

Chairman's Statement

Yahsat is entering a new phase in its momentous journey following securing its largest ever government mandate, the upcoming launch of Thuraya-4 in the second half of 2024 and the Board's recent announcement proposing a merger with Bayanat to better capture growth as the global satellite communications sector consolidates.

Musabbeh Al Kaabi
Chairman of the Board



The satellite communications (satcom) sector and wider space technology (SpaceTech) industry are increasingly competitive and forecast to grow rapidly in the near and medium term, as satellites and other emergent space technologies play a more critical role in providing global connectivity, Earth observation capabilities and many related use-cases. Similarly, opportunities for data-centric applications are increasing rapidly, creating high-growth markets in Direct-to-Device (D2D), Earth Observation (EO), and the Internet of Things (IoT).

The satcom and SpaceTech industries, however, remain capital intensive, which, when combined with the increased pace of recent innovation, place a greater onus on the Group to selectively invest in opportunities for profitable growth, whilst remaining focused on its core business of serving the UAE Government's requirements for satcom and SpaceTech-enabled solutions.

An historically strong year to usher in the next phase

In addition to achieving its strongest ever financial performance, the year was distinctive for Yahsat in several other respects.

In the first half of the year, the Group began work on establishing a partnership with Bayanat, a listed subsidiary of G42, focused on geospatial mapping and analytics, to engage in satellite-enabled EO activities and to procure the necessary LEO satellite constellations for that purpose. The first satellite of a synthetic aperture radar (SAR) satellite constellation being procured by Bayanat, is expected to be launched in the first half of 2024. Discussions soon evolved at the shareholder and Board levels to propose a full merger between the two companies.

In the second half of the year, the Group made significant progress in securing and expanding its core UAE Government business beyond the expiry of the existing capacity services agreement in 2026. A key milestone anticipated since the time of Yahsat's successful initial public offering in 2021, and forming a key part of the narrative for investors then and now, the Group was awarded its largest ever mandate by the UAE Government, worth US\$ 5.1 billion. Under the mandate, the Group will provide capacity and managed services until 2043 using both the Al Yah 1 and Al Yah 2 satellites currently in orbit as well as two new advanced satellites, Al Yah 4 and Al Yah 5. The mandate includes the provision of a US\$ 1 billion advance payment by the end-customer to be received by the Group in 2024 that will

help fund the significant capital expenditure requirements of the programme.

While unquestionably the three main highlights of the year, there were other notable achievements.

The Group achieved revenue growth across its four operating segments for the first time since the IPO. Strong sales and business development initiatives helped expand our government business in the Managed Solutions segment to more UAE entities, including domestic energy and enterprise customers. The Mobility Solutions segment also achieved significantly more equipment sales and higher service revenues, reinforcing Thuraya's leading position in satellite voice communications as well as reflecting revenues from special projects like general elections in various African countries.

Promising progress was also made by eSAT Global, one of the Group's investments, whereby a proof-of-concept of its proprietary technology was successfully tested using Thuraya's satellite network, demonstrating low-power, low-cost, low-data-rate IoT messaging via GEO satellites.

Continuity in value creation for shareholders

The Group's investment proposition has long centred on its attractive and progressive dividend policy, underpinned by long-term contracted future revenues from highly-rated government counterparties and other recurring revenues from our commercial business. Investors are also offered further growth opportunities arising from an expansion in the scope of our government and commercial services, such as narrow-band connectivity using the Thuraya-4 satellite, expected to be launched later this year.

In light of the strong financial results for the year, and in line with our dividend policy, the Board is pleased to recommend a final dividend of 8.23 fils per share, bringing the total dividend for 2023 to 16.46 fils per share. From the time of the IPO, the Group will have distributed just over 40 fils per share, or a return of almost 15% on the IPO price. Based on the share price at the end of the year, the next-twelve-month dividends imply a dividend yield of 7%, broadly in line with last year and remaining one of the highest among UAE-listed equities.

A responsible corporate citizen

The Group's growing international footprint, with satellite coverage extending to more than 150 countries and the potential to reach more than four billion people, requires us to act responsibly as a global corporate citizen and hold ourselves to the highest of standards.

In 2023, the Group became the UAE's first space technology company to join the United Nations Global Compact (UNGC), the largest corporate sustainability and social responsibility initiative in the world. It is our intention to integrate the UNGC's Ten Principles into our operations to promote fair and responsible business practices.

In the UAE's Year of Sustainability, the Group showcased its innovative space technologies at COP28, the 28th United Nations Climate Change Conference held in Dubai in November, demonstrating how our SpaceTech could be used to deal with the climate challenge.

The Group was honoured to receive the Fast Company Middle East's Most Innovative Company Award 2023 in the Social Good category. The Group was recognised for its corporate social responsibility and for connecting communities to important social services in underserved parts of the world. Additionally, our humanitarian initiatives include Yahsat Saves Lives,

which has supported search and rescue missions, including the rescue of Philippine and Chinese fishermen stranded in international waters.

Yahsat is also accelerating digital inclusion in Zimbabwe via its partnership with ZARNet, providing affordable internet connectivity and training sessions to disadvantaged rural communities to help improve their circumstances.

More information about our Corporate Governance, Sustainability, and humanitarian activities can be found in our 2023 Sustainability Report, which provides a detailed update on our ESG strategy and performance.

Outlook

The Group's developments in 2023 have set the stage for further important developments this upcoming year.

We continue to progress our core work serving the UAE Government and have locked-in a programme schedule with Airbus Defence and Space (Airbus) for the procurement of two new satellites, Al Yah 4 and Al Yah 5, in fulfilment of the newly awarded mandate and are expected to launch in 2027 and 2028 respectively. The Group's management team is focused on finalising the full contract with the UAE Government and with Airbus in 2024.

Further, at the end of 2023, the Group's Board of Directors recommended the merger of Yahsat and Bayanat, with the aim to create an AI-powered space technology champion with global reach. To be rebranded Space42 upon completion of the merger, the merged entity will provide vertically integrated, AI-powered geospatial and mobility solutions, satellite communications, and business intelligence. At the time of writing, the merger is subject to shareholder and regulatory approvals, and is expected to close in the middle of 2024. This is an exciting opportunity to create one of the most valuable publicly listed space companies in the world by market capitalisation, with additional potential for significant global growth and synergies. Until the merger is approved and the necessary regulatory approvals obtained, the two companies will continue to be run independently and administer their own dividend policies.

In closing and on behalf of the entire Board, I would like to thank our customers, shareholders, partners and colleagues for their continued support – a true year of accomplishments, and I look forward to seeing the Group achieve further success in the coming years.

Musabbeh Al Kaabi

Chairman of the Board