صلاحياتهم وشروط خدماتهم ورواتبهم ومكافآتهم.

21. Delegate to whomever it deems fit some of its powers, and grant the attorney or attorneys the right to sub-delegate to third parties.

21- أن يفوض من يشاء ببعض صلاحياته وأن يعطي الوكيل أو الوكلاء حق توكيل الغير.

The powers of the Board of Directors mentioned above are without limitation, on the basis that the Board of Directors may carry out all other actions not explicitly stated above to the extent they do not require approval of the general assembly as specified in these Articles of Association.

إن الصلاحيات المبينة أعلاه ترد على سبيل المثال لا الحصر باعتبار أن لمجلس الادارة صلاحية مباشرة جميع الأعمال الأخرى التي لم يرد ذكرها صراحة طالما لم تكن بحاجة إلى موافقة الجمعية العمومية.

Article 24
(Quorum for Board Meetings and Resolutions)

المادة (24)
(نصاب اجتماعات مجلس الادارة والقرارات)

1. The Board of Directors shall hold its meetings at the head office of the Company or at any other place the Board of Directors calling for the meeting shall agree upon.

1- يعقد مجلس الإدارة اجتماعاته في المركز الرئيسي للشركة أو في أي مكان آخر يوافق عليه أعضاء مجلس الإدارة.

2. No meeting of the Board of Directors shall be valid unless a notice is given to each Director and attended by a majority of its members and it shall be permissible for a member of the Board of Directors to appoint another member of the Board to vote at the said meeting in which case such member shall have two (2) votes; provided that no member of the Board of Directors may hold more than one proxy at any particular meeting of the Board of Directors. A member of the Board shall be considered present if he attends in person or via teleconferencing or any other audiovisual media such as video teleconferencing or any other method as shall be permitted by the Authority.

2- لا يكون اجتماع مجلس الإدارة صحيحًا إلا بعد دعوة جميع أعضائه وبحضور أغلبيتهم شخصياً ، ويجوز لعضو مجلس الإدارة أن ينيب عنه غيره من أعضاء المجلس في التصويت، وفي هذه الحالة يكون لهذا العضو صوتان، ولا يجوز أن ينوب عضو مجلس الإدارة عن أكثر من عضو واحد ويعتبر عضو مجلس الإدارة حاضرًا إذا كان حضوره شخصيًّا أو عن طريق الهاتف أو من خلال أية وسيلة مرئية كالفيديو الهاتفي او أي وسيلة أخرى توافق عليها الهيئة.

3. Resolutions of the Board of Directors shall be adopted by a majority of the members present, in person or by proxy. In the case of a tie, the Chairman or his deputy shall have a casting vote.

3- تصدر قرارات مجلس الإدارة بأغلبية أصوات الأعضاء الحاضرين والممثلين وإذا تساوت الأصوات رجح الجانب الذي منه الرئيس أو من يقوم مقامه.

4. The minutes of the meetings of the Board of Directors shall be recorded in a special register. The minutes shall be signed- by the chairman of the meeting and the secretary

4- يعد سجل خاص تثبت فيه محاضر اجتماعات المجلس ويوقع عليه رئيس الاجتماع ومقرر المجلس، ويجوز للعضو المعارض إثبات رأيه في المحضر. ويجب

to the Board of Directors. A dissenting member may register his opinion in such minutes. Copies of such minutes must be sent to the Directors for their safekeeping. Such minutes shall be kept with the secretary to the Board of Directors. The signatories to the minutes shall be responsible for the accuracy of the information contained therein.

ان ترسل نسخ من هذه المحاضر للأعضاء للاحتفاظ بها، وتحفظ محاضـــر اجتماعات مجلس الادارة ولجانه من قبل مقرر مجلس الادارة. ويكـون الـموقـعـون عـلـى هـذه المحاضـــر مســؤولين عن صـــحة البيانات الواردة فيها.

5. Any Director who has a personal interest in any business or matter presented to the Board for discussion or approval must disclose such interest to the Board, and this must be recorded in the minutes. Such Director may not vote on the resolution pertaining to the relevant business or matter.

5- يجب على أي عضـــو من أعضـــاء مجلس الإدارة تكون له مصـلحة شـخصـية خاصـة في أي معاملـة أو مســـألـة مطروحـة على المجلس لمناقشتها والموافقة عليها أن يخطر المجلس بهذه المنفعـة، ويجب أن تـدون في محضـــر الاجتماع، ولا يجوز لهذا العضـــو التصـويت على القرار الخاص بهذه المعاملة أو المسألة المعنية.

6. Without prejudice to the requirement to hold a minimum of four (4) Board meetings per year, the Board may adopt resolutions in writing by circular, signed, or approved by any means including email, by a majority of the Directors entitled to receive notice of the meeting of the Board of Directors and to vote on such resolutions. Such resolutions by circular shall be as

6- دون الاخلال بـإلزاميـة ان يجتمع مجلس الإدارة (4) أربع مرات في الســـنـة على الأقل، فإنه يجوز لمجلس الإدارة إصـــدار بعض قراراتـه بـالتمرير وتُعتبر القرارات الخطية الموقعة او الموافق عليها بأي وسيلة بما في ذلك البريد الإلكتروني من قبل اغلبية أعضـــاء المجلس ممن يحق لهم تلقي الدعوة لاجتماعات المجلس والتصـــويت على مثل تلك القرارات صـــحيحة ونافذة كما لو أنها

valid and effective as if they had been adopted at a Board of Directors meeting duly convened and held and may consist of several counterparts in like form, each signed by one or more of the Directors.

اتخذت في إجتماع تمت الدعوة اليه وعقد أصـولاً ويمكن أن تتكون هذه القرارات من عدة نسخ متشابهة موقع عليها من قبل واحد أو أكثر من أعضاء المجلس.

7. The Chairman shall invite the Board to convene a meeting of the Board of Directors if so requested by at least two Directors.

7- على رئيس المجلس دعوة المجلس للانعقاد متى طلب ذلك عضـوان من أعضـاء مجلس الإدارة على الأقل.

Article 25
(Loss of Directorship)

المادة (25)
(فقدان عضوية المجلس)

1. If a Director fails to attend more than three consecutive meetings or five non-consecutive meetings during the term of the Board of Directors without an excuse acceptable to the Board, such Director shall be deemed to have resigned.

1- إذا تغيب أحد أعضـــاء مجلس الإدارة عن حضـور أكثر من ثلاث جلسـات متتالية أو خمس جلســات متقطعة خلال مدة مجلس الإدارة بـدون عـذر يقبلـه المجلس اعتبر مستقيلاً.

2. The post of a Director shall be deemed vacant in the event such member:-

2- كما يشغر أيضًا منصب عضو المجلس في حال أن ذلك العضو:

1. Dies or becomes legally incompetent or becomes otherwise incapable of performing his duties as a Director;

1- توفي أو أصـــيـب بعـارض من عوارض الأهلية أو أصـبح عاجزًا بصورة أخرى عن النهوض بمهامه كعضو في المجلس؛ أو

2. Is convicted or any crime offensive to honor or trustworthiness;

2- أدين بأية جريمة مخلة بالشـــرف والأمانة؛ أو

3. Is declared bankrupt or ceases to pay his commercial debts, even if the same has not resulted in the announcement of his bankruptcy;

3- أعلن إفلاســـه أو توقف عن دفع ديونـه التجـاريـة حتى لو لم يقترن ذلك بإشهار إفلاسه؛ أو

4. Resigns from his post pursuant to written notice sent to the Company in this regard;

4- استقال من منصبه بموجب إشعار خطي أرسله للشركة بهذا المعنى؛ أو

5. Is dismissed by a resolution adopted by the general assembly; or

5- صـــدر قرار من الجمعية العمومية بعزله.

6. His membership in the Board was contrary to the provisions of these Articles.

6- كانت عضــويته مخالفة لأحكام هذا النظام.

Article 26
(Liability)

المادة (26)
(المسؤولية)

1. The Directors shall not be personally liable in connection with the undertakings of the Company by reason of their having carried out their duties Directors to the extent they do not exceed the scope of their authorities.

1. لا يكون أعضـــاء مجلس الإدارة مســؤولين مســؤولية شــخصــية فيما يتعلق بالتزامات الشـــركـة النـاتجـة عن قيـامهم بواجبـاتهم كأعضـــاء مجلس إدارة وذلك بالقدر الذي لا يتجاوزون فيه حدود سلطاتهم.

2. The Chairman of the Board of Directors and the members thereof shall be liable towards the Company and the Shareholders and to others in respect of all acts of deceit, misuse

2. يكون رئيس مجلس الإدارة وأعضـــاؤه مسؤولين تجاه الشركة والمساهمين والغير عن جميع أعمال الغش وإســاءة اســتعمال السلطات الممنوحة لهم وعن أي مخالفة لهذا

of the authority granted to them, any breach of these Articles and in respect of any mismanagement.

النظام كما يكونون مسـؤولين عن أي إهمال جسيم في الإدارة.

3. The liability of the Directors referred to in the previous paragraph of this Article shall be joint if the mismanagement resulted from a unanimous resolution of the Directors. However, where the relevant resolution was adopted by a majority vote, the dissenting Directors shall not be liable provided that they have recorded their objection in the minutes of the meeting. A Director who was absent from the meeting in which the resolution was adopted shall not be relieved from liability unless it can be proven that they had no knowledge of the resolution or that they knew about the resolution but had not been able to object to it.

3. تقع المسـؤولية المنصـوص عليها في الفقرة السـابقة من هذه المادة على جميع أعضـاء مجلس الإدارة إذا نشأ الخطأ عن قرار صدر بـإجمـاع الآراء، أمـا إذا كـان القرار محـل المسـاءلة صـادراً بالأغلبية فلا يسـأل عنه المعارضـون متى كانوا قد أثبتوا اعتراضـهم بمحضـر الجلسـة، فإذا تغيب أحد الأعضـاء عن الجلسة التي صدر فيها القرار فلا تنتفي مسـؤوليته إلا إذا ثبت عدم علمه بالقرار أو علمـه بـه مع عـدم اسـتطـاعتـه الاعتراض عليه.

Article 27
(Remuneration)

المادة(27)
(المكافـأة)

Remuneration of the Directors shall be a set amount for each of them upon recommendation of the Board and approval of the general assembly of the Company. The Company may also provide any of its Directors with expenses, additional fees, or a monthly salary in the amount decided by the Board of Directors if that Director is part of any committee, exerts special efforts, or undertakes

يتم تحديد مكافأة أعضاء مجلس الإدارة بمبلغ مقطوع لكل منهم بنـاء على اقتراح مجلس الإدارة وموافقة الجمعية العمومية عليه. كما يجوز أن تدفع الشـركة لمجلس الادارة مصـاريف أو أتعابًا إضـافيّة أو مرتبًا شـهريًّا بالقدر الذي يقرره مجلس الإدارة لأي عضـو من أعضـائه إذا كان ذلك العضـو يعمل في أي لجنة أو يبذل جهودًا خاصة أو يقوم بأعمال إضافية لخدمة

additional duties over and above his ordinary duties as a Director.

الشركة فوق واجباته العادية كعضو في مجلس إدارة الشركة.

Part Five
The General Assembly

الباب الخامس
الجمعية العمومية

Article 28
(Formation of General Assembly)

المادة (28)
(تكوين الجمعية العمومية)

A duly constituted general assembly shall represent all Shareholders. It shall not be permissible to convene it except in Abu Dhabi.

الجمعية العمومية المكونة تكوينًا صحيحًا تمثل جميع المساهمين ولا يجوز انعقادها إلا في مدينة أبوظبي.

1. As long as all the shares are fully owned by **Mamoura Diversified Global Holding PJSC** (*a wholly owned subsidiary of Mubadala Investment Company PJSC*), the Board of Directors shall constitute the general assembly of the Company. The decisions of the Board in its capacity as the general assembly of the Company shall not be valid and effective except after obtaining the prior written consent of Mamoura Diversified Global Holding PJSC in the following circumstances:

1- ما دامت جميع الأسهم مملوكة بالكامل لشركة المعمورة **دايفيرسيفايد جلوبال هولدنغ ش.م.ع** (*شركة مملوكة بالكامل لشركة مبادلة للاستثمار ش.م.ع*)، يشكل مجلس إدارة الشركة الجمعية العمومية للشركة ومع ذلك لا تعتبر قرارات مجلس إدارة الشركة بوصفه الجمعية العمومية للشركة صحيحة ونافذة إلا بعد الحصول على موافقة خطية من شركة المعمورة دايفيرسيفايد جلوبال هولدنغ ش.م.ع في الحالات التالية:

- Amending the Articles of Association of the Company.

- تعديل النظام الأساسي للشركة.

- Approving the annual balance sheets and profits and losses account.

- إقرار الميزانية العامة السنوية وحساب الأرباح والخسائر.

- Appointing and dismissing the members of the Board of Directors.

- تعيين أعضاء مجلس الإدارة وعزلهم.

- Dissolving, merging or amalgamating the Company or selling more than 50% of its assets.

- حل الشركة أو دمجها أو اندماجها أو بيع ما يزيد عن 50% من أصولها.

- Terminating the term of the Company.

- إنهاء مدة الشركة.

- Disposing of or selling any of the shares of the Company.

- التصرف أو بيع أي من أسهم الشركة.

- Increasing or decreasing the share capital of the Company.

- زيادة رأسمال الشركة أو تخفيضه.

- Appointing an independent auditor of accounts for the Company.

- تعيين مدقق حسابات مستقل للشركة.

- Reviewing the report of the Company's Auditor of Accounts.

- مراجعة تقرير مدقق حسابات الشركة.

2. Notwithstanding the provisions of paragraph (1) of this Article, the shareholders shall constitute the general assembly of the Company if Mamoura Diversified Global Holding PJSC assigns or transfers any of its shares in the Company.

2- بالرغم مما ورد في البند (1) من هذه المادة، إذا تنازلت شركة المعمورة دايفيرسيفايد جلوبال هولدنغ ش.م.ع، عن أي من أسهمها في الشركة او نقلت ملكيتها، شكل المساهمون جمعيتها العمومية.

Article 29
(Meetings of General Assembly)

Each Shareholder shall have the right to attend a general assembly of the Shareholders, and he shall have a number of votes equivalent to the number of his shares. Each Shareholder may authorize another person who is not a Director to attend the general assembly on his behalf. Such authorization shall be considered valid if it is confirmed by a special written proxy according to those conditions set out by the Board of Directors. Such proxy must be registered at the Company or with its registrar according to the instructions in the invitation sent to the Shareholders to attend the General Assembly.

A corporate person may delegate to a representative or those in charge of its management or any of its employees pursuant to a resolution of its board of directors or its equivalent the power to represent such corporate person in the general assembly of the Company.

المادة(29)
(اجتماعات الجمعية العمومية)

لكل مساهم الحق في حضور الجمعية العمومية للمساهمين ويكون له عدد من الأصوات عدد أسهمه. ولكل مساهم أن ينيب عنه غيره في حضور الجمعية العمومية. ويشترط لصحة النيابة أن تكون ثابتة بتوكيل كتابي خاص وفق الشروط التي يحددها مجلس الإدارة. كما يجب قيد ذلك التوكيل لدى الشركة أو أمين سجلها طبقًا للتعليمات الواردة في الدعوة الموجهة إلى المساهمين لحضور الاجتماع.

للشخص الاعتباري أن يفوض أحد ممثليه أو القائمين على إدارته او موظفيه بموجب قرار مجلس إدارته أو من يقوم مقامه ليمثله في حضور أية جمعية عمومية للشركة، ويكون للشخص المفوض الصلاحيات المقررة بموجب قرار التفويض.

Article 30
(Invitation to Meetings)

1. If the number of Shareholders exceeds one Shareholder, the invitation to the Shareholders to attend meetings of the general assembly shall be shall be published in two daily newspapers published in the UAE and at least one of which must be in the Arabic language, and by sending of

المادة(30)
(الدعوة إلى الاجتماعات)

1- إذا زاد عدد المساهمين في الشركة عن مساهم واحد، توجه الدعوة إلى المساهمين لحضور اجتماعات الجمعية العمومية بإعلان في صحيفتين يوميتين تصدر احداهما باللغة العربية في الدولة وبكتب بالبريد العادي أو

notices by regular mail, SMS message or email (if available) at least twenty one (21) days prior to the meeting being convened. The notice shall include the agenda for such meeting. The invitation shall include the meeting's agenda. In the event the Company is listed on a stock exchange licensed by the Authority, copies of the invitation documents must be provided to the Authority and the Competent Authority.

من خلال ارسال رسالة نصية هاتفية ورسالة عبر البريد الالكتروني (إن وجد) وذلك قبل ما لا يقل عن (21) يومًا عن الموعد المحدد لانعقاد الاجتماع، ويجب أن تتضمن الدعوة جدول أعمال ذلك الاجتماع. وترسل صورة من أوراق الدعوة إلى كل من الهيئة والسلطة المختصة إذا تم ادراج الشركة لدى أحد الأسواق المالية المرخصة من الهيئة.

2. A resolution in writing approved and signed by all of the Shareholders or their respective representatives shall be as valid and effective as if had been passed at a general meeting duly convened.

2- يُعتبر أي قرار خطي معتمد وموقع عليه من قبل كافة المساهمين أو ممثليهم صحيحًا ونافذًا كما لو تم اتخاذه في أي جمعية عمومية منعقدة أصولًا.

3. General assembly meetings and shareholders' participation and voting within such meetings may be conducted using electronic means that allow for remote participation, in accordance with the requirements set by Authority.

3- يجوز عقد اجتماعات الجمعية العمومية واشتراك المساهم في مداولاتها والتصويت على قراراتها بواسطة وسائل التقنية الحديثة للحضور عن بعد، وفقاً للضوابط التي تضعها الهيئة في هذا الشأن.

Article 31
(Agenda of Meetings)

المادة(31)
(جدول أعمال الاجتماعات)

The Board of Directors shall set the agenda of the general assembly. In cases where it is permissible under the Companies Law to convene a general assembly at the request of the Shareholders, the auditors of the Company or the Authority, the agenda shall be set by the party requesting the convening of the general assembly.

يضع مجلس الإدارة جدول أعمال الجمعية العمومية، وفي الأحوال التي يجوز فيها قانون الشركات التجارية وتعديلاته عقد الجمعية العمومية بناء على طلب المساهمين أو مدققي الحسابات أو الهيئة يضع جدول الأعمال الجهة التي طلبت عقد اجتماع الجمعية.

Article 32
(Registration of Shareholders)

1. The Shareholders who desire to attend a general assembly shall register their names in the electronic register to be kept by the management of the Company or its appointed representative at the place of the meeting prior to the convening of the meeting. The said register must contain the name of the Shareholder, the number of shares which he owns, the number of shares which he represents, and the name of the owners thereof, and the Shareholders shall also submit a power of attorney. A printed summary of the number of represented shares at the meeting and the percentage of attendance shall be extracted from the said register. This summary is to be attached to the minutes of the meeting of the general assembly after it is signed by each of the secretary, the chairman of the meeting, the Company's auditor and the registrar of the share register.

2. The registration for attending the general assembly meetings shall be closed at the time determined in the notice to attend the relevant meeting. Immediately thereafter, the chairman of the meeting shall announce the existence or absence of a quorum. It may not thereafter be permissible to accept the registration of a Shareholder (or their proxy) for attending such a meeting, nor shall their vote/motion be counted in respect of the issues raised therein.

المادة(32)
(تسجيل المساهمين)

.1 يسجل المساهمون الذين يرغبون في حضور اجتماعات الجمعية العمومية أسماءهم في السجل الالكتروني الذي تعده إدارة الشركة أو من ينوب عنها في مكان الاجتماع قبل الوقت المحدد لانعقاد ذلك الاجتماع بوقتٍ كافٍ، ويجب أن يتضمن السجل اسم المساهم أو من ينوب عنه وعدد الأسهم التي يملكها وعدد الأسهم التي يمثلها وأسماء مالكيها مع تقديم سند الوكالة. ويستخرج من هذا السجل خلاصة مطبوعة بعدد الأسهم التي مُثّلت في الاجتماع ونسبة الحضور يتم إلحاقها بمحضر اجتماع الجمعية العمومية بعد توقيعها من قبل كل من مقرر الجلسة ورئيس الاجتماع ومدقق حسابات الشركة ومدير سجل الأسهم.

يقفل باب التسجيل لحضور اجتماعات الجمعية العمومية في الوقت المحدد في إعلان الدعوة للاجتماع، وعندها يعلن رئيس الاجتماع اكتمال النصاب المحدد لذلك الاجتماع أو عدم اكتماله، ولا يجوز بعد ذلك قبول تسجيل أي مساهم أو نائب عنه لحضور ذلك الاجتماع كما لا يجوز الاعتداد بصوته أو برأيه في المسائل التي تطرح في ذلك الاجتماع.

3. If any of the attending Shareholders, or their representatives, withdraws from a quorate general assembly meeting, such withdrawal shall not affect the validity of such meeting, and the majority required for adopting resolutions shall be as specified in the Companies Law of the remaining shares represented at the meeting.

2. إذا انسحب أي من المساهمين أو ممثليهم من اجتماع الجمعية العمومية بعد اكتمال نصاب انعقادها فإن ذلك الانســـحاب لا يؤثر على صـــحة انعقاد الجمعية العمومية، على أن يتبع في إصـــدار القرارات الأغلبية المقررة في قانون الشركات للأسهم المتبقية والممثلة في الاجتماع.

Article 33
(Quorum and Voting at Meetings)

المادة (33)
(نصاب الاجتماعات والتصويت)

1. Unless these Articles of Association provide otherwise, provisions of the Companies Law shall apply to the quorum required for the validity of convening the general assembly, as well as to the votes (i.e. ordinary resolution or Special Resolution) required for adopting resolutions. However, the general assembly may by Special Resolution amend any of the provisions of these Articles of Association.

1- ما لم ينص هذا النظام الأساسي على خلاف ذلك تسري على النصاب الواجب توفره لصحة انعقاد الجمعية العمومية وعلى الأغلبية اللازمة لاتخاذ القرارات (القرارات العادية والقرارات الخاصة) أحكام قانون الشركات. ومع ذلك يجوز للجمعية العمومية أن تصدر قرار خاص بتعديل النظام الأساسي للشركة اياً كانت أحكامه.

2- Voting at a general assembly shall be in such manner as specified by the chairman of the meeting, unless the general assembly decides on a different manner of voting. Voting must be by secret ballot if it relates to the election, dismissal or impeachment of Directors. Subject to the provisions of Article (178) of the Companies Law, Directors may not participate in the vote at the general assembly meeting relating to

2- يكون التصويت في الجمعية العمومية بالطريقة التي يعينها رئيس الجمعية إلا إذا قررت الجمعية العمومية طريقة معينة للتصويت، ويجب أن يكون التصويت سرياً إذا تعلق بانتخاب مجلس الإدارة أو بعزلهم أو بمساءلتهم. مع مراعاة ما نصت عليه المادة (178) من قانون الشركات، لا يجوز لأعضاء مجلس الإدارة الاشتراك في التصويت على قرارات الجمعية العمومية

exonerating them from liability for mis-management or conferring a private benefit upon them or which relates to a conflict of interest or dispute between them and the Company.

الخاصة بإبراء ذمتهم من المسؤولية عن إدارتهم أو التي تتعلق بمنفعة خاصة لهم أو المتعلقة بتعارض المصالح أو بخلاف قائم بينهم وبين الشركة.

Article 34

(Chairing the General Assembly)

The general assembly shall be chaired by the Chairman of the Board of Directors or, in his absence, by the Vice Chairman or the Director appointed by the Board of Directors for that purpose. The chairman of the meeting shall recommend the appointment of a secretary for the meeting, and a vote collector to be approved by the general assembly. In the event the general assembly considers a matter relating to the chairman of the meeting, the general assembly must select a Shareholder to chair the meeting during such time.

المادة(34)

(رئاسة الجمعية العمومية)

يرأس الجمعية العمومية رئيس مجلس الإدارة وعند غيابه يرأسها نائب رئيس مجلس الإدارة أو عضو مجلس الإدارة الذي يعينه مجلس الإدارة لذلك. ويقترح رئيس الاجتماع تعيين مقررًا للاجتماع ومراجع لفرز الأصوات على أن تقر الجمعية العمومية تعيينهم. وإذا كانت الجمعية تبحث في أمر يتعلق برئيس الاجتماع أيا كان وجب أن تختار الجمعية من بين المساهمين من يتولى رئاسة الاجتماع خلال مناقشة هذا الأمر.

The Company shall record the minutes of meetings of the general assembly, and shall confirm attendance in records maintained for this purpose. These minutes shall be signed by the chairman of the relevant meeting, the secretary of the meeting, the vote collector and the auditors. Signatories to the minutes shall be responsible for the accuracy of the information contained therein.

تدون الشركة محاضر اجتماعات الجمعية العمومية وإثبات الحضور في دفاتر تحفظ لهذا الغرض وتوقع من قبل رئيس الاجتماع المعني ومقرر الجمعية وجامعو الأصوات ومدققو الحسابات. ويكون الموقعون على محاضر الاجتماعات مسؤولين عن صحة البيانات الواردة فيه.

Article 35

(General Assembly Meeting)

المادة(35)

(اجتماع الجمعية العمومية)

1. The Board of Directors may call a general assembly whenever they deem it appropriate at the time and place specified by it, and it shall be convened at least once a year upon a call from the Board of Directors within the four months following the end of the financial year, at the time and in the place specified in the notice considering such meeting.

1. لمجلس الإدارة دعوة الجمعية العموميّة كلما رأى وجهًا لذلك في الزمان والمكان اللذين يحددهما، وتنعقد مرة على الأقل في السنة بناء على دعوة مجلس الإدارة خلال الأشهر الأربعة التالية لنهاية السنة المالية وذلك في المكان والزمان المعينين في إعلان الدعوة للاجتماع.

2. The annual general assembly shall convene to discuss and review the report of the Board of Directors on the Company's activities, its financial position during the year, to receive discuss and review the auditor's report, to approve the Company's financial statements, to approve the method for distributing profits, to elect members of the Board of Directors when necessary as per these Articles of Association, appoint the Company's auditor and determine his fee and to release the Board of Directors and the auditor from liability or to issue legal action against them as the case may be, and to discharge any other matters which these Articles of Association require the annual general assembly to discharge and to decide on those matters that these Articles of Association requires of the Company's general assembly.

2. تنعقد الجمعية العمومية السنوية لمناقشة ودراسة تقرير مجلس الإدارة عن نشاط الشركة ومركزها المالي خلال السنة ولاستلام ودراسة تقرير مدقق الحسابات والتصديق على ميزانية السنة المالية وحساب الأرباح والخسائر والموافقة على قواعد توزيع الأرباح ولانتخاب أعضاء مجلس الإدارة عند الاقتضاء وفقًا لأحكام هذا النظام وتعيين مدققي الحسابات وتحديد أتعابهم وإبراء ذمة أعضاء مجلس الإدارة ومدققي الحسابات من المسؤولية أو تقرير رفع دعوى المسؤولية عليهم بحسب الأحوال والبت في المسائل التي يتطلبها هذا النظام من الجمعية العمومية للشركة.

3. The Board of Directors must invite the general assembly to convene whenever requested by the Authority or the auditor of the Company or Shareholders holding at least 10% of the share capital. The

3. على مجلس الإدارة دعوة الجمعية العمومية للاجتماع متى طلب منه ذلك الهيئة أو مدقق الحسابات أو مساهمون يملكون 10% من رأس المال كحد أدنى، ويجب توجيه الدعوة

invitation must, in both cases, be issued within 5 days of the date of the request. In such case, the meeting shall be held within a period not to exceed thirty (30) days from the date of the invitation.

في الحالتين خلال (5) خمسة أيام من تاريخ تقديم الطلب على أن يعقد الاجتماع خلال مدة لا تتجاوز (30) ثلاثين يوماً من تاريخ الدعوة للاجتماع.

Article 36
(Discussing Matters not in the Agenda)

المادة (36)
(تداول مسائل خارج جدول الاعمال)

1. Without prejudice to the provisions of Article 180 of the Companies Law, it shall not be permissible for a general assembly to deal with any matter other than those set out in the agenda attached to the notice to attend the meeting.

1. مع مراعاة حكم المادة (180) من قانون الشركات، لا يجوز للجمعية العمومية أن تتداول في غير المسائل الواردة في جدول الأعمال المرافق لإعلان الدعوة.

2. The general assembly shall be permitted to discuss important matters revealed during the meeting, or matters requested by the Authority to be discussed or if Shareholders representing 5% of the share capital of the Company ask, at the start of the general assembly, to have a specific matter included in the agenda. In such circumstances, the Board shall comply with the request, otherwise the general assembly shall have the right to resolve to discuss such matters.

2. يجوز للجمعية العمومية حق المداولة في الوقائع الخطيرة التي تكتشف أثناء الاجتماع، وإذا طلبت الهيئة أو عدد من المساهمين يمثل (5%) من رأس مال الشركة على الأقل وذلك قبل البدء في مناقشة جدول أعمال الجمعية العمومية إدراج مسائل معينة في جدول الأعمال وجب على مجلس الإدارة إجابة الطلب وإلا كان من حق الجمعية العمومية أن تقرر مناقشة هذه المسائل.

Article 37
(Amending the Articles of Association)

المادة (37)
(تعديل النظام الأساسي)

1. The general assembly may by Special Resolution, and after obtaining the required approvals, amend any of the provisions of these Articles of Association.

2. The Company shall not be subject to Articles 273 to 283 inclusive of the Companies Law until the Company is listed on a stock exchange in the UAE. Until such listing, the conversion of the Company shall be carried out pursuant to resolutions to be issued by Mamoura Diversified Global Holding PJSC.

1. يجوز للجمعية العمومية بعد الحصول على الموافقات اللازمة أن تصدر قرار خاص بتعديل النظام الأساسي للشركة اياً كانت أحكامه.

2. لاتخضع الشركة لأحكام المواد (273) الى وشاملاً (282) من قانون الشركات لحين ادراج الشركة لدى أحد الأسواق المالية في الدولة ويطبق في شأن تحول الشركة القرارات التي تصدرها شركة المعمورة دايفيرسيفايد جلوبال هولدنغ ش.م.ع لحين ادراج الشركة.

Article 38
(Decisions of General Assembly)

Resolutions of a general assembly adopted in accordance with these Articles of Association shall be binding on all of the Shareholders including absentees and Shareholders who dissent.

المادة (38)
(قرارات الجمعية العمومية)

قرارات الجمعية العمومية الصادرة طبقًا لأحكام هذا النظام الأساسي ملزمة لجميع المساهمين بمن فيهم الغائبون والمخالفون في الرأي.

Part Six
The Auditor

الباب السادس
مدقق الحسابات

Article 39
(Appointment of Auditor)

The Company shall have one or more auditors, appointed for a one year renewable term by the general assembly, which shall determine their remuneration. The auditor shall audit the accounts

المادة (39)
(تعيين المدقق)

يكون للشـركة مدقق حسـابات أو أكثر تعينه الجمعية العمومية لمدة سـنة قابلة للتجديد وتقدر أتعابه وعليه

for the fiscal year for which he was appointed and the Board of Directors shall also appoint internal auditor for the accounts of the Company.

مراقبة حســـابات الســـنة المالية التي عين لها، كما ويُعين مجلس الإدارة مدققًا داخليًّا لحسابات الشركة.

Article 40
(Powers and Obligations of Auditor)

المادة(40)
(صلاحيات والتزامات مدقق الحسابات)

The auditor shall have the powers and be bound by the obligations stipulated by the Companies Law. The auditor shall be particularly entitled, at all times, to have the right to examine all of the books, records and papers of the Company and other documents, and shall have the right to request any explanations, as the auditor deems necessary in the performance of their duties. The auditor shall likewise have the right to verify the assets and liabilities of the Company. In the event that the auditor is unable to exercise such powers, the auditor shall confirm this in a written report to be presented to the Board of Directors. If the Board of Directors does not facilitate the task of the auditor, the auditor shall send a copy of the report to the Authority and present the same to the general assembly.

تكون لمدقق الحســـابات الصـــلاحيات وعليه الالتزامات المنصـوص عليها في قانون الشـركات، وله بوجه خاص الحق في الاطلاع في كل وقت على جميع دفاتر الشركة وسجلاتها ومستنداتها وغير ذلك من وثائق وله أن يطلب الإيضـــاحات التي يراها لازمة لأداء مهمته وله كذلك أن يتحقق من موجودات الشركة والتزاماتها، وإذا لم يتمكن من استعمال هذه الصـــلاحيات أثبت ذلك كتابة في تقرير يقدم إلى مجلس الإدارة فإذا لم يقم المجلس بتمكين المدقق من أداء مهمته وجب عليه أن يرسل صورة من التقرير إلى الهيئة وأن يعرضه على الجمعية العمومية.

Article 41
(Report of Auditor)

المادة(41)
(تقرير مدقق الحسابات)

The auditor shall present to the general assembly a report containing the particulars provided in the Companies Law. The auditor must attend each general assembly and shall, during such meeting, express their opinion on everything concerning

يقدم مدقق الحســـابات إلى الجمعية العمومية تقريراً يشـــتمل على البيانات المنصـــوص عليها في قانون الشـــركات، وعليه أن يحضـــر اجتماع الجمعية العمومية وأن يدلي في الاجتماع برأيه في كل ما يتعلق بعمله وبوجه خاص في ميزانية الشـــركة ويكون المدقق مسـئولاً عن صـحة البيانات الواردة

their work, and in particular the balance sheet of the Company. The auditor shall be responsible for the accuracy of the particulars set out in their report in their capacity as a representative of all of the Shareholders, and each Shareholder shall, during the convening of the general assembly, have the right to discuss the auditor's report, and to seek clarification from the auditor on the matters contained therein.

في تقريره بوصفه وكيلاً عن مجموع المساهمين، ولكل مساهم في أثناء عقد الجمعية العمومية أن يناقش تقرير المدقق وأن يستوضحه عما ورد فيه. ويحق لمدقق الحسابات استلام كافة الإشعارات والمراسلات الأخرى المتعلقة بأية جمعية عمومية يحق لكل مساهم استلامها.

Part Seven
The Company's Finance

الباب السابع
مالية الشركة

Article 42
(Books of Accounts and Financial Year)

المادة (42)
(دفاتر الحسابات والسنة المالية)

1. The Company must duly maintain accurate books of accounts in order to give a fair and accurate picture of the Company's state of affairs and to explain its operations. Such books shall be maintained in accordance with recognized international accounting standards. No Shareholder shall be permitted to examine these books without the Board of Director's authorisation to do so.

1. على الشركة أن تحتفظ بدفاتر حسابات منتظمة حسب الأصول لإعطاء صورة صحيحة وعادلة عن وضع أعمال الشركة ولتفسير تعاملاتها وتحفظ هذه الدفاتر طبقاً للمبادئ المحاسبية المتعارف عليها والمطبقة دولياً، ولا يحق لأي مساهم في الشركة فحص دفاتر الحسابات تلك إلا بموجب تفويض بهذا المعنى صادر عن مجلس الإدارة.

2. The financial year of the Company shall commence on 1st January and end on 31st December each year.

2. تبدأ السنة المالية للشركة من أول يناير وتنتهي في 31 ديسمبر من كل سنة.

3. The Board of Directors must, at least one month before the annual general assembly prepare, in respect of each financial year, the balance sheet of the Company and the profit and loss account. The Board of Directors must also prepare a report concerning the activities of the Company during the financial year, its financial standing as at the end of that year, and the manner in which it proposes that the net profits shall be distributed. The Board of Directors shall make copies of all such documents at the head office of the Company for review by the Shareholders prior to the annual general assembly.

3. على مجلس الإدارة أن يعد عن كل سنة مالية قبل الاجتماع السنوي للجمعية العمومية بشهر على الأقل ميزانية الشركة وحساب الأرباح والخسائر، وعلى مجلس الإدارة أيضاً أن يعد تقريراً عن نشاط الشركة خلال السنة المالية وعن مركزها المالي في ختام السنة ذاتها والطريقة التي يقترحها لتوزيع الأرباح الصافية، ويقوم مجلس الادارة بتوفير نسخ عن هذه الوثائق في المركز الرئيسي للشركة قبل اجتماع الجمعية العمومية السنوية للشركة لاطلاع المساهمين.

Article 43
(Distribution of Dividends Prior to Listing)

So long as the Company is not listed on a stock exchange in the UAE, the Company shall not be required to create any reserve from the annual profits, and the annual profits shall be distributed according to the decisions of the Board of Directors taking into consideration the availability of cash, sound financial management and resolutions issued by the Shareholder or Shareholders.

المادة(43)
(توزيع الأرباح قبل ادراج)

ما دامت الشركة غير مدرجة في أحد الأسواق المالية في الدولة، فإنه لا يتوجب على الشركة إنشاء أي احتياطي من الأرباح السنوية. وتوزع الأرباح السنوية وفقًا لما يقرره مجلس إدارة الشركة مع مراعاة السيولة النقدية المتوفرة لدى الشركة والإدارة المالية الفعالة واية قرارات يصدرها المساهم او المساهمين في الشركة.

Article 44
(Distribution of Dividends Post Listing)

المادة(44)
(توزيع الأرباح بعد الادراج)

Following the listing of the Company on a stock exchange in the UAE, the annual net profits of the Company shall after the deduction of all general expenses and other costs, be distributed as follows:

بعد ادراج الشـــركة لدى احد الأســـواق المالية في الدولة، يكون توزيع الأرباح الســـنوية الصـــافية للشـــركة بعد خصـــم جميع المصـــروفات العمومية والتكاليف الأخرى كما يلي:

1. Ten per cent (10%) is deducted and allocated for the statutory reserve account. The general assembly may cease this deduction if the statutory reserve reaches 50% of the paid up share capital. The statutory reserve may not be distributed to the shareholders. However, the surplus exceeding 50% of the paid up capital may be used to distribute dividends to the shareholders in the years in which the Company does not achieve sufficient net profits for distribution.

1. تقتطع عشرة بالمائة (10%) تخصص لحســاب الاحتياطي القانوني ويقف هذا الاقتطـاع متى بلغ مجموع الاحتيـاطي قـدراً يـوازي 50% مـن رأس مـال الشـركة المدفوع وإذا نقص الاحتياطي تعين العودة إلى الاقتطـاع. ولا يجوز توزيـع الاحتيـاطي القـانوني علـى المساهمين وإنما يجوز استعمال ما زاد منه على نصف رأس المال المدفوع في توزيع أرباح على المسـاهمين وذلك في الســنوات التي لا تحقق فيها الشــركة أرباحا صافية كافية للتوزيع عليهم.

2. The general assembly shall determine a percentage from the net profit to be paid to the shareholders after deducting the statutory reserve provided that during any year, if the net profit does not allow distribution of dividends, the shareholders may not demand receiving dividends from the profits of the subsequent years.

2. تحدد الجمعيـة العموميـة النســبـة التي يجـب توزيعهـا على المســـاهمين من الارباح الصـافية بعد خصـم الاحتياطي القانوني، على أنه إذا لم تسـمح الأرباح الصـــافية في ســنة من الســنين بتوزيع ارباح فلا يجوز المطالبة بها من أرباح السنين اللاحقة.

3. The Directors shall receive remuneration to be specified by the general assembly on an annual

3. يتقاضـــى أعضـــاء مجلس الإدارة مكافأة تحددها الجمعية العمومية ســـنويا على أن لا تزيد هذه المكافأة عن 10% من

basis provided that such remuneration does not exceed 10% of the net profits for the financial year after deducting depreciations and statutory reserve.

الربح الصافي للسنة المالية المنتهية بعد خصم كل من الاستهلاكات والاحتياطي القانوني.

4. The remaining net profits shall, upon the recommendation of the Board of Directors, either be distributed, in whole or in part, among the shareholders or shall be carried over to the following year, or shall be allocated to create a voluntary reserve, as may be decided by the Board of Directors.

4. يوزع الباقي من صافي الأرباح أو جزء منها بعد ذلك على المساهمين او يرحل إلى السنة المقبلة أو يخصص لإنشاء مال احتياطي اختياري، وفقاً لما يقرره مجلس الإدارة.

5. The Company may, through a resolution of its Board of Directors, distribute quarterly and/or semi-annual dividends to the shareholders from operating profits and/or accumulated profits. The Board of Directors shall be authorized to adopt and implement resolutions relating to the distribution of dividends in accordance with the dividend distribution policy approved by the general assembly.

5. يجوز للشركة بقرار من مجلس ادارتها توزيع أرباح ربع سنوية و/أو نصف سنوية على المساهمين من الأرباح التشغيلية و/أو الأرباح المتراكمة للشركة. ويكون مجلس الإدارة مفوضاً باعتماد واتخاذ وتنفيذ القرارات المتعلقة بتوزيع الأرباح وفقاً لسياسة توزيع الأرباح المعتمدة من الجمعية العمومية

The voluntary reserves shall be dealt with as may be resolved by the Board of Directors for any purpose considered to be beneficial to the Company including to cover losses of previous years, issue bonus shares to the Shareholders, transfer any amount of the voluntary reserve to

يتم التصرف في المال الاحتياطي الاختياري بناء على قرار مجلس الإدارة في الأوجه التي تحقق مصالح الشركة بما في ذلك إطفاء أية خسائر متحققة عن السنوات السابقة، توزيع أسهم منحة على المساهمين، تحويل أية مبالغ يراها المجلس مناسبة

statutory reserve account; and/or pay dividends to the Shareholders in proportion to their shareholdings.

الى حســـاب الاحتياطي القانوني و/او توزيع أرباح على المساهمين وفقاً لنسبة مساهمتهم في الشركة.

Part Eight
Disputes

الباب الثامن
المنازعات

Article 45
(Civil Proceedings)

No resolution of a general assembly releasing the Board of Directors of liability shall result in the lapse of any claim of civil liability because of mistakes committed by any of them in exercising their functions, but if the act giving rise to liability has been placed before the general assembly by a report from the Board of Directors or the auditor, and has been approved, the claim of liability shall lapse (cease to be effective) upon the expiration of one year from the date of the convening of the general assembly. Nevertheless, if the act attributed to Director amounts to a criminal offence, the claim of liability shall not lapse unless the criminal liability suit creases to be effective.

المادة (45)
(الدعوى المدنية)

لا يترتب على أي قرار يصدر عن الجمعية العمومية سقوط دعوى المسئولية المدنية ضد أعضاء مجلس الإدارة بسبب الأخطاء التي تقع منهم في ممارسة اختصاصاتهم، وإذا كان الفعل الموجب للمسئولية قد عرض على الجمعية العمومية بتقرير من مجلس الإدارة أو مدقق الحسابات وصادقت عليه فإن دعوى المسئولية تسقط بمضي سنة من تاريخ انعقاد الجمعية. ومع ذلك إذا كان الفعل المنسوب إلى أعضاء مجلس الإدارة يكون جريمة جنائية فلا تسقط دعوى المسئولية إلا بسقوط الدعوى العمومية.

Article 46
(Indemnity)

The Company shall (to the extent of its assets) indemnify each Director against any liability (with the exception of criminal liability) incurred by him arising from or in relation to or in connection with the performance of his duties to the Company provided that such person was acting in good faith,

المادة(46)
(التعويض)

تكون الشركة في حدود موجوداتها مسؤولة عن تعويض أي عضو في مجلس الإدارة، وأي مدير في الشركة عن أية مسؤولية يتحملها (باستثناء المسؤولية الجنائية) نتيجة لـ أو متصلة أو لها علاقة بالقيام بواجباته، شريطة أن يكون ذلك الشخص قد

and in a manner he reasonably believed to be in, or at least not contrary to, the best interests of the Company, and provided further that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged by a competent court to the liable to the Company.

قام بذلك بحســـن نية ونتيجة لاعتقاده المعقول أن ما قام به إنما هو لصـــالح أو على الأقل لا يتعارض مع مصـــالح الشـــركة. مع مراعاة أن ذلك الشـــخص لا يستحق أي تعويض بخصوص أية مطالبة أو مسألة ثبتت مســؤوليته عنها تجاه الشــركة بمقتضـــى حكم صادر من محكمة مختصة.

The Company shall pay and be responsible to compensate all the expenses, fees and costs incurred by such an Indemnified Person relating to any claim, lawsuit proceedings or otherwise for which such person's liability (and entitlement to compensation) has been confirmed in accordance with the above (including but not limited to that arising from criminal cases that result in his or her innocence or the discharge of accusations against him).

تقوم الشركة بدفع وتكون مسؤولة عن تعويض كافة المصاريف والأتعاب والتكاليف التي يتكبدها ذلك الشخص والمتعلقة بأي مطالبة أو دعوى أو إجراءات قضائية أو خلاف ذلك، والتي تأكد التزامه بها ويستحق تعويضاً عنها طبقاً لما تقدم (بما في ذلك على سبيل المثال لا الحصر تلك الناشئة عن الدعاوى الجنائية التي تنتهي ببراءته منها أو إسقاط التهمة عنه).

Part Nine
Dissolution and Liquidation of the Company

الباب التاسع
حل الشركة وتصفيتها

Article 47
(Dissolution of Company)

المادة (47)
(حل الشركة)

The Company may be dissolved for any of the following causes:

تحل الشركة لأحد الأسباب التالية:

1. The expiration of the specified duration of the Company, unless it is renewed in accordance with the rules set out in these Articles;

2. The expiration of the objects for which the Company was established.

3. The term of the Company is terminated by a Special Resolution of the general assembly; and

4. The amalgamation of the Company with another company.

-1 انتهاء المدة المحددة للشركة ما لم تجدد وفقًا للقواعد الواردة بهذا النظام.

-2 انتهاء الغرض الذي أسست الشركة من أجله.

-3 صدور قرار خاص من الجمعية العمومية بإنهاء مدة الشركة .

-4 اندماج الشركة في شركة أخرى.

Article 48
(Liquidation)

Upon the expiration of the duration of the Company or in the event that it is dissolved prior to the term laid down therefore, the general assembly shall, upon the request of the Board of Directors, determine the manner of liquidation and shall appoint one or more liquidators and determine his/their powers, and the authority of the Board of Directors shall end up on the appointing of the liquidators. However, the authority of the general assembly shall remain effective throughout the liquidation period, until the liquidators and released of responsibility.

المادة (48)
(التصفية)

عند انتهاء مدة الشركة أو حلها قبل الأجل المحدد تُعيّن الجمعية العمومية بناء على طلب مجلس الإدارة طريقة التصفية وتعين مصفيًا أو أكثر وتحدد سلطته/سلطاتهم وتنتهي وكالة مجلس الإدارة بتعيين المصفين. أما سلطة الجمعية العمومية فتبقى قائمة طوال مدة التصفية إلى أن يتم إبراء ذمة المصفين.

Part Ten
Final Provisions

الباب العاشر
أحكام ختامية

Article 49
(Applicable Provisions)

The provisions of the Companies Law shall apply to the extent they are not (i) expressly or impliedly inconsistent with these Articles of Association or (ii) excluded or exempted pursuant to Article 9 of these Articles of Association.

المادة (49)
(الأحكام الواجبة التطبيق)

تطبق أحكام قانون الشـــركات فيما (1) لم يرد في شـــأنه نص خاص أو فيما لا يتعارض صـــراحةً او ضمنياً مع أحكام هذا النظام الأساسي أو (2) لم يكن مســـتثنى بموجب أحكام المادة (9) من هذا النظام الأساسي.

Article 50
(Severability)

Each of the Articles contained in these Articles of Association shall not except where the context otherwise requires, be in any way limited or restricted by reference to or inference from any other Article. Also, if any Article or any part of an Article shall be held to be illegal or unenforceable, the enforceability of the remainder of these Articles of Association.

In case there is any contradiction between the provisions of these Articles in the Arabic and English texts, the Arabic text shall prevail**.**

المادة (50)
(الفصل بين المواد)

ما لم يقض الســـياق بخلاف ذلك، لا يعتبر نفاذ أي مادة من مواد هذه النظام الأســـاســـي محددًا أو مقيدًا بالإحالة على أو الاســـتنتاج من أي مادة أخرى. وفي حالة اعتبار أي مادة أو أي جزء منها غير قانونية أو غير نافذة، فإن ذلك لا يمس سلامة بقية المواد.

عند وجود تعارض بين نصوص المواد باللغتين العربية والإنجليزية، يغلب جانب النص العربي.

Article 51
(Publication)

These Articles shall be deposited and published in accordance with the Companies Law.

المادة(51)
(النشر)

يودع هذا النظام وبنشر طبقًا للقانون.

Annex 3 – Participating Branches of Receiving Banks

First Abu Dhabi Bank - Participating Branches

S.No	Branch name	Branch Location-Area	Customer Timing	IPO Subscription Timings	Branch Address
1	Business Park, Abu Dhabi	Abu Dhabi	08: am to 02:00 pm (Sat- Wed) 08:00 am to 01:00 pm (Thu)	**8 am to 1 pm - Sat - Thurs.**	Khalifa Park Al Qurm, PO BOX:6316
2	Oud Al Toubah	Al Ain - Abu Dhabi	08: am to 02:00 pm (Sat- Wed) 08:00 am to 01:00 pm (Thu)	**8 am to 1 pm - Sat - Thurs.**	Al Ain Oud Al Touba (LFGB) PO BOX:18781
3	FAB One Tower	Abu Dhabi	08: am to 03:00 pm (Sat- Thur)	8 am to 1 pm - Sat - Thurs	Intersection of Shaikh Khalifa street and Baniyas street,PO BOX:2993
4	Al Batin	Abu Dhabi	08: am to 03:00 pm (Sat- Thur)	8 am to 1 pm - Sat - Thurs	Street No. 9 - Next to Bateen Bus Terminal and Al Bateen Mall;PO BOX:7644
5	Sheikh Rashid Road Branch	Abu Dhabi	08: am to 02:00 pm (Sat- Thur)	8 am to 1 pm - Sat - Thurs	Airport Street – Ramy Hotel Building – Abu Dhabi
6	**Bur Dubai**	Dubai	08: am to 02:00 pm (Sat- Wed) 08:00 am to 01:00 pm (Thu)	8 am to 1 pm - Sat - Thurs	Abdulla Al Rostamani Building, Khalid Bin Walid Road, Bur Dubai; PO BOX:115689
7	Sheikh Zayed Rd.	Dubai	08: am to 02:00 pm (Sat- Wed) 08:00 am to 01:00 pm (Thu)	8 am to 1 pm - Sat - Thurs	ALQUZE NEXT TO GOLDEN DAIMOND ; PO BOX:52053
8	Jumeirah Branch	Dubai	08: am to 02:00 pm (Sat- Wed) 08:00 am to 01:00 pm (Thu)	8 am to 1 pm - Sat - Thurs	Link International Building, Jumeirah Beach Road Umm suqeim
9	Deira Branch (ABS)	Dubai	08: am to 02:00 pm (Sat- Wed) 08:00 am to 01:00 pm (Thu)	8 am to 1 pm - Sat - Thurs	Abu Baker Al Siddique Rd, Deira
10	Jabal Ali Branch	Dubai	08: am to 02:00 pm (Sat- Wed) 08:00 am to 01:00 pm (Thu)	8 am to 1 pm - Sat - Thurs	Near Gate No.5, Adjacent to Dubai Chamber Office
11	**RAK (LNBAD)**	**RAK**	08: am to 02:00 pm (Sat- Wed) 08:00 am to 01:00 pm (Thu)	8 am to 1 pm - Sat - Thurs	FAB RAK (LNBAD) Corniche Al Qawasim Road Near to NMC Royal Medical Center , RAK

12	Fujairah	Fujairah	08: am to 02:00 pm (Sat- Wed) 08:00 am to 01:00 pm (Thu)	8 am to 1 pm - Sat - Thurs	Opposite to Plaza Theatre Hamdan Bin Abdulla street;PO BOX:79
13	Sharjah	Sharjah	08: am to 02:00 pm (Sat- Wed) 08:00 am to 01:00 pm (Thu)	8 am to 1 pm - Sat - Thurs	Al Reem Plaza, Ground floor Buheira Corniche, Sharjah;PO BOX:1109
14	Umm al-Quwain	UAQ	08: am to 02:00 pm (Sat- Wed) 08:00 am to 01:00 pm (Thu)	8 am to 1 pm - Sat - Thurs	Building No 211, King Faisal Road Al Maidan Area, Umm Al Quwain;Po BOX:733
15	Ajman	Ajman	08: am to 02:00 pm (Sat- Wed) 08:00 am to 01:00 pm (Thu)	8 am to 1 pm - Sat - Thurs	Lulu Center, Al Ittihad street, Downtown, Ajman

Abu Dhabi Commercial Bank - Participating Branches

S.No	Branch name	Branch Location-Area	Branch Customer Timing	IPO Subscription Timings	Branch Address
1.	Khalidiya Tower Branch	Abu Dhabi	08:00 AM - 03:00 PM Saturday to Thursday	08:00 AM - 01:00 PM Saturday to Thursday	Corniche Road, Opp Emirates Palace Hotel P.O Box: 59919 Abu Dhabi
2.	ADNEC	Abu Dhabi	08:00 AM – 03:00 PM Saturday to Thursday	08:00 AM - 01:00 PM Saturday to Thursday	AD-1 Tower, ADNEC AREA P.O.Box: 939 Abu Dhabi
3.	Dalma Mall	Abu Dhabi	10:00 AM - 09:00 PM Saturday to Thursday	08:00 AM - 01:00 PM Saturday to Thursday	Dalma Mall- 1st floor - Mussafah
4.	Shahama Branch	Abu Dhabi	08:00 AM - 03:00 PM Saturday to Thursday	08:00 AM - 01:00 PM Saturday to Thursday	Dubai Abu Dhabi Road, Near Bani Yas Coop P.O.Box: 76122
5.	Hazza Bin Zayed Stadium Branch	Abu Dhabi, Al Ain	08:00 AM - 07:00 PM Saturday to Thursday	08:00 AM - 01:00 PM Saturday to Thursday	Hazza Bin Zayed Stadium, Al Ain
6.	Zayed Town Branch	Abu Dhabi, Al Dhafra Region	08:00 AM - 03:00 PM Saturday to Thursday	08:00 AM - 01:00 PM Saturday to Thursday	Zayed Town Main Street, Near Zayed Town Court P.O.Box: 50013 Zayed Town
7.	Al Riggah Branch	Dubai	08:00 AM - 03:00 PM Saturday to Thursday	08:00 AM - 01:00 PM Saturday to Thursday	Al Riggah Road, Near Al Riggah Metro-Station P.O.Box: 5550
8.	Business Bay Branch	Dubai	08:00 AM - 03:00 PM Saturday to Thursday	08:00 AM - 01:00 PM Saturday to Thursday	Business Bay, Al Khaleej Al Tejari, Dubai, Nearest landmark-Business bay metro station
9.	Al Zahiya City Centre Branch	Sharjah	10:00 AM - 09:00 PM Saturday to Thursday	08:00 AM - 01:00 PM Saturday to Thursday	Sheikh Mohammed Bin Zayed Street, Al Zahia City Centre, Ground level, near Entrance A, P.O.Box: 23657
10.	Ajman	Ajman	08:00 AM - 03:00 PM Saturday to Thursday	08:00 AM - 01:00 PM Saturday to Thursday	Al Ittihad Street, Near Lulu centre P.O.Box: 1843
11.	Umm Al Quwain	UAQ	08:00 AM - 03:00 PM Saturday to Thursday	08:00 AM - 01:00 PM Saturday to Thursday	Nesto Hypermarket King Faisal Street P.O.Box: 214 Umm Al Quwain
12.	Ras Al Khaimah	RAK	08:00 AM - 03:00 PM Saturday to Thursday	08:00 AM - 01:00 PM Saturday to Thursday	Al Naeem Mall, New central business district P.O.Box: 1633
13.	Fujairah	Fujairah	08:00 AM - 03:00 PM Saturday to Thursday	08:00 AM - 01:00 PM Saturday to Thursday	Hamed Bin Abdulla Street, Near ADNOC P.O.Box: 770