

SPACE42

Annual Report **2025**

space42.ai



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OVERVIEW



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AT A GLANCE

Space42, the UAE-based, AI-powered SpaceTech company with global reach, is building one of the world's most advanced ecosystems at the intersection of satellite communications and geospatial analytics, powered by artificial intelligence (AI).

With a satellite connectivity and data footprint that already reaches more than 80% of the world's population, across more than 150 countries, covering over five billion people, the Group delivers communication capability, intelligence, and resilience on a planetary scale. This scale is matched by a strong commitment to innovation, ensuring that every orbit, every platform, and every byte of data, including more than 50 AI models integrating space-based data, works to enlighten the Earth from space.

Space42 comprises two business units: **Smart Solutions** and **Space Services**. Smart Solutions integrates geospatial data acquisition and processing with AI to inform decision-making, enhance situational awareness, and improve operational efficiency. Space Services focuses on upstream satellite operations for both fixed and mobile satellite services.

Major shareholders include G42, Mubadala, and IHC.



Smart Solutions

Business unit focuses on Upstream data acquisition and Downstream AI-enabled services, mainly covering geospatial analytics business



Space Services

Business unit focuses on Upstream and Midstream infrastructure-centric activities, mainly covering satellite communications business

Expertise



Geospatial data acquisition and management



Satellite communication (SatCom) services



AI driven multi-intelligence leveraging geospatial data



SatCom satellites and ground station operations and management



Smart Autonomous Mobility



Earth observation satellites and ground station operations and management

OPERATIONAL AND FINANCIAL HIGHLIGHTS

Operational highlights

<p>Satellites in orbit</p> <p>11</p> <p>Six in Geostationary Orbit (GEO) and five in Low Earth Orbit (LEO)</p> <p><i>* The fleet will expand with Al Yah 4 and Al Yah 5, scheduled for launch in 2027 and 2028, along with two additional LEO satellites expected by 2027.</i></p>	<p>AI models integrating data from space</p> <p>50+</p>
<p>Population coverage</p> <p>5Bn+</p>	<p>Countries covered</p> <p>150+</p>
<p>Employees</p> <p>620+</p>	<p>Emiratization</p> <p>37.5%</p>

Financial highlights

<p>Revenue USD</p> <p>577Mn</p> <p>(-8% YoY)</p>	<p>Normalized EBITDA** USD</p> <p>224Mn</p> <p>(-19% YoY) with 39% margin</p>
<p>Normalized net profit*** USD</p> <p>79Mn</p> <p>(-40% YoY) with 14% margin</p>	<p>Cash CapEx USD</p> <p>273Mn</p>
<p>Cash / short-term deposits USD</p> <p>995Mn</p>	<p>Negative net debt USD</p> <p>727Mn</p>
<p>Net leverage ratio</p> <p>-3.2x</p>	<p>Contracted future revenues USD</p> <p>6.5Bn</p>

* The financial information above has been prepared on an unaudited pro forma basis to enable like-for-like comparison of the combined Company's performance, as if the merger had occurred on 1 January 2023. The figures exclude any purchase price allocation adjustments.

** 2025 normalized EBITDA of USD 224 million reflects one-off adjustments to reported EBITDA, primarily relating to impairment charges of USD 132 million associated with trade receivables, contract assets, and contract costs of the pre-merger Smart Solutions business.

*** 2025 normalized net profit of USD 79 million also reflects the adjustments in normalized EBITDA, as well as an impairment of property, plant and equipment of USD 10 million and related tax impact.

YEAR IN REVIEW

JANUARY - JULY

Executing on an ambitious strategy

JANUARY

January 3

Successfully launched the Thuraya-4 satellite to boost secure connectivity across Africa, Europe, and Asia



January 15

Deployed the second phase of the Foresight Constellation to elevate the UAE's Earth observation capabilities



FEBRUARY

February 11

Debuted at the International Defence Exhibition and Conference (IDEX) 2025 with AI-powered SpaceTech for modern national security



February 17

Signed a Memorandum of Understanding (MoU) with EDGE's FADA to create the UAE's first sovereign Earth observation hub

February 19

XRANGE and Mira Aerospace signed an MoU at IDEX 2025 to establish a permanent HAPS Testing Hub



MARCH

March 3

Launched *Thuraya One* –the first Android 14 smartphone with built-in satellite connectivity



March 11

Signed an MoU with Viasat to develop a shared global 5G non-terrestrial network initiative, including a Direct-to-Device (D2D) initiative

March 12

Partnered with Cobham Satcom to unveil the *IP NEO* satellite terminal for seamless connectivity



MAY

May 7

Collaborated with Gatehouse Satcom to validate 3rd Generation Partnership Project (3GPP)-compliant D2D messaging ahead of the Thuraya Direct launch

May 19

Opened MENA's first High-Altitude Platform Systems (HAPS) manufacturing facility in Abu Dhabi



May 20

Opened MENA's first Earth observation SAR satellite manufacturing hub in Abu Dhabi, in partnership with the Abu Dhabi Investment Office

May 21

Debuted at CommunicAsia 2025 with next-generation SpaceTech for the Asia-Pacific region

The Future-Fit seal recognized Space42's role in powering the UAE's next-generation geospatial infrastructure



JUNE

June 19

Launched a Thuraya mobile broadband hotspot to extend affordable, secure satellite connectivity

JULY

July 23

Secured USD 695.5 million in financing to build the Al Yah 4 and Al Yah 5 next-generation satellites

July 29

Signed an MoU with Microsoft and Esri to deliver the high-resolution *Map Africa Initiative* covering 54 countries, 30 million square kilometers in total (approximately 30% of world's habitable land), serving more than 1.4 billion people

YEAR IN REVIEW

AUGUST - DECEMBER

AUGUST

August 26

Signed a five-year strategic MoU with Angola to expand SpaceTech and AI collaboration

SEPTEMBER

September 15

Partnered with Viasat to form *Equatys* – a neutral global infrastructure venture for D2D 5G services



September 24

Signed an MoU with Dynamic Map Platform (DMP) North America to advance high-definition (HD) mapping and autonomous mobility, as well as a long-term agreement to support General Motors' Super Cruise in the nation



OCTOBER

October 13

Expanded access to geospatial intelligence with the launch of Geospatial Intelligence Quotient (GIQ) on Microsoft Azure



October 14

Partnered with e& to advance 5G D2D services and vehicle-to-everything (V2X) technologies for the UAE's autonomous future



Partnered with four startups – xMap, FortyGuard, AIRMO, and AlphaGEO – to advance AI-driven geospatial innovation through GIQ

October 27

Partnered with the Department of Municipalities and Transport to advance AI-driven urban planning in Abu Dhabi

NOVEMBER

November 2

Expanded the Earth observation constellation, Foresight, with the launch of three new SAR Satellites – Foresight-3, Foresight-4, and Foresight-5



November 5

Announced global availability of Thuraya-4, its next-generation communications satellite system



November 6

Signed an agreement to establish a joint venture with Autonomous A2Z to accelerate autonomous mobility transformation in the UAE

November 10

Entered the South African market for the first time with the Thuraya-4 satellite commercial rollout

November 20

Announced strategic Satcom manufacturing alliance with EDGE Group

DECEMBER

December 15

Announced a strategic partnership with Cobham Satcom to deliver a new generation of advanced L-band terminals for the Thuraya-4 network

December 16

Space42 and PT Telkom Satelit Indonesia explored a partnership to extend 5G D2D services

December 30

Commenced high-altitude Remotely Piloted Vehicle (RPV) test flights with the ApusNeo18 model in Spain, with Europe's first civilian operational authorization

STRATEGIC REVIEW

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CHAIRMAN MESSAGE



H.E. Mansoor Al Mansoori
Chairman, Space42

In 2025, Space42 moved from vision to delivery. The foundations we laid in our inaugural year translated into measurable progress across our four strategic pillars.

Our teams executed with discipline, our partnerships deepened, and our role as a national champion in AI-powered space technology is now firmly established.

Space42 is advancing the UAE's national ambitions to pursue digital, technical, and scientific excellence as the defining frontier of our nation's development. The National Space Strategy 2030 directs us to build advanced local capacities, forge global partnerships, and enhance the space sector's contribution to our economy. Space42 is delivering on all fronts. We are building sovereign capabilities in satellite communications and Earth observation. We are developing national talent. And we are creating an industrial foundation that positions Abu Dhabi as a global hub for space technology and advanced industries.

Our impact extends well beyond our borders. Through Map Africa, we are partnering with Microsoft and ESRI to deliver foundational geospatial data across 54 countries, supporting infrastructure development and informed decision-making across an entire continent. Through Equatys, our Direct-to-Device venture to be launched with Viasat, we are working to connect 2.6 billion people who remain beyond the reach of terrestrial networks. These initiatives reflect the UAE's belief in inclusive growth and technology that serves humanity. Our partnerships are transformative, enabling us to extend our reach, accelerate innovation, and amplify our global impact.

"We closed the year with a strong balance sheet, significant contracted revenues, and a clear strategic direction."

To our shareholders, I affirm that Space42 is building long-term value. We closed the year with a strong balance sheet, significant contracted revenues, and a clear strategic direction. The transformation underway is deliberate. We are investing in the infrastructure, capabilities, and partnerships that will define the next decade of growth. The results of 2025 confirm that we are on the right path.

I extend my gratitude to the UAE's visionary leadership, whose unwavering support has made Space42's vision possible. I thank our Board of Directors for their guidance, our partners for their trust, and our shareholders for their confidence. Above all, I thank the talented women and men of Space42, whose dedication and excellence drive everything we achieve. Together, we are building something extraordinary: a company with global reach, national purpose, and a singular vision to enlighten the Earth from space.



MANAGING DIRECTOR MESSAGE



Karim Michel Sabbagh
Managing Director, Space42

In 2025, Space42 laid the foundations for its future. Our strategy-based transformation advanced satellite communications and geospatial intelligence, with artificial intelligence as the unifying thread.

Operating across more than 150 countries and reaching over 80% of the world's population, our purpose remained constant: to deliver seamless connectivity and transform data from space, air, and ground into actionable intelligence that drives societal and economic impact.

This transformation was anchored around four strategic pillars. First, we positioned Space42 as the partner of choice for premium geospatial data, building sovereign sensing infrastructure that underpins national security and economic resilience. Second, we established leadership in geospatial intelligence AI through GIQ, converting multi-source satellite data into decision-ready insights at scale. Third, we expanded our global Non-Terrestrial Network capability, deploying one of the most advanced geostationary satellite systems ever produced. Fourth, we reinforced our role as a trusted provider of secure connectivity, delivering sovereign communications tailored to government and national security requirements. Autonomous mobility served as our thematic vector, sitting at the intersection of geospatial intelligence, connectivity, and AI.

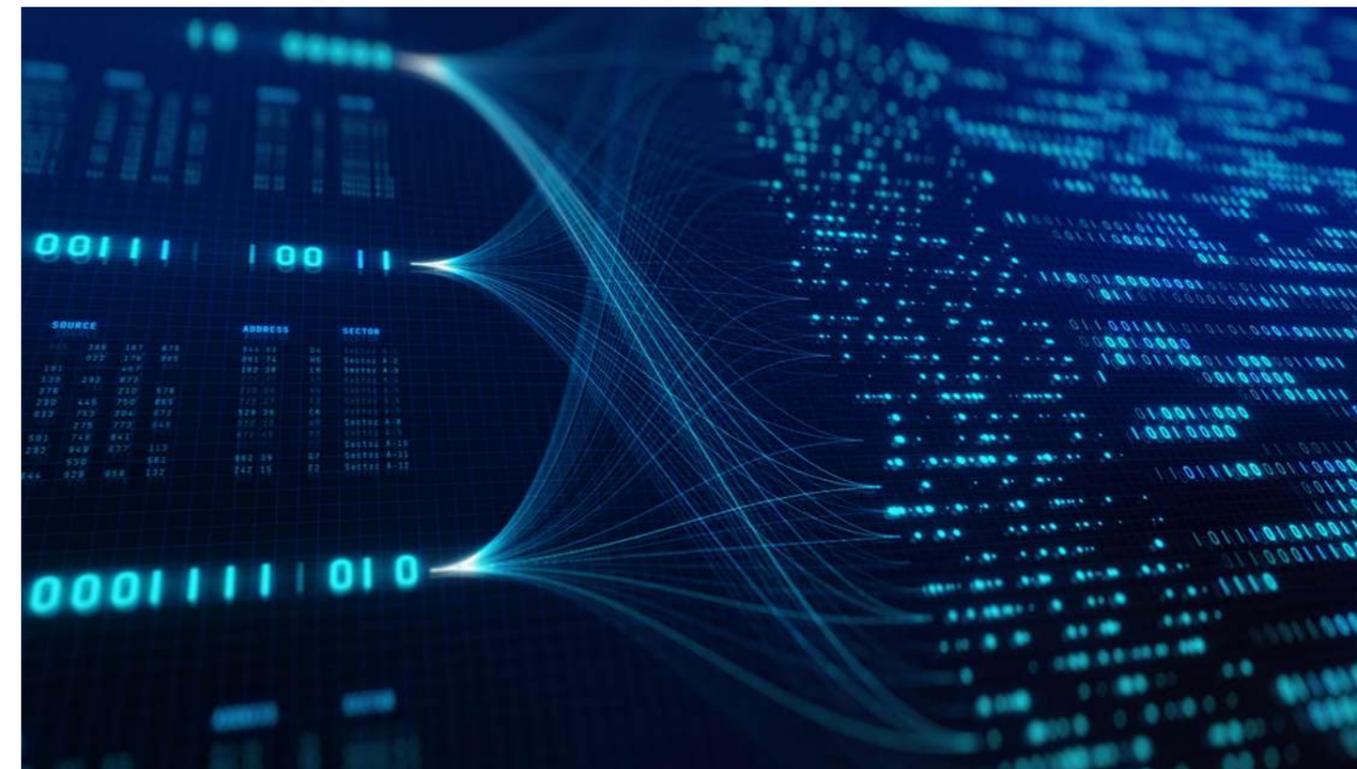
We delivered measurable progress across each pillar. The *Foresight* constellation expanded with *Foresight -3, -4, and -5* assembled and tested in Abu Dhabi and launched in November. *GIQ* transitioned from project-based deployments to a globally available platform on the Microsoft Azure Marketplace. *Thuraya-4* launched in January and entered commercial service, introducing 16 new products under a USD 700 million, 15-year government contract. *Al Yah 4* and *Al Yah 5* advanced through design milestones, supported by USD 5.1 billion in contracted government revenue. In autonomous mobility, we progressed the UAE's first Sovereign Mobility Cloud and advanced HD mapping capabilities for Level-4 autonomy.

"Our progress is measured by outcomes delivered and commitments honored."

We also strengthened our platform through targeted partnerships. With Microsoft and Esri, we are advancing *Map Africa* to deliver foundational geospatial data across the continent. Through Equatys Direct-to-Device with Viasat, we established the foundation for a global 5G NTN platform enabling unmodified mobile and IoT devices to connect beyond the reach of terrestrial networks, with commercial service targeted within three years. Our partnership with A2Z accelerated the deployment and commercialization of autonomous driving technologies.

There is no established playbook for what we are building. Integrating geospatial intelligence and satellite communications at scale is largely uncharted. From the outset, we adopted a programmatic growth model—prioritizing disciplined execution, financial rigor, and a unified approach to serving government and commercial customers.

Our progress is measured by outcomes delivered and commitments honored. We are decisive in retiring legacy practices that no longer serve our ambition. What has emerged is a focused, execution-driven organization, greater than the sum of its parts. Powered by more than 620 spacers, Space42 is delivering on its purpose: to enlighten the Earth from space.



INVESTMENT CASE

The Group's investment proposition is shaped by a differentiated operating model, a defined strategic direction, and a growing portfolio of programs designed to scale across geographies and end markets.

1

Pioneering platform – optimizing the unification of satcom, geospatial and AI

2

Strategy-based transformation

3

Operating in double-digit growth markets

4

Executing on an ambitious strategy

5

Scaling up globally and commercially from a UAE national champion base

The following five value drivers underpin Space42's investment proposition:

Space42 operates a single, integrated stack that brings together space and ground operations, secure communications, and advanced analytics. This unified architecture enables the transformation of satellite and geospatial data into actionable, near-real-time insights that can be deployed across a range of missions and industries. By consolidating these capabilities within one platform, the Group reduces operational complexity and supports consistent delivery across the value chain. The integration of satellite communications, geospatial intelligence, and AI enhances system interoperability and positions Space42 to address growing demand for intelligent, space-enabled solutions.

The Group's platform advantages are being reinforced through a strategy-led transformation focused on how Space42 executes its mission and allocates resources. In 2025, the organization began transitioning to a programmatic growth model, shifting from primarily opportunity-driven initiatives toward more structured development pathways. Under this approach, new initiatives are assessed against defined strategic priorities, core capabilities, and operational requirements, with an emphasis on execution discipline and efficiency. Together, these changes support a more transparent and predictable operating model that better aligns innovation with financial and operational discipline.

Space42 operates in markets experiencing robust structural expansion, with the Group's combined addressable market expected to grow at approximately 21% CAGR through 2030. This momentum is driven by rising investment in sovereign secure-connectivity programs, the rollout of universal broadband through D2D communications, accelerating adoption of AI-enabled geospatial solutions, and global interest in autonomous mobility systems. These trends create a favorable demand environment for Space42's integrated capabilities and ensure that the Group is positioned to benefit from long-term secular market growth across multiple sectors.

Space42 demonstrated its ability to translate strategic intent into measurable progress. The Group built the region's first SAR-based Earth observation manufacturing hub, announced Equatys as a globally standards-based D2D connectivity solutions to be launched in partnership with Viasat, and expanded access to its GIQ geospatial intelligence platform by launching it within the Microsoft Azure marketplace. At the same time, the Group is advancing the UAE's autonomous mobility agenda through retrofit-to-autonomous initiatives with Autonomous A2Z, and collaboration on mapping activity with DMP. These achievements validate Space42's capacity to deliver on complex, multi-year initiatives, and reinforce the Group's credentials as a global technology leader.

The Group's foundation of long-term government contracts provides the stability needed to invest confidently in innovation and international expansion. This national champion position anchors the Group's commercial model while creating opportunities to export UAE-developed capabilities to global markets. As Space42 continues to mature its platform and deepen its technological differentiation, it is well-placed to scale beyond the UAE and drive significant commercial growth. The combination of sovereign credibility and globally relevant capability forms the basis for sustainable value creation.

BUSINESS MODEL

Our unique proposition across the entire value chain –from Earth to space

Space infrastructure
Geostationary Orbit (GEO) satellites, Low Earth Orbit (LEO) satellites, and High-Altitude Platform Systems (HAPS) for communications and Earth observation, along with third-party satellite partnerships.

Ground infrastructure
Advanced ground operations with shared, core infrastructure for Space Services and Smart Solutions.

Platforms
Core multi-intelligence AI platform along with advanced technology suite enabling secure connectivity, mobility, and advanced solutions. More than 50 AI models are already transforming space-data into actionable insights.

Solutions
Wide range of products and solutions for governments, enterprises, and communities across our footprint and beyond.

How we generate revenue

Smart Solutions

Space and ground infrastructure for multi-sensor Earth observation combined with AI-enabled geospatial analytics.

Dual-use approach combines stability from government contracts with flexibility and scalability from commercial services.

→ Read more about Smart Solutions on page 36.

Space Services

Space and ground infrastructure for communication services.

→ Read more about Space Services on page 40.

Geospatial analytics providing advanced insights and integrating satellite data and AI across various sectors, including disaster management, autonomous mobility, and surveillance.

Program-based services and solutions designed to meet the unique requirements of clients for Earth observation data-driven insights for decision-making and situational awareness.

Revenue model

Historically project-based, now transitioning into a scalable, recurring revenue model based on programs, standalone, or bundled Earth observation data analytics subscription services for both government and commercial applications, including autonomous mobility.

Satellite capacity leasing, Earth observation data acquisition, and managed solutions, including operations, maintenance, and consultancy, to support the UAE Government and corporate entities.

Revenue model

Combination of long-term capacity deals of 15+ years or managed service contracts for projects varying typically from one to five years.

Mobile communications and broadband connectivity solutions through Thuraya mobile L-band services, and Internet of Things and Machine-to-Machine (IoT/M2M) capabilities, alongside broadband, backhauling, corporate networks, satellite capacity leasing, and Wi-Fi hotspot services.

Revenue model

Subscription services (e.g. data, airtime), equipment leasing or sales, as well as short-to-medium-term Virtual Network Operator (VNO) wholesale capacity deals.

How we create value

How we prioritize our capital

Investment in organic growth

Scalability, value-chain expansion, and innovation fueled by Space Services' advanced satellite communication capabilities and Smart Solutions' geospatial data analytics expertise, resulting in profitable growth across our portfolio.

Investment in inorganic growth

A cash-generative business with a strong balance sheet, able to support accretive bolt-on acquisitions for profitable growth, leading to technology advancements and improved financial performance.

Maximizing shareholder returns

Focus on value creation and return on capital, optimized operating and financing decisions, synergy realization, effective use of cash, and direct returns to shareholders via dividends.

Long-term sustainable value creation

Shareholders

By building and maintaining shareholder trust, the Group focuses on driving value through sustainable growth, consistent performance, and transparent communication, ensuring confidence in its ability to deliver long-term returns.

AI and space ecosystem contributor

A leading force in the space and AI industries, playing a critical role in fostering an effective and innovative ecosystem, connecting partners, suppliers, governments, regulators, and academia to create value nationally, regionally, and globally.

Clients

By developing long-term client loyalty, the Group focuses on delivering customized, scalable, and reliable solutions. By addressing specific needs with innovative services, Space42 enables clients to navigate challenges effectively and achieve their objectives.

Society and community

By addressing societal challenges such as bridging the digital divide, overcoming environmental challenges, and supporting communities in times of need, Space42 creates a lasting positive impact on society worldwide.

Employees

Fostering a culture of growth and inclusivity, Space42 empowers employees through robust development opportunities, well-being programs, and open communication channels, ensuring they remain motivated, engaged, and aligned with the Group's mission.

OUR STRATEGY

Strategic pillars: translating vision into reality

Core pillars and sectorial priority will secure sustainable long-term growth

Executing on ambitious strategy

Major milestones in first year

Core strategic pillars

1

Preferred partner for premium geospatial data

Build tier-1 sovereign multi-sensor Earth observation assets and capabilities

2

Global leader in Geospatial Intelligence AI platform and services

Deliver actionable insights to global customers

3

Global NTN leader

Lead NTN revolution with D2D and IoT

4

Trusted leader in secure connectivity

Provide multi-path critical connectivity solutions

Verticalized solutions



Sectorial priority
Autonomous mobility



Telecom



Sustainability



Government solutions



Public services



Infrastructure

1

- Established commercial SAR Earth observation satellite Assembly, Integration, and Testing (AIT) facility, unlocking sovereign production and scalable global sales
- Five Foresight satellites launched, three of which completed critical integration and testing activities in Space42 Space Systems AIT facility in Abu Dhabi in partnership with ICEYE

2

- Launched GIQ on Microsoft Azure –region's first AI-powered geospatial intelligence platform –turning geospatial AI into scalable, recurring revenue across government and commercial markets

3

- Launched Thuraya-4 expanding L-band capacity and coverage
- Teamed with Viasat to establish Equatys, enabling standards-based D2D on future off-the-shelf mobile devices

4

- Signed USD 5.1Bn, 17-year UAE government contract in December 2024, generating USD 300Mn annually from Q4 2026 onwards; financing secured
- Selecting LEO satellite partner to augment Al Yah 4 and 5 capabilities

Sectorial priority

Regional leader in autonomous mobility

- Signed a joint venture agreement with A2Z to deliver Middle East's first conversion capability for turning existing vehicles autonomous
- Development of first Sovereign Mobility Cloud in UAE with Core42 and Microsoft

OUR STRATEGY

SECTORIAL PRIORITY -AUTONOMOUS MOBILITY

Regional leader in autonomous mobility

2025 marked a meaningful inflection point in the development of Space42's autonomous and connected mobility platform, reinforcing the Group's ambition to emerge as the regional leader in autonomous mobility solutions.

Autonomous operations were first initiated in 2021 by Bayanat, and have since demonstrated strong operational maturity and safety performance. To date, Space42's autonomous vehicle fleet has completed over 600,000 kilometers across approximately 20,000 trips, with zero recorded accidents. This track record positions Space42 as the first and most experienced autonomous vehicle operator in the region, underscoring both technological robustness and disciplined execution.

Post-merger, Space42 deepened its Smart Mobility footprint through a strategic combination of in-house capabilities and international partnerships. In 2025, the Group announced a joint venture with South Korea's autonomous mobility technology leader, A2Z. The partnership combines Space42's leadership in geospatial data, SatCom, and AI with A2Z's proven autonomous driving technology, enabling the delivery of a comprehensive suite of solutions across autonomous vehicle sales, vehicle retrofitting, operations and maintenance, V2X infrastructure, and advisory services.

The joint venture is designed to address a rapidly emerging market opportunity, with a clear pathway toward profitability and attractive returns. The business will operate under the control and financial consolidation of Space42, aligning strategic oversight with long-term value creation.

Beyond commercial objectives, the initiative plays a strategic role in supporting national mobility ambitions. The Group is actively contributing to the UAE's autonomous transport agenda, including Abu Dhabi's target to achieve 25% autonomous transportation by 2040. Space42 also began the development of the UAE's first Sovereign Mobility Cloud, an initiative to provide secure and scalable digital infrastructure for autonomous and connected-vehicle solutions nationwide. The platform will leverage sovereign cloud capabilities and Microsoft Azure services to ensure data security, compliance, and system reliability across mobility networks.

Moreover, a long-term agreement with Japan's DMP to supply HD Light Detection and Ranging (LiDAR) point-cloud data for General Motors' Super Cruise advanced driver-assistance system in the UAE was established. The partnership enables local access to precision mapping data that supports the safe operation of autonomous vehicles and places the UAE at the forefront of next-generation driving technologies.

Collectively, these efforts position Space42 as a leading technology provider and a cornerstone of a broader national ecosystem for the testing, regulation, and commercialization of autonomous mobility, in support of the UAE's Smart and Autonomous Systems Council and the country's long-term vision for intelligent, connected transport.

Strategic plan objective

Guided by five principles



Programmatic growth

Prioritize clearly defined growth programs that bring incremental and recurring value

How we deliver on our strategic objectives

By integrating AI-powered satellite communications and geospatial analytics within a cohesive operating model, we are laying the foundation for long-term, recurring value creation. Our structured growth programs enable us to expand our solutions portfolios, deepen customer relationships, and unlock new revenue pathways across priority sectors and geographies.



Sustainable differentiation

Pursue strategies where we can sustain a distinct advantage versus existing and new players

Our competitive strength is driven by a combination of world-class expertise and strategic global alliances. We attract top talent with the skills to advance next-generation technologies, while partnerships with leading regional and international organizations broaden our capabilities and reinforce our market distinction relative to both established and emerging players.



Capabilities-based

Capitalize on evolutionary core capabilities, and invest in new capability foundations that meet our principles

As the UAE's national space champion, we continue to invest in the capabilities that matter most to our long-term strategy. Supported by enduring collaboration with UAE government entities, we are building core competencies in satellite manufacturing, sensing technologies, and AI-driven geospatial intelligence, ensuring rapid innovation anchored in national priorities. Through the Space42 Accelerator Program, we are developing the next generation of Emirati SpaceTech talent, providing hands-on experience, continuous learning, and fast-track career development. By bridging the gap between university learning and real-world skills, the program ensures that the UAE's future in space is imagined, built, and led by its own young innovators, reflecting our belief that talent is the strongest engine of national sovereignty.



Scalability

Unlock opportunities and business models which can be materially scaled and are not constrained by geography, customer segment or sector

Scalability is central to our business model. Our integrated space-to-cloud architecture allows us to expand rapidly across markets, while our focus on global partnerships accelerates the adoption of our solutions worldwide. By designing platforms, systems, and services that can scale without geographical or sectoral constraints, we are positioned to capture rising demand across the global space technology landscape.



Strategic financial stewardship

Focused on disciplined financial management, prioritizing the use of cash and debt to achieve our strategic objectives

We operate from a position of financial strength, underpinned by disciplined capital management and a strong revenue base. This foundation enables prudent capital allocation, sustained investment in strategic initiatives, and a resilient pathway to long-term shareholder value.

OUR STRATEGY

Looking ahead

The year ahead will focus on scaling the strategic pillars, deepening commercial and institutional partnerships, and operationalizing intelligence and autonomy across every platform.

Space42 will continue to expand its operational asset base, industrialize analytics workflows, and accelerate the integration of AI and robotic autonomy across space and terrestrial systems. The Group enters 2026 with a clearer strategic identity, a stronger organizational foundation, and a programmatic system capable of turning vision into scalable execution.

By remaining disciplined in structure but agile in delivery, Space42 is building far more than satellites, data systems, or communications platforms. It is constructing the architecture of a sovereign, intelligent, and globally competitive space economy –one designed for impact, resilience, and long-term value creation.

MARKET OVERVIEW



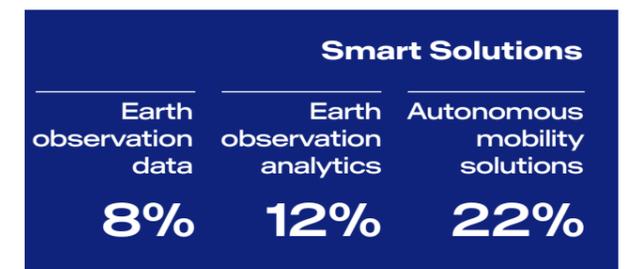
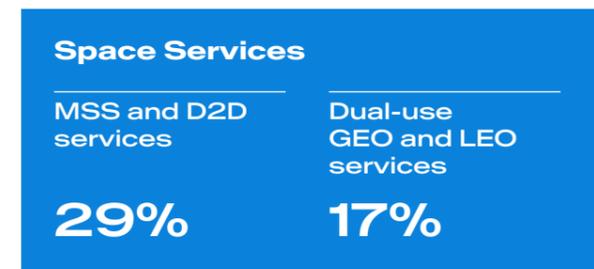
Space42 operates within two rapidly expanding global industries – Space Services (satellite communications) and Smart Solutions (geospatial analytics), that reached a combined value of USD 63 billion in 2024.

These markets are expected to grow at a compound annual rate of 21% through 2030. Space Services market size accounted for USD 14 billion in 2024 and is forecast to grow at 20% annually, supported by rising demand for connectivity services for mobility and secure satellite communications. Smart Solutions market size represented USD 49 billion in 2024 and is forecast to grow at 21% annually, driven by advancement in automation, rising adoption of AI-based geospatial analytics, and rapid evolution of autonomous mobility.

2024 Global Market Size¹



CAGR 2024-2030¹



SPACE42

- Secure satellite communications with long-term government contract
- Leading, strategically placed player in direct-to-device communications
- Strategic partnerships with LEO players

- Sovereign multi-sensor and multi-platform imaging capabilities
- In-house AI-powered analytics platform (GIQ)
- Strategic collaboration with key players in autonomous mobility ecosystem

¹ Source Analyses Mason

² Includes autonomous mobility vehicle, technology, and services segments, together representing 93% of global 2024 market

Within this environment, Space42 holds positions in multiple segments that are expanding faster than the overall market. In its Space Services business unit, the Group benefits from long term government commitments for secure satellite communications, providing the visibility and stability required to invest in emerging fields. Building on this strategic position, Space42 is establishing a new venture with U.S. satellite operator Viasat, Equatys, to accelerate its expansion and position the Group as a global leader in D2D connectivity.

In its Smart Solutions segment, Space42 focuses on the development of sovereign, multi-sensor Earth observation and geospatial intelligence capabilities, integrating satellite imagery, airborne data, and ancillary sources to deliver high-value insights. These capabilities are underpinned by GIQ, the Group's in-house, AI-powered geospatial intelligence platform, which enables advanced analytics, rapid data processing, and scalable decision-support solutions for government, and commercial customers. In parallel, Space42 continues to explore strategic partnerships across the autonomous mobility ecosystem, building the digital infrastructure that underpins autonomy by leveraging HD digital maps, precise localization, secure cloud services, and V2X³ communications layers.

³ The V2X communication layer is the system that allows a vehicle to exchange real-time information with other vehicles, infrastructure, pedestrians, and networks. It acts as the vehicle's "talking and listening" function, improving safety, traffic efficiency, and enabling connected, and autonomous driving.

MARKET OVERVIEW

These areas correspond directly to the Group's strategic pillars:

<p>Pillar 1</p> <p>Preferred partner for premium geospatial data</p>	<p>Pillar 2</p> <p>Global leader in geospatial intelligence AI platform and services</p>	<p>Pillar 3</p> <p>Global Non-Terrestrial Network (NTN) leader</p>	<p>Pillar 4</p> <p>Trusted leader in secure connectivity</p>
<p>The global Earth observation data market is expected to grow at a compound annual rate of 8% between 2024 and 2030. Within this total, optical data is forecast to grow at 4%, synthetic aperture radar data at 9%, and other sensor categories at 21%. Rising demand for higher spatial resolution and near-real-time monitoring across areas such as national security and infrastructure stewardship is shaping this trend. While Space42 is expanding its sovereign multi-sensor imaging programs, the Group is also laying the foundations for premium geospatial data delivery through Foresight, a growing SAR constellation with next-generation multi-sensor capabilities. These investments position Space42 to scale into a market where demand for high-quality sovereign data continues to accelerate.</p>	<p>The geospatial downstream market is expected to grow at an almost double-digit annual rate over the next five years, driven by advances in automation and accelerating adoption of AI-based analytics. Mapping products currently represent the largest segment of the market and are expected to retain this position, growing at a CAGR of around 7% over the period. The fastest growth lies in AI-enabled analytics, where penetration is increasing rapidly, projected to exceed 20% annually, reaching approximately USD 2 billion by 2030, reflecting rising demand for automated insights, fused data inputs and near-real-time intelligence. As part of the commercial scaling of our geospatial AI platform, GIQ, Space42's focus on collaborating with leading technology partners to develop cutting-edge solutions, tailored to distinct sector needs, aligns directly with these market dynamics.</p>	<p>The global market for D2D, IoT and mobile satellite services is expected to grow at a compound annual rate of 29% between 2024 and 2030. By 2030, D2D and IoT services are projected to represent close to 80% of total demand. This trajectory is being influenced by the convergence of terrestrial and space-based networks through the integration of satellite-based L- and S-bands into 3GPP standards. This evolution will enable future 5G and 6G devices to seamlessly connect to satellite networks, removing the boundary between terrestrial and space-based connectivity. It further opens a multi-billion-dollar global market for smartphones and IoT devices, where access to globally harmonized spectrum is a critical differentiator. In this context, D2D connectivity will allow Mobile Network Operators (MNOs) to extend coverage at low cost, delivering uninterrupted services while complementing existing terrestrial networks. Space42 is embracing this opportunity through Equatys, a joint venture to be launched with Viasat, to develop a global, neutral, 3GPP-compliant shared infrastructure following a TowerCo-like model, with a phased deployment targeting initial commercial services within three years.</p>	<p>Building on Space42's long-standing expertise in secure communications, the Group aims to address the ongoing shift in the global connectivity landscape marked by the rapid adoption of LEO services. The combined GEO and LEO connectivity services market is forecasted to expand from USD 11.2 billion in 2024 to USD 28.1 billion by 2030, growing at an annual growth rate of 17%. GEO remains a large and mature market for secure connectivity, growing at 7% and representing USD 10.4 billion by 2030, in which Space42 will continue to play a central role. The Group is also proactively preparing for advanced LEO adoption, to capture a share of this accelerating market, as LEO connectivity services are projected to grow at 27% over the same period. This approach underpins Space42's multi-orbit strategy, combining its best-in-class GEO capabilities, including the upcoming AI Yah 4 and AI Yah 5 satellites, with a soon-to-be-announced LEO partner to deliver hybrid GEO-LEO networks tailored to a broad range of applications, with a particular focus on dual-use systems, to optimize economics.</p>
<p>CAGR between 2024-2030</p> <p>8%</p>	<p>CAGR between 2024-2030</p> <p>9%</p>	<p>CAGR between 2024-2030</p> <p>29%</p>	<p>CAGR between 2024-2030</p> <p>17%</p>



MARKET OVERVIEW

Sectorial priority

Regional leader in autonomous mobility

The autonomous mobility solutions market is projected to grow from USD 43.8 billion in 2024 to USD 150.8 billion in 2030. This corresponds to a compound annual rate of 23%. Demand will be driven on a global scale by gradual reduction of the cost of autonomous technologies, while demand in the UAE is further reinforced by government-led initiatives to support adoption.

Space42's collaborations within the autonomous mobility ecosystem aligns with one of the fastest growing technology markets today.

CAGR between 2024-2030

23%

Looking ahead

The market landscape for Space42 is characterized by sustained double digit growth across every segment in which the Group is active. The strongest areas of expansion include premium Earth observation, AI-driven geospatial intelligence, D2D and IoT connectivity, dual orbit communication services, and autonomous mobility. These trends reinforce the relevance of Space42's strategic priorities and underscore the Group's position within markets that are expected to grow significantly through 2030. As global demand for high resolution sensing, advanced analytics, and universal connectivity accelerates, Space42 is well placed to support governments and industries seeking sovereign, intelligent, and future ready capabilities.



BUSINESS REVIEW

Turning vision into scalable, programmatic execution

2025 represented a year of significant transformation for Space42. The Group advanced from a project-based operating model to a strategy-led enterprise, underpinned by disciplined, programmatic execution.

While Space42's five-year plan remains structurally intact and is refreshed every 12 months, its execution has matured meaningfully. Capabilities that were previously developed and delivered in parallel, across legacy Earth observation and SatCom businesses have been rationalized and reorganized into a unified enterprise architecture, purpose-built for repeatability, scalability, and long-term national impact. This evolution has enhanced organizational alignment, improved delivery consistency, and strengthened the Group's ability to execute long-term strategic priorities at scale.

This transformation reflects the integration of two very different starting points. Legacy Bayanat operated with a wide, national-centric scope spanning Smart Operations, Smart Space, Smart Mobility, and Smart Geospatial Solutions. Legacy Yahsat focused on regional government and commercial customers, providing satellite-based connectivity services. Each brought valuable capability depth that were not designed to function as a single strategic system. In 2025, Space42 brought these distinct organizations together into a unified engine of sovereign capability, defined by clear strategic boundaries, sharper enterprise-wide priorities, and a more disciplined, intentional approach to capital allocation and commercial execution.

A programmatic system for discipline, scale, and repeatability

A defining feature of the transformed operating model is the introduction of a programmatic pipeline that advances initiatives from early-stage exploration to fully activated operational programs. This system provides a disciplined mechanism for evaluating opportunities, allocating capital and ensuring that each initiative –whether in geospatial intelligence, non-terrestrial networks, or advanced analytics –follows a defined path from concept to scale.

The Group's governance structure has also been strengthened to support this model. Management Committees, Executive Committees and Internal Audit functions now underpin a more rigorous decision-making environment, ensuring that all programs are continuously evaluated for readiness, alignment and financial viability. This has created a more focused organization, one capable of progressing innovation while maintaining financial discipline and delivery accountability.

Strategic pillars evolving for a connected, sovereign future

Space42's four strategic pillars continue to anchor the business into an integrated system. Each contributes to a singular ambition: enabling sovereign capability and connecting the world through space-generated intelligence.

In 2025, Autonomous Mobility was formally designated as a sectoral priority, reflecting the Group's focus on building future-proof capabilities that provide a key competitive advantage across Earth observation, geospatial analytics, NTN, and secured connectivity. The next step in this strategy is moving further down the value chain to capture market potential at the vertical level, an approach underway with Autonomous Mobility, which leverages Space42's unique combination of geospatial intelligence, connectivity, and AI capabilities to power the future of mobility in the region.

The SatCom business has also begun its transition into a hybrid GEO-LEO network, unifying government and commercial customers in a single, dual-use architecture for optimized economics. Enabled by Space Services' strengths and enhanced by new partnerships, this evolution positions Space42 to deliver next-generation connectivity solutions that serve governments, enterprises, and residential customers using a partner-led approach.

Every dimension of the Group's strategy remains tightly connected to the National Space Strategy 2030 and the wider UAE national agenda.

Aligned with national ambition

Every dimension of the Group's strategy remains tightly connected to the National Space Strategy 2030 and the wider UAE national agenda. Space42's investments in local satellite manufacturing, AI-driven analytics, sovereign communications infrastructure and research capabilities all advance national resilience while building a new generation of technical talent and globally competitive commercial platforms. These initiatives reinforce the UAE's ambition to establish itself as an international hub for space-enabled innovation, not only in infrastructure but in the intelligence and autonomy layers that will define future economies.

BUSINESS REVIEW

SMART SOLUTIONS CEO STATEMENT

Hasan Al Hosani
Chief Executive Officer, Smart Solutions



Smart Solutions plays a central role in Space42's ambition to lead in Earth observation, geospatial intelligence, and autonomous mobility. In 2025, we sharpened that focus, reshaping our portfolio around programs that will define our future.

This meant stepping away from legacy projects that did not align with our strategic direction. The repositioning came at a near-term cost, but it positions us for programs that will move the needle in the years ahead.

Our strategy centers on three priorities: establishing Space42 as the partner of choice for premium geospatial data, leading in geospatial intelligence AI platforms and services, and advancing autonomous mobility. AI runs through all three. Through these, we deliver insight from space that strengthens national security, monitors our changing environment, and empowers governments to act with clarity. We made progress across all three. In geospatial data, we expanded the *Foresight* constellation to five satellites in orbit. *Foresight-3*, *-4*, and *-5*, developed in partnership with ICEYE, were assembled and tested in Abu Dhabi at our Space42 Space Systems facility, established in partnership with the Abu Dhabi Investment Office, before launching in November. This marked a UAE first: advanced commercial SAR satellites completing critical integration and testing on national soil, building sovereign capability in-country. The *Map Africa* initiative, developed in partnership with Microsoft and Esri, exemplifies our direction: foundational geospatial data across 54 countries, powered by AI-driven analytics.

We also reached a significant milestone with Mira Aerospace: the successful first public test flight of *ApusNeo18*, our advanced solar-powered High-Altitude Platform System (HAPS) model, in Spain. Reaching stratospheric altitudes, the flight validated the system's readiness for commercial deployment. *ApusNeo18* is Mira Aerospace's first commercially mature platform, placing the UAE among a select group of nations to have demonstrated sustained HAPS performance.

"We are positioned to capture the growing demand."

In autonomous mobility, beyond expanding our existing brand of *TXAI*, we advanced the UAE's first *Sovereign Mobility Cloud* and progressed HD mapping for Level-4 autonomy. Our joint venture with South Korea's A2Z is designed to accelerate the deployment and commercialization of autonomous driving technologies, extending our reach into Asian markets. Collaboration with General Motors positioned the UAE at the forefront of next-generation transportation solutions. Together, these initiatives reinforce Space42's position as the region's mobility leader.

The financial results of 2025 reflect a business in transition. We chose clarity over short-term revenue, strategic alignment over opportunistic projects. These choices pave the way for lasting value. The true measure of Smart Solutions lies in the capabilities we are building, the partnerships we have formed, and the operational foundation we have established since the merger.

Our manufacturing facility in Abu Dhabi, one of the world's only end-to-end sovereign HAPS production lines, was completed and is now operational.

In AI platforms and services, GIQ transitioned from project-based deployments to global availability on the Microsoft Azure Marketplace. We strengthened our AI capabilities within the system, building use cases that simplify the complexity of Earth observation data and give clients a seamless journey from geospatial insight to operational decision.

Looking ahead, we are positioned to capture the growing demand for sovereign Earth observation, AI-powered geospatial intelligence, and autonomous mobility solutions. This is how Smart Solutions spacers enlighten the Earth from space: by giving governments, institutions, and nations the intelligence to protect, to plan, and to prosper.



BUSINESS REVIEW

SMART SOLUTIONS

Space42's Smart Solutions business is the Group's downstream innovation engine, translating data from space, air, and ground into actionable intelligence powered by AI and advanced analytics.

Combining geospatial expertise, sovereign data assets, and cutting-edge AI, Smart Solutions transforms Earth observation and sensing into insights that empower governments, enterprises, and industries to make faster, more informed decisions.

Building on capabilities developed over several years, the Group has continued to advance a geospatial intelligence-centric operating model. Rather than pursuing Earth observation or downstream solutions as independent commercial opportunities, Space42 re-anchored its growth model around the fusion of Earth observation satellites, sensing infrastructure, analytics platforms, and AI-driven insight generation. During 2025, Smart Solutions division capabilities were advanced by integrating Earth observation data and AI analytics through its GIQ platform, providing a unified framework that enhances automation, intelligence, and scalability in delivering actionable insights. This realignment allows Smart Solutions to concentrate on its highest-priority projects, creating a more coherent structure for the business and a clearer commercial strategy. By aligning sensing, analytics, and connectivity, the division is better positioned to deliver intelligence-driven workflows and platform-based solutions, supporting sustainable, recurring revenues, and long-term profitability.

Efforts to reshape Smart Solutions' operating model and portfolio, aimed at supporting stronger and more sustainable long-term profitability, resulted in near-term revenue and margin pressure in 2025, which are expected to improve as the business progresses toward more programmatic growth initiatives.

Rooted in its legacy as a trusted national mapping and geospatial partner, Smart Solutions today spans the full value chain of data acquisition, processing, and AI-enabled services. Its capabilities extend from traditional aerial, hydrographic, and mobile surveys to high-tech

data acquisition through sovereign Earth observation constellations, namely the Foresight Constellation comprising seven satellites, with five currently in orbit, and HAPS. These integrated assets allow the Group to capture, process, and analyze over a petabyte of data each year, building a foundation for predictive analytics and national infrastructure planning.

At the core of Smart Solutions is the GIQ platform, an AI-driven geospatial intelligence system designed to transform multi-source satellite data into decision-ready intelligence in minutes. The platform draws from various global vendors and over 50 proprietary AI models, already proven in real-world cases, including disaster response, urban planning, and food security. Its modular platforms are designed to evolve into stand-alone industry solutions, positioning Space42 as a leader in the global market for AI-based geospatial services.

Smart Solutions also anchors the Group's leadership in autonomous mobility, applying its geospatial and AI capabilities to real-world mobility ecosystems. From developing the UAE's first Sovereign Mobility Cloud, to international collaborations advancing HD mapping, deployment, and commercialization of Level-4 autonomous driving technologies. The business plays a central role in shaping the UAE's Smart Autonomous Systems framework.

Through these capabilities, Smart Solutions bridges the gap between space technology and human intelligence, turning geospatial data into foresight, and positioning Space42 at the forefront of AI-driven innovation across the region and beyond. While 2025 reflects a year of transition, the business is deliberately positioning itself with a more focused portfolio, increased software and platform leverage, and a clearer path to sustainable profitability, reinforcing Space42's long-term ambition to lead in intelligence-led solutions across the region and beyond.



Strategy in action

Pillar 1

Preferred partner for premium geospatial data

In 2025, Space42 delivered meaningful progress in building sovereign, high-resolution geospatial analytics capabilities to support national security and economic resilience. The Group expanded its sovereign Synthetic Aperture Radar (SAR) capability through the Foresight Constellation program, which now comprises five satellites in orbit, with two additional spacecraft scheduled for launch by 2027. Foresight-3, Foresight -4, and Foresight-5 were assembled and tested in Abu Dhabi at the Space42 Space Systems Assembly, Integration and Testing (AIT) facility, developed in partnership with the Abu Dhabi Investment Office.

Building on this foundation, Space42 advanced its multi-platform sensing strategy through the development of a sovereign Opti-SAR constellation. This future program will combine optical and SAR capabilities within a mega-constellation architecture, delivering high temporal and spatial resolution alongside advanced data fusion to support a growing range of national security and commercial use cases.

The Group also strengthened its near-space sensing capability through Mira Aerospace, in which it holds a 55% ownership stake. Mira's platform enables near-real-time monitoring, rapid deployment, and sensor-agnostic mission flexibility, broadening Space42's overall intelligence collection capacity.

Together, these developments position Space42 as the partner of choice for sovereign, premium geospatial data.

Pillar 2

Global leader in geospatial intelligence AI platform and services

Space42 continued to expand the reach and capability of GIQ, which serves as the digital backbone of its geospatial intelligence business. In partnership with the UAE Space Agency, and following its successful launch on the Microsoft Azure Marketplace, GIQ progressed from project-based deployments into a commercially available platform delivering industry-specific solutions at global scale.

During the year, Space42 enhanced GIQ's functionality by integrating a broader range of data sources and AI-powered processing capabilities. The system combines in-house sensors with third-party imagery and non-imagery datasets, supported by advanced pipelines for imagery processing, feature extraction, and heterogeneous data fusion. These capabilities enable the generation of thematic mapping products and the development of both vertical-focused models and large language models, supporting near-real-time intelligence and automated analytics.

The Group also signed an MoU with Microsoft and Esri to enhance mapping capabilities and accelerate advanced analytics, supporting large-scale initiatives such as Map Africa, which spans the entire African continent and provides foundational geospatial data for governments and private-sector stakeholders.

In parallel, Space42 advanced intelligence-led solutions within its Smart Solutions portfolio, including next-generation command-and-control systems, unmanned platforms, and sensing technologies that strengthen national infrastructure and resilience. Together, these developments reinforce Space42's leadership in intelligence-driven services and digital twin applications.

BUSINESS REVIEW

SPACE SERVICES CEO STATEMENT

Ali Al Hashemi

Chief Executive Officer, Space Services



Space Services recorded strong growth in 2025. This performance advanced Space42's position as a leading provider of satellite communications infrastructure, connecting governments, enterprises, and critical industries across more than 150 markets and reaching over 80% of the world's population.

Revenue increased by 6%, and we posted our highest ever normalized EBITDA, with consecutive quarterly growth throughout the year.

Space Services manages two of Space42's strategic pillars: becoming the global leader in Non-Terrestrial Networks (NTN), and serving as the trusted provider of secure connectivity. Both work towards a common purpose: ensuring reliable, sovereign communications wherever they are needed, on land, at sea, and in the air.

We made significant progress in our NTN strategy. Thuraya-4 launched in January and entered commercial service, supported by a USD 700 million, 15-year government contract. It is one of the largest and most advanced geostationary mobile-satellite systems ever produced. We introduced 16 new products across mobility segments, bringing connectivity to more people in more places than ever before.

We also announced Equatys, our Direct-to-Device venture to be launched with Viasat. Equatys will create a global 5G NTN platform that enables unmodified smartphones and IoT devices to connect directly to satellites. The name draws inspiration from equity, equality, equilibrium, and experience, principles that guide our vision to connect 2.6 billion people who remain beyond the reach of terrestrial networks. With access to over 100 MHz of globally harmonized spectrum and a standards-based open architecture, Equatys is designed to ensure that geography becomes irrelevant to access.

"Together, we delivered on what we set out to achieve."

In secure connectivity, our next-generation satellite program remains on schedule and on budget. The Al Yah 4 and Al Yah 5 satellites completed their Preliminary Design Review, with Critical Design Review advancing. These satellites are supported by a USD 5.1 billion, 17-year government contract and will enhance sovereign communication capabilities across defense and civil domains. Our manufacturing alliance with EDGE positions the UAE at the forefront of satellite production and advanced engineering.

These results reflect the caliber of the Space42 team and the partnerships that extend our reach, strengthen our capabilities, and accelerate our mission. Together, we delivered on what we set out to achieve. Growth lies ahead as new government and commercial applications launch to complement our satellite infrastructure.

I have always believed that connectivity is a human right. Space Services is making it a reality.



BUSINESS REVIEW

SPACE SERVICES

Space42's Space Services business delivers satellite operations and connectivity capabilities that support secure communications, global coverage, and national resilience.

Global coverage

150+

countries

Over 80% of the world's population reached

With more than 150 countries covered and reaching over 80% of the world's population, Space Services integrates fixed, mobile, and data solutions that connect governments, enterprises, and communities on land, at sea, and in the air.

The business is entering a new phase of growth driven by the introduction of next-generation satellite capacity and the advancement of its long-term space infrastructure roadmap. These developments build on the Group's existing geostationary fleet and support a dual operating model that combines long-term government-backed infrastructure services with scalable commercial offerings across mobility, broadband, and IoT markets worldwide.

Space Services also acts as the UAE Government's primary partner for secure satellite communications, delivering mission-critical solutions across national security, civil, and commercial domains. Its portfolio includes broadband, mobility, IoT, and managed services, supported by an extensive global roaming footprint and a large customer base. Guided by the Group's strategy, the business continues to invest in multi-orbit architectures and ecosystem partnerships that integrate satellite and terrestrial networks, reinforcing Space42's ambition to lead in non-terrestrial communications and strengthening the UAE's position as a sovereign hub for space-based infrastructure and innovation.

The business is entering a new phase of growth.

Strategy in action

Pillar 3

Global Non-Terrestrial Network (NTN) leader

Space42 achieved significant milestones in expanding its global NTN footprint. Thuraya-4, one of the largest and most advanced geostationary mobile-satellite systems ever produced, represents a major expansion of Space42's L-band capacity and coverage. Launched in January 2025, the satellite commenced commercial services, enabling the introduction of 16 new products and supporting the continued expansion of Space42's global NTN footprint. The launch is underpinned by a USD 700 million, 15-year government contract and a portfolio of 16 new products to strengthen enterprise and consumer access to space-based mobility services.

Complementary product launches included the IP NEO terminal with Cobham Satcom, the Thuraya One smartphone, and the Thuraya Mobile Broadband Hotspot, all of which extend reliable, high-speed satellite connectivity to users worldwide.

In 2025, the Group also announced Equatys, a venture to be launched with Viasat to develop a D2D space system. This initiative will establish a global 5G NTN platform enabling unmodified mobile and IoT devices to seamlessly connect to a satellite network where terrestrial networks are not available, even in the most remote locations. With 100 MHz globally harmonized spectrum and growing MNO partnerships, commercial service is targeted within three years. The first such partnership came in October 2025, when e& UAE signed an MoU with Space42 to begin technical and commercial collaboration for nationwide and international deployment. This was followed by collaboration intent with PT Telkom Satelit Indonesia, announced later in the year.

Pillar 4

Trusted leader in secure connectivity

Space42 reinforced its leadership in secure, sovereign communications with steady progress on its next-generation satellite program. The Al Yah 4 and Al Yah 5 satellites remain on schedule and within budget, with the preliminary design review completed and the critical design review well advanced. They are supported by a USD 5.1 billion, 17-year government contract, expected to generate USD 300 million in annual revenue from Q4 2026 onward.

The Group is also selecting a LEO satellite partner to augment future capabilities. These assets will enhance secure communication capabilities across national security and civil domains in the UAE.

Together, these milestones ensure a resilient, multi-orbit architecture that strengthens the UAE's sovereign communications capability across government, national security, and enterprise sectors.

OUR PEOPLE

Empowering a unified workforce

As Space42 advances into a unified, future-focused enterprise, its people are at the heart of its transformation. By the end of 2025, the organization brought together over 620 colleagues, forming a diverse ecosystem.

Employee representation

58

nationalities
(37.54% Emiratis)

The Group's workforce is **75% male and 25% female**, with ongoing efforts to strengthen gender balance and inclusion at every level.

With representation from 58 nationalities, including 37.54% Emiratis, Space42's employee community embodies collaboration, diversity, and purpose, with a steady alignment of talent and expertise across disciplines and shared commitment to the strategic pillars. Emiratis form the largest national group, followed by colleagues from India and the Philippines, reflecting the Group's role as a hub of multicultural energy and innovation.

The Group's workforce is 75% male and 25% female, with ongoing efforts to strengthen gender balance and inclusion at every level. Most colleagues are between 30 and 44 years old, with the Group reflecting an average tenure of 5.7 years and some contributing for up to 27 years –building on the heritage of the Thuraya foundation in 1997 –blending ambition with experience.

Elevating the employee experience

The defining story of 2025 for our people initiatives was the launch of the Employee Experience Program. This is a Group-wide initiative that reimagined how people connect, grow, and thrive. By placing engagement, well-being, and learning at the core of the Group's people strategy, the program reinforced the Group's purpose to go beyond expectations.

Throughout the year, Human Capital initiatives made the workplace more connected and inspiring. Wellness activities, pop-up engagements, sports events, and People Pulse surveys fostered collaboration and continuous action in response to feedback. Integration workshops, Learnathons, and off-site sessions encouraged shared learning and strengthened high-performance behaviors.

The Group's learning agenda expanded through the Lead Forward and Kaizen @ Space42 programs, as well as Shifting Prisms: Me to We, developed with the Arbinger Institute, cultivating a collaborative and outward-focused mindset. Partnerships with Coursera and leading universities further advanced access to world-class learning.

Together, these initiatives made 2025 a year of deeper connection that empowered colleagues to learn, lead, and grow together.

Living our values

In 2025, Space42 refreshed its culture through the launch of new corporate values and a clearly defined Employee Value Proposition (EVP). These values, spanning Pathfinder, Principled, and Achiever, articulate what it means to be part of the Group and anchor the behaviors that define its people:

- Pathfinder reflects curiosity, innovation, and the courage to explore new frontiers.
- Principled represents integrity, respect, and accountability in every action.
- Achiever signifies ambition, excellence, and lasting impact.

These values were embedded across leadership development, performance management, and recognition platforms such as Constellation and We Factor, turning culture into a living system that inspires how people work, lead, and succeed together.

Building capability and connection

2025 marked a milestone year in Space42's Human Capital transformation journey. The Majarah Program, a full Oracle HCM transformation, integrated recruitment, learning, and performance modules into a unified digital ecosystem that improved transparency, automation, and data-driven decision-making.

Other highlights included:

- *Recruitment:* Deployment of the Oracle Recruiting Cloud (ORC) and the Stellar Connections referral program to attract innovation-driven talent
- *Engagement and Recognition:* Launch of the Employee Experience Program, Constellation recognition platform, and We Factor collaboration initiative

- *Retention and Development:* Transparent growth pathways and competitive benchmarking to strengthen motivation and retention
- *Emiratization:* Over 37% Emirati representation, supported through tailored leadership and technical development opportunities
- *Diversity and Inclusion:* Continued progress toward gender balance and accessibility through targeted initiatives and awareness programs
- *Well-being:* Expanded sports, wellness, and mental health initiatives to promote holistic well-being and connection

Together, these initiatives translated the Group's Human Capital strategy into meaningful progress, building a workplace defined by empowerment, agility, and shared purpose.

Looking ahead

In 2026, Space42 will build on this momentum through a strategy centered on empowerment, enablement, and excellence. AI-driven tools will be explored to create seamless digital experiences and personalized learning journeys. Leadership development aims to strengthen strategic thinking and empathy, while data and analytics will guide workforce planning and capability development.

The Group will continue to advance diversity and inclusion with a focus on increasing female representation in leadership, deepening Emirati talent development, and fostering future-ready skills. Success will be measured through People Pulse insights, mobility growth, learning satisfaction, and Net Promoter Scores, providing tangible evidence of progress.

As a proud contributor to the UAE's national vision, Space42 continues to invest in its most valuable asset, its people. United by purpose and inspired by possibility, the Space42 community is shaping new horizons for space, technology, and the nation's digital future.

CHIEF FINANCIAL OFFICER REVIEW



Andrew Francis Cole
Chief Financial Officer, Space42

In 2025, Space42 laid the foundations for long-term, sustainable growth, delivering measurable progress across each of its four core strategic pillars.

In 2025, the Group delivered a resilient financial performance as it advanced its strategy-based transformation, executing across its four core pillars while expanding its partnerships with leading global players.

The business, comprising Space Services and Smart Solutions, showed accelerating momentum during the second half, with final quarter revenues increasing 7% compared to 2024.

Space Services, accounting for more than three quarters of consolidated revenue, recorded one of its strongest ever performances, increasing revenue by 6% to USD 452 million and posting its highest-ever normalized EBITDA.

The bulk of Space Services revenue (USD 374 million) related to contracts with government customers which saw an increase of 9% vs prior year. This mainly comprised the provision of satellite capacity to the UAE Government on our Al Yah 1 and Al Yah 2 satellites under an ongoing 15-year Capacity Services Agreement (CSA). Under this agreement revenues increased by 1% to USD 245 million. In addition, following the successful launch of the Thuraya-4 satellite in January 2025, a new USD 700 million, 15-year government contract started on July 1, contributing USD 26 million of revenue for the year.

The business also saw strong momentum within its portfolio of Managed Solutions, providing end-to-end connectivity and space-enabled services, delivered, operated, and supported by Space42 on behalf of customers, with a record revenue performance of USD 102 million.

The remaining Space Services revenue (USD 79 million), relating to Mobility and Data connectivity solutions mainly for commercial customers, remained broadly stable vs prior year, with a stronger performance in Mobility Solutions offsetting a slight decline in Data Solutions, reflecting the Group's strategic pivot towards higher margin markets across the Africa region.

Space Services continued to deliver strong levels of profitability. Normalized EBITDA of USD 281 million and normalized Net Profit of USD 140 million were both significantly higher than prior year, up 9% and 26% respectively, whilst related margins also exceeded.

Reported EBITDA and Net Profit were slightly lower due to the prior year one-off impacts of USD 30 million liquidated damages in connection with the Thuraya-4 procurement and USD 13 million profit realized on the sale of a non-core asset.

The business is well-positioned to grow with consecutive quarterly revenue growth throughout 2025 set to continue in 2026, as new government and commercial applications are launched to complement Thuraya-4.

Smart Solutions, accounting for less than one quarter of consolidated revenue, recorded revenue of USD 124 million, a decline of 39% year-on-year. This primarily reflected its ongoing strategic and operational transformation as well as timing shifts in the award and execution of major programs. During the year the business

made significant progress in developing its programmatic capabilities aligned to its strategic priorities of Earth Observation, geospatial analytics and AI. This included the expansion of its Foresight constellation following the successful launch of Foresight-3, -4, and -5 satellites in November 2025, developed in partnership with ICEYE, significantly enhancing its dual-use capabilities. It also transitioned its AI-powered geospatial intelligence platform, GIQ, from project-based deployments to a globally available commercial offering on the Microsoft Azure marketplace, establishing the foundation for recurring, subscription-based revenue through industry-specific solutions at scale.

The Group's full year consolidated revenues of USD 577 million declined 8% year-on-year, reflecting the on-going transition underway in Smart Solutions which is expected to complete in 2026.

The cost base continued to be well controlled with operating costs (excluding one-off impairments) in line with the prior year alongside continued investment in the Group's strategy-based transformation.

The Group's adjusted EBITDA of USD 90 million was 72% lower than prior year reflecting the one-off impact of non-cash impairments totaling USD 132 million relating to the pre-merger Smart Solutions business. Excluding one-off items, normalized EBITDA of USD 224 million was 19% lower vs prior, generating a robust margin of 39%.

The Group is progressing well with several strategic initiatives. The procurement of two new satellites, Al Yah 4 and Al Yah 5, planned for launch in 2027 and 2028 respectively, is advancing with several critical development milestones now achieved. The 17-year capacity and managed services contract with the UAE Government worth USD 5.1 billion will commence in November 2026, generating annual revenues of approximately USD 300 million, further strengthening the Group's revenue base. In addition, the Equatys venture, announced to be launched in partnership with Viasat, is expected to create a significant new revenue stream through Direct-to-Device satellite connectivity, with commercial service targeted within three years.

Cash flow and balance sheet

The Group continues to retain a strong balance sheet with cash and short-term deposits of approximately USD 1 billion and a negative net debt of USD 727 million. Net leverage (net debt to normalized adjusted EBITDA) was negative 3.2 times, significantly below industry peers.

The Group closed the year with contracted future revenues of USD 6.5 billion, representing approximately 11.2 times 2025 revenue, providing long-term visibility of future cash flows.

It remains well-positioned to meet its capital expenditure commitments and retains substantial headroom within its existing debt covenants to raise capital to execute its growth strategy and deliver long-term, sustainable shareholder value.

Capital expenditure and financing

The majority of the Group's capital expenditure of USD 273 million related to Space Services satellite programs. The Al Yah 4 and Al Yah 5 program, which commenced in 2023, accounted for USD 147 million of this total and remains on schedule and on budget. As part of the USD 5.1 billion, 17-year government contract to provide capacity and managed services from 2026 onwards, the Group has already received USD 800 million in advance payments from the UAE Government with another USD 200 million to be received in 2026.

During the year the Group secured USD 696 million of ECA-backed financing from a syndicate of international banks for the Al Yah 4 and Al Yah 5 program. This currently remains undrawn and provides additional financial flexibility.

Financial framework and outlook

Space42 operates within a disciplined Financial Framework that prioritizes organic growth, bolt-on acquisitions and maximization of returns to shareholders. Investment decisions are assessed against clear return thresholds whilst maintaining an acceptable leverage.

In summary, the Group has made significant progress in 2025 and enters 2026 with renewed momentum: an accelerating revenue profile, an optimized cost base, a strong balance sheet and a relentless focus on strategic execution.

- The financial information above has been prepared on an unaudited pro forma basis to enable like-for-like comparison of the combined Company's performance, as if the merger had occurred on 1 January 2023. The figures exclude any purchase price allocation adjustments.
- Normalized EBITDA represents earnings from continuing operations before interest, tax, depreciation, amortization, impairment, fair value adjustments on investment property and share of results of equity-accounted investments, adjusted for material non-recurring items to reflect comparable, like-for-like underlying business performance.
- Normalized Net Profit attributable to the Group's shareholders is adjusted for material, one-off items to reflect comparable, like-for-like underlying business performance.
- Net leverage ratio is calculated as Net debt divided by Normalized EBITDA.

STAKEHOLDER ENGAGEMENT



Shareholders	Clients	Employees
How we engage		
<ul style="list-style-type: none"> Annual General Meeting Press releases Financial reports Fact sheets Roadshows and meetings Investor conferences Newsletters Corporate website –IR section Analyst calls Quarterly earnings calls Investor days Emails and SMS 	<ul style="list-style-type: none"> Joint programs and partnerships Public-Private partnership projects Customer relationship managers and representatives Customer service apps Call centers Products, services, business support system trainings Industry events Public reports Corporate website 1-to-1 meetings with commercial teams Joint project governance meetings with senior leadership Technology awareness workshops and training programs 	<ul style="list-style-type: none"> Internal communications (Line-Manager/HR Manager, emails, intranet, etc.) Policies Digital Employee Services Training and Development Employee Town Halls, campus activities, meetings, and key events during the year Open-door policy
How often we engage		
<ul style="list-style-type: none"> Regular meetings and analyst calls Quarterly financial announcements Annual Investor day 	<ul style="list-style-type: none"> Frequently 	<ul style="list-style-type: none"> Frequently
Key items discussed		
<ul style="list-style-type: none"> Financial results Corporate strategy and growth Latest corporate developments 	<ul style="list-style-type: none"> Partnership agreements Resolutions, recoveries, and improvements System/connectivity updates/upgrades/disruptions Saving lives support Proof-of-concept for new solutions Relationship building Performance review Market opportunities Contract/agreements New offers/retention/billing Project milestones and progress Product developments Customized solutions 	<ul style="list-style-type: none"> Customization and scalability Sustainability support



Shareholders	Clients	Employees
Actions taken or to be taken		
<ul style="list-style-type: none"> Distributing press and earnings releases Developing investor presentations explaining corporate strategy and business model Holding meetings with investors 	<ul style="list-style-type: none"> Signing mobile network agreements with service partners Involving government clients in project development and deployment Proposals for new programs Follow up on proposals Delivering on customer orders Carrying out solutions, recoveries, upgrades, improvements, and customization Projects delivery and adaptation to dynamic requirements Extension of services in GIQ Platform 	
Value creation		
<ul style="list-style-type: none"> Keeping shareholders informed of business performance, future plans, and outlook Fostering transparency, access to information, and openness in all communications Key achievements Business development Individual performance Employee feedback 	<ul style="list-style-type: none"> The sovereign provider of satellite connectivity Global coverage across Middle East, Asia, Europe, Africa, and Brazil* Customized AI-powered analytics and satellite data solutions Enhanced service partners and customer's experience, providing products and services to meet evolving needs Commitment to excellence, reliability, and integrity Integrated solutions Enhanced decision-making Cost-efficiency Risk mitigation Maintaining open communication line with Human Capital Employee learning sessions, workshops, etc. Recognition program Follow-up meetings/discussions, if necessary 	<ul style="list-style-type: none"> Open and transparent communications Talent development Employee wellbeing Engagement with Senior Management including live/remote internal communications

* Joint Venture with Hughes Brazil.

STAKEHOLDER ENGAGEMENT



Government and regulatory bodies

Society and community

Partners and suppliers

how we engage

- Meetings
- Press releases
- Public reports
- Corporate website
- Industry events
- Associations and memberships
- Participation in government-led committees
- Participation in policy briefs and Consultation papers

- Press releases
- Corporate website
- Community partnerships and sponsorships
- Forums and public consultation
- Student tours of HQ
- Internships and training programs
- Hackathons
- Technology whitepapers
- Support for university R&D programs

- Partner, Account Manager and Management meetings
- Industry events
- Screening and assessment of suppliers
- Site visits
- Products, services and business support system trainings
- Forums
- Joint projects
- Public reports
- Corporate website
- New technologies and products awareness workshops

How often we engage

- Frequently
- Frequently
- Frequently

Key items discussed

- Disaster rescue and response management
- Compliance with regulations, and applicable laws
- Discussion on new policies, regulations, and consultation papers
- Space economy, global guidelines, policy, and long-term sustainability

- Space and AI advancements
- Broadband connectivity for unserved/underserved communities
- Fulfilling a need or support for a given initiative
- Partnership opportunities
- Youth initiatives

- Relationship building
- Collaboration opportunities
- Procurement policy and procurement system access
- Contracting
- Performance (ongoing key items with vendors)
- Procurement roadmap (upcoming engagements, new projects, or renewals with suppliers)



Government and regulatory bodies

Society and community

Partners and suppliers

Actions taken or to be taken

- Radio Frequency (RF) interference management
- Review and feedback on new policies, regulations, and consultation papers

- Provision of support or services when required in disaster rescue and management
- Providing satellite connectivity to bridge the digital divide and overcome geographical barriers
- Enabling remote learning and eLearning in underserved regions
- Designing new training programs

- Boosting in-country manufacturing capabilities
- Data agreements with satellite data providers
- New applications in GIQ marketplace

Value creation

- Economic performance
- Nationalization programs
- Contingency planning
- Business ethics
- Prevention of corruption and anti-competitive behavior
- Sustainable space operations
- Aligned to global space guidelines

- Assisting communities where support is most needed
- Saving lives –disaster rescue and recovery
- Bridging the digital divide by providing internet connectivity to underserved or unserved area
- eLearning
- Telemedicine
- Research technologies to gather vital marine data
- Environment and climate research

- Automated procurement process
- Local and international supplier network
- In-country satellite operations and expertise
- Multi-orbit operator across entire value chain
- Upstream, midstream, and downstream capabilities
- Providing an understanding of business priorities and processes
- Market exposure enabling suppliers to reach new customers and industries

RISK MANAGEMENT

Risk management and internal control

The deployment of effective risk management and internal control remains a critical success factor for achieving the strategic and operational objectives of **Space42 PLC**. During 2025, the Group significantly strengthened and matured its enterprise-wide risk management and internal control environment following the merger of Bayanat and Yhsat and the formation of Space42.

Space42 operates an integrated Enterprise Risk Management (ERM) and the internal control system designed to identify, assess, manage, and monitor risks that may affect the achievement of its strategic objectives. An ERM framework is established, aligned with internationally recognized standards, including ISO 31000 and the COSO Internal Control – Integrated Framework, and continues to evolve in line with the Group’s scale, complexity, and strategic ambitions.

Governance, oversight, and accountability

Ultimate accountability for risk management, internal control, governance, and compliance rests with the Board of Directors. The Board delegates oversight of the effectiveness, implementation, and ongoing development of the enterprise-wide risk management to the Audit, Risk, and Compliance Committee (ARCC). The ARCC provides direction, reviews risk reporting, and monitors alignment with the Group’s risk appetite and strategic priorities.

In 2025, Space42 formalized and strengthened its enterprise risk governance through the approval of a new Group-wide ERM Policy and Framework. The ERM framework was developed following an organization-wide risk management assessment, reviewed at multiple management levels, and formally approved by the Board, reinforcing clear accountability and consistency across the Group.

Enterprise risk management vision and mission

Vision

To enable informed and intelligent decision-making and to create and protect stakeholder value by embedding integrated, best-in-class risk management and internal control practices into Space42’s key decisions and internal processes.

Mission

To be a trusted partner for business management, supporting business operations and management decision-making by using an integrated risk management approach and advising on risk management methods, tools, and criteria.

Enterprise risk management framework

During 2025, Space42 made significant strides in strengthening its risk management, internal control, and governance infrastructure in support of its strategic objectives and post-merger integration priorities. The Space42-wide ERM framework covers all business units, functions, and geographies. This framework establishes a common risk language, standardized methodologies for risk identification and assessment, and clear ownership across the organization.

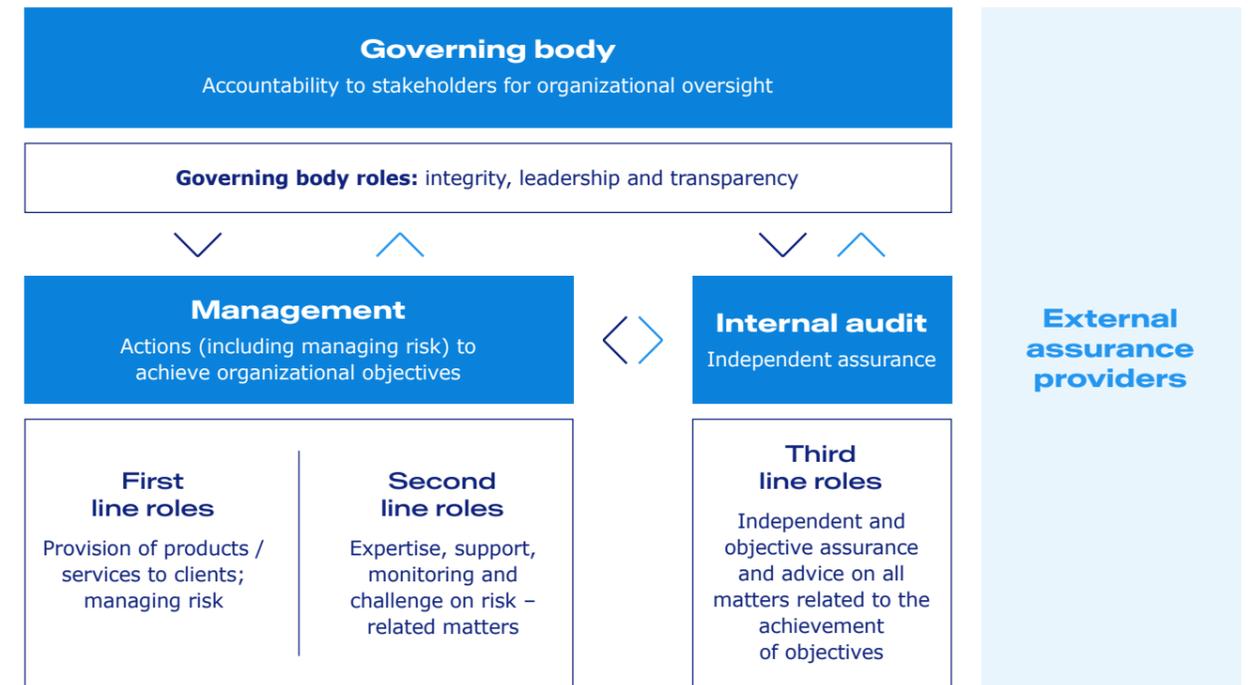
Key enhancements achieved in 2025 include:

- Completion of a comprehensive **organization-wide risk management assessment**, forming the foundation for a consolidated, Group-wide risk management framework tailored to Space42’s strategic and operational complexity.

- Development and roll out of a **new ERM Policy and Framework**, approved by the Board, establishing a consistent, Group-wide approach to risk identification, assessment, mitigation, and reporting.
- Formulation and formalization a **Risk Appetite Statement**, providing thresholds across strategic, operational, financial, compliance, and reputational domains.
- Conducting a **risk maturity assessment** across business functions, enabling the identification of maturity gaps, targeted action items, and prioritization of risk mitigation initiatives in alignment with strategic objectives.
- Facilitation of the creation of **bottom-up departmental risk registers** supported by centralized risk guidance, enhancing accountability and embedding risk awareness into all key business processes.
- Introduction of **quarterly Top Risk reporting** to the Audit, Risk, and Compliance Committee (ARCC), improving visibility of critical risks and enabling proactive oversight.

This **objectives-centric approach** ensures that risks are considered in the **context of strategic planning, operational decision-making, and performance management**.

The IIA's Three Lines Model



Key

- Accountability, reporting
- Delegation, direction, resources, oversight
- Alignment, communication coordination, collaboration

RISK MANAGEMENT

Three Lines Model

Space42 applies the Three Lines Model promoted by the Institute of Internal Auditors:

First line –Business management

Business and functional management are responsible for identifying, assessing, and managing risks within their respective areas. Risk ownership is embedded within day-to-day operations, supported by departmental risk registers and defined mitigation actions.

Second line –Risk, compliance, and governance

The Risk Management and Compliance functions support the first line by establishing frameworks, policies, methodologies, and tools, and by facilitating risk assessments, monitoring, and reporting. These functions provide independent oversight, challenge, and guidance to ensure consistent and effective risk management across the Group.

Third line –Internal audit

The merger brought together different systems of governance, risk management, and internal controls across the legacy organizations. In response, Space42 created centralized enabling functions, including an Internal Audit department. Internal Audit operates as an

independent assurance function, reporting functionally to the ARCC. In 2025, Internal Audit was fully centralized and operated independently, with no operational responsibilities for other functions. Internal Audit is aligned with the applicable standards and best practices, including, but not limited to the requirements of the UAE SCA governance framework and ADAA. Internal audit follows a risk-based audit approach and refreshes its risk assessment periodically.

Key highlights include:

- Centralization of the Internal Audit function as a stand-alone, independent assurance provider reporting directly to the ARCC, thereby reinforcing objectivity and governance oversight.
- The Internal Audit team supports management through advisory activities and awareness initiatives to promote a strong control culture and the consistent application of governance standards.
- The Internal Audit team is **fully professionally certified** and remains up to date with global standards and leading industry practices across internal audit, information security, risk management, and health, safety, and environment (HSE), supported by continuous professional development.

Internal Control Over Financial Reporting (ICoFR)

In 2025, Space42 implemented a Group-wide Internal Control over Financial Reporting (ICoFR) framework covering both Space Services and Smart Solutions. This represented a significant milestone following the post-merger integration.

Key developments included:

- Successful integration of the finance functions following the merger of Bayanat and Yahsat
- Implementation of Oracle Fusion as the Group's core financial system, replacing legacy Microsoft GP Dynamics systems and harmonizing processes
- Implementation of a **Space42-wide ICoFR framework** that spans both Space Services and Smart Solutions business units, strengthening the integrity of financial reporting controls and aligning with evolving statutory and regulatory expectations.
- Extension and stress-testing of the ICoFR framework to address the systems transition and process harmonization, ensuring controls remain effective under the new operating environment and satisfy external auditor requirements.

These enhancements strengthened financial reporting governance, control consistency, and management accountability across the Group.

Continuous improvement and digital enablement

As part of its strategic risk management agenda, Space42 initiated the implementation of a centralized risk management software solution. This platform is intended to support ERM, Internal Audit, and Compliance activities through a single, integrated risk universe, enabling improved risk assessment, reporting, and coordination across assurance functions.

This initiative reflects Space42's commitment to continuous improvement, data-driven risk insights, and efficient governance processes.

Risk culture and ongoing development

Space42 continues to embed a strong risk-aware culture across the organization by integrating risk management into strategic planning, operational decision-making, and performance monitoring. The Group remains committed to enhancing its risk management capabilities in line with best practices, regulatory expectations, and the evolving risk landscape.

Principal risks

Space42's principal risks are those that could potentially prevent the Group from achieving its strategic and operational objectives and financial targets. If these risks were to partially or fully materialize, they could adversely affect Space42's financial performance, reputation, regulatory standing, or pose a threat to the security and/or safety of employees, customers, data, or other critical assets.

In pursuing its strategic objectives, the Board of Directors is willing to accept measured risks in a responsible manner, taking into account the interests of key stakeholders. The Board annually reviews and approves the Group's strategic objectives, risk appetite, and overall risk profile, and oversees major investment decisions, including strategic projects, mergers, and acquisitions. Space42 adopts a flexible approach to commercial investments and innovation, while maintaining a measured-to-cautious posture across other risk categories. For regulatory, legal, and compliance risks, the Group applies a zero-tolerance approach.

Following the merger of Yahsat and Bayanat, Space42's overall risk profile reflects the combined scale, activities, and strategic focus of the Group. While the principal risk categories remain broadly consistent, certain risk ratings have evolved to reflect changes in their impact and likelihood arising from business developments and the external operating environment.

RISK MANAGEMENT

The principal risks set out below do not represent an exhaustive list of all risks faced by Space42. Additional risks may exist that are not currently known or fully assessed, and risks currently considered to be non-material may become material in the future. Space42's risk management and internal control systems are designed to support the timely identification, assessment, and management of risks. However, no system of risk management or internal control can provide absolute assurance against all risks.

#	Principal Risk (PR)	Description	Mitigation	Responsibility	Category	Strategic pillars
1	Satellite service disruptions	<p>Space42's ability to deliver satellite services to its customers depends heavily on its critical network assets, including satellites and ground and IT systems.</p> <p>Space42 could face service disruption due to technical malfunctions or physical damage caused by either natural, uncontrollable events or by man-made events, such as terrorism, cyberattacks and other breaches.</p>	<ul style="list-style-type: none"> The Group has effective business continuity and crisis management protocols established, which are regularly reviewed and tested. The Group actively monitors the aging satellites and continuously explores commercials and business cases to assess the launch of new satellites to replace the existing fleet as required. Continued implementation of regularly updated information security controls and protocols. Various backup and redundancy measures are in place for the satellite, ground, and IT infrastructure, with certain systems being air-gapped to dramatically reduce the likelihood of external interference. Robust satellite operations and oversight processes have been implemented. The health of the satellite fleet is continuously monitored and assessed. Proactive monitoring of IT and networks by Enterprise Security team to identify and mitigate security threats. The Group's cybersecurity capability is continuously being strengthened to improve security visibility and risk intelligence. Regular communications to educate and increase awareness among personnel regarding security and privacy. In-orbit insurance policies are in place to provide coverage for satellite failure or loss (subject to customary exclusions). 	<p>Chief Technology Officer, Space Services</p> <p>Senior Vice President, Ground Operations Space Services</p>	Strategic Challenges	<p>3 –Become a global NTN leader</p> <p>4 –Enhance leadership position as a secure connectivity solution provider</p>

RISK MANAGEMENT

#	Principal Risk (PR)	Description	Mitigation	Responsibility	Category	Strategic pillars
2	Satellite development project risk	Space42 is managing high-value, long-term satellite development projects. These projects contribute significantly to sustaining and growing the business. In addition to typical project risks, such as delays, cost overruns, and quality issues, these projects are also subject to construction and launch risks. If any of these issues or risks were to occur, they could have a material and adverse effect on the Group's operations and financial results.	<ul style="list-style-type: none"> Robust and stringent management has been established for the Al Yah 4 and Al Yah 5 programs, with frequent direct interaction with the manufacturer and regular in-country reviews of project progress. Additional time buffers are built into satellite development programs to provide a limited amount of protection against delays and schedule risk. For key suppliers, service level agreements are defined and closely monitored through the review of deliverables (preliminary design reviews, critical design reviews, etc.). Comprehensive launch and in-orbit insurance policies are in place to provide coverage for satellite failure or loss. 	Chief Technology Officer, Space Services	Strategic Challenges	<ul style="list-style-type: none"> 3 –Become a global NTN leader 4 –Enhance leadership position as a secure connectivity solution provider
3	Satellite launch or in-orbit failure risk	The Group may experience in-orbit satellite failures or degradations in performance, which could lead to lost revenue, increased cash operating expenses, and impaired relationships with customers. The Group may experience a launch failure or damage to, or destruction of a satellite during launch, which could result in a total or partial satellite loss.	<ul style="list-style-type: none"> The Group's approach to managing asset-related risks is to obtain insurance. In respect of its Geostationary Orbit (GEO) satellites, the Group manages the risks by obtaining insurance cover for the satellite launch and for in-orbit operations throughout the satellite's mission life. The Group also obtains third-party liability insurance for satellites while operating in-orbit. Satellite-related insurances are obtained through qualified brokers who approach the space insurance market for underwriting risks from a consortium of insurers with a strong credit ratings. In some cases, the underwriters may not cover risks resulting from certain anomalies, which are specifically excluded under the policy. 	Chief Financial Officer		<ul style="list-style-type: none"> 3 –Become a global NTN leader 4 –Enhance leadership position as a secure connectivity solution provider
4	Challenges in attracting and retaining qualified people	Failure to effectively attract, develop, and retain talent with the skills and experience to deliver on current and future requirements could impact the Group's ability to achieve growth ambitions and operate effectively.	<ul style="list-style-type: none"> Reward and recognition programs have been implemented, including a long-term incentive plan (LTIP) for key management positions, with the total rewards approach being periodically benchmarked and reviewed. Several retention initiatives have been implemented, and the LTIP has been approved for senior leadership. The Group works with leading recruitment agencies to fill vacancies. Human Capital is planning to identify critical resources and implement succession planning across the Group. Focus on enhancing organizational visibility, positioning Space42 as an employer of choice, and encouraging employees to act as Space42 ambassadors. 	Chief Human Capital Officer	Strategic Challenges	<ul style="list-style-type: none"> 1 –Become the preferred partner for premium geospatial data 2 –Become a leader in geospatial intelligence AI platform and services 3 –Become a global NTN leader 4 –Enhance leadership position as a secure connectivity solution provider 7 –Strengthen core and adjacent R&D to ensure leadership in innovation

RISK MANAGEMENT

#	Principal Risk (PR)	Description	Mitigation	Responsibility	Category	Strategic pillars
5	Deteriorating economic and market conditions	A deterioration in global and regional (MENA) economic conditions may have an adverse effect on the Group's revenue. The impact of these conditions on overall revenue will depend on the severity of the economic conditions, the countries or regions affected, and potential government responses.	<ul style="list-style-type: none"> Economic and market conditions in the Group's key markets are considered during the annual budget and business planning processes. The most significant risks are subject to a sensitivity analysis, and related mitigating measures are identified and, if required, implemented. 	Chief Financial Officer	Strategic Challenges	<ol style="list-style-type: none"> 1 –Become the preferred partner for premium geospatial data 2 –Become a leader in geospatial intelligence AI platform and services 3 –Become a global NTN leader 4 –Enhance leadership position as a secure connectivity solution provider 5 –Become MENA's most vertically integrated mobility leader 6 –Drive in-country space value chain development 7 –Strengthen core and adjacent R&D to ensure leadership in innovation 8 –Embrace and adopt AI technologies across organization
6	Supplier and supply chain dependency	<p>The Group relies on a limited number of third parties for key equipment, technology, and services, as well as on the supply chain to receive and deliver goods.</p> <p>Our operational results may be materially adversely affected if any of these third-party providers fail to perform as contracted. In addition, any breach by these suppliers of relevant legislation, such as data protection, security, export controls, sanctions compliance, privacy, human rights, and/or environmental laws, could negatively impact Space4's reputation.</p>	<ul style="list-style-type: none"> Central procurement processes have been established, including due diligence screening of potential suppliers. Each supplier is required to confirm compliance with our Business Partner Code of Conduct, with supporting evidence as appropriate. Agreements with suppliers include requirements for compliance with Space42's corporate policies (e.g. data privacy, trade controls, human rights, and environmental laws) and, if applicable, include termination, exit, and right-to-audit clauses. For key suppliers, service level agreements are defined, which are closely monitored by the responsible business owners. See also satellite development project risk. The Procurement department, in collaboration with subject matter experts, continuously evaluates alternate options to minimize supply chain disruptions, as required. 	Chief Business Support Officer	Strategic Challenges	<ol style="list-style-type: none"> 1 –Become the preferred partner for premium geospatial data 3 –Become a global NTN leader 4 –Enhance leadership position as a secure connectivity solution provider 6 –Drive in-country space value chain development

RISK MANAGEMENT

#	Principal Risk (PR)	Description	Mitigation	Responsibility	Category	Strategic pillars
7	Increasing business competition –satellite services	<p>The satellite communications market is highly competitive. Increased competition may arise from current competitors and/or new market entrants. In addition, new technologies introduced by competitors may reduce demand for Space42's satellite services or may render Space42's technologies obsolete.</p> <p>These challenges could hinder or prevent the Group from implementing its business strategy and expanding its operations as planned.</p>	<p>Space42 operates a dedicated Strategy function that continuously evaluates market developments and adjusts priorities to ensure optimal strategic positioning.</p> <p>Space42 secures large anchor commitments that de-risk capital programs:</p> <ul style="list-style-type: none"> UAE Government Mandate (USD 5.1 billion): Long-term capacity and managed services delivered via Al Yah 1, Al Yah 2, and upcoming Al Yah 4/Al Yah 5. Thuraya-4 NGS: Supported by a 15-year UAE Government services agreement, adding over USD 700 million in contracted future revenues. <p>Addressing the growing global capacity drives price pressure, reducing differentiation for traditional bandwidth services, Space42 is shifting down the value chain toward:</p> <ul style="list-style-type: none"> High-value, sector-specific solutions (maritime, government, enterprise mobility) Integrated services (optimization, service management, mission solutions) Expansion of data-driven and analytics products <p>This strengthens long-term customer engagement, enhances margins, and reduces pricing exposure.</p>	<p>Vice President, Strategy</p> <p>Heads of Business Units</p>	Strategic Challenges	<p>3 –Become a global NTN leader</p> <p>4 –Enhance leadership position as a secure connectivity solution provider</p> <p>6 –Drive in-country space value chain development</p>

RISK MANAGEMENT

#	Principal Risk (PR)	Description	Mitigation	Responsibility	Category	Strategic pillars
7	Increasing business competition –satellite services (continued)		<p>Addressing the rapid LEO market growth (≈30% annually) increases competition and shifts customer expectations toward low-latency solutions. Space42 is executing a multi-orbit strategy combining:</p> <ul style="list-style-type: none"> • Best-in-class GEO fleet (incl. Al Yah 4 and Al Yah 5) • A new strategic LEO partnership (to be announced) • A unified GEO/LEO architecture ensuring UAE-only data routing and national sovereignty <p>This dual-use, hybrid approach enhances economics and maintains strategic relevance in secure communications.</p> <p>D2D is becoming a risk to traditional MSS models by reducing reliance on specialized terminals, threatening traditional MSS models. Space42 is proactively transitioning through Equatys, a joint venture to be launched with Viasat, offering:</p> <ul style="list-style-type: none"> • Neutral, shared “space tower” infrastructure • 3GPP NTN-based architecture • Access to 100+ MHz of globally harmonized spectrum across 160+ markets <p>Built on five principles—Ubiquitous, Affordable, Expandable, Scalable, Transformational—Equatys positions Space42 for the 5G/NTN future and reduces capital intensity while preserving sovereignty.</p>			
8	Increasing business competition –AI & geospatial services	The AI and geospatial market, including remote sensing, photogrammetry, high-resolution imagery, and analytics, Earth observation, and especially SaaS-based geospatial APIs offered by cloud providers, is advancing rapidly. New entrants and existing competitors may intensify competition, leading to price pressure, reduced market share, and margin erosion.	<p>Technological Innovation Risk</p> <p>Space42 maintains a disciplined R&D program and a vertically integrated, multi-layer geospatial acquisition strategy built on:</p> <ul style="list-style-type: none"> • Foresight SAR Constellation: Seven-satellite VHR, all-weather global imaging, with multiple units assembled and tested domestically to strengthen sovereign capability. • Future Multi-Sensor Program: Additional SAR, optical, and advanced payloads to enhance revisit rates, diversify data, and meet evolving customer needs. • Mira Aerospace HAPS: Stratospheric platforms enabling rapid deployment, persistent surveillance, and sensor-agnostic monitoring. <p>Together these layers form a differentiated, sovereign geospatial architecture combining persistence, agility, and data control.</p>	Vice President, Strategy Heads of Business Units	Strategic Challenges	<ol style="list-style-type: none"> 1 –Become the preferred partner for premium geospatial data 2 –Become a leader in geospatial intelligence AI platform and services 5 –Become MENA’s most vertically integrated mobility leader 7 –Strengthen core and adjacent R&D to ensure leadership in innovation

RISK MANAGEMENT

#	Principal Risk (PR)	Description	Mitigation	Responsibility	Category	Strategic pillars
8	Increasing business competition –AI & geospatial services (continued)		<p>AI, Automation, and Value-Chain Integration Risk</p> <p>The GIQ intelligence platform integrates acquisition, ingestion, processing, and analytics into a unified, open-architecture environment.</p> <ul style="list-style-type: none"> Combines proprietary Foresight SAR data with open-source and commercial sources (e.g., Landsat, Sentinel, Maxar, Airbus, Planet). Automates the full geospatial value chain using AI/ML/LLMs to generate decision-ready outputs at scale. <p>This shifts Space42 from bespoke mapping to recurring, product-driven intelligence services that enhance differentiation and customer retention.</p> <p>Market Competition and Ecosystem Dependency Risk</p> <p>Space42 positions itself as a sovereign-grade intelligence provider, leveraging:</p> <ul style="list-style-type: none"> Proprietary assets (SAR constellation, multi-sensor roadmap, HAPS systems) Advanced analytics and AI-driven platforms Strategic partnerships with governments, enterprises, and technology partners <p>This approach reinforces mission-critical relevancy, diversifies capabilities, reduces dependency on single partners, and strengthens Space42 position as an integrated intelligence provider.</p> <p>Risk of Market Demand Shifts</p> <p>Space42 continuously monitors market trends and adjusts product development accordingly.</p> <ul style="list-style-type: none"> Expanded Foresight constellation and HAPS enable rapid tasking and persistent monitoring. GIQ provides open-architecture fusion of multiple data types and automated production of intelligence products at scale. <p>This ensures flexible, customer-tailored solutions and supports the shift to scalable, recurring intelligence offerings.</p>			

RISK MANAGEMENT

#	Principal Risk (PR)	Description	Mitigation	Responsibility	Category	Strategic pillars
8	Increasing business competition –AI & geospatial services (continued)		<p>Regional and Strategic Alignment Risk Geopolitical tensions and rising importance of data sovereignty require alignment with national strategies and secure infrastructure standards.</p> <p>As a UAE-based entity, Space42 aligns its roadmap with UAE Space Strategy 2030 and Vision 2071.</p> <ul style="list-style-type: none"> • Sovereign satellite constellations • Domestic AIT manufacturing capabilities • UAE-controlled data infrastructure <p>This ensures compliance with national security requirements and strengthens Space42's position as a trusted strategic partner for government and defense stakeholders.</p>			
9	Legal and regulatory challenges	<p>The Group can be exposed to non-compliance with laws and regulations across different jurisdictions, or to a breach of internal policies, including, but not limited to, those related to financial reporting compliance, bribery and corruption, fraud, insider trading, data privacy, trade sanctions, and competition law. As the business expands geographically, covering some markets with higher compliance risk exposure, the Group may face legal and regulatory risks or challenges due to changing local, regional, or global policies.</p> <p>Non-compliance could result in fines, restrictions on business, third-party claims, and reputational and brand damage.</p>	<ul style="list-style-type: none"> • The Group's Code of Conduct sets out the principles, standards, and behaviors necessary to achieve the Group's objectives and uphold its values. It makes clear that the Group not only follows the law, but strives to operate with the highest levels of ethics and integrity. • The Code of Conduct is supplemented and supported by a number of policies, including policies relating to anti-bribery and corruption, working with governments, insider trading, securities trading, fair competition, export control and sanctions compliance, and confidentiality and data privacy. • A comprehensive Ethics and Compliance Program is in place, addressing compliance monitoring, reporting, risk assessments, training, and investigations. • Financial reporting function is in place, responsible for compliance with financial reporting requirements. • An ICOFR framework is being implemented and monitored. • Key Ethics and Compliance controls are tested for design and effectiveness annually as part of the Group's ICOFR framework. • Security screening is conducted for all new employees and contractors. • Each supplier is required to confirm compliance with the Business Partner Code of Conduct, with supporting evidence as appropriate. • The Group maintains relationships with key legal and other advisors in relevant jurisdictions to remain abreast of legal and regulatory developments. 	<p>General Counsel</p> <p>Vice President, Compliance, Risk and Governance</p> <p>Chief Financial Officer</p>	Compliance Challenges	<ol style="list-style-type: none"> 1 –Become the preferred partner for premium geospatial data 2 –Become a leader in geospatial intelligence AI platform and services 3 –Become a global NTN leader 4 –Enhance leadership position as a secure connectivity solution provider 5 –Become MENA's most vertically integrated mobility leader

RISK MANAGEMENT

#	Principal Risk (PR)	Description	Mitigation	Responsibility	Category	Strategic pillars
10	Changes in tax regulation	Inadequate implementation of the UAE Domestic Minimum Top-up Tax (DMTT) may lead to non-compliance, resulting in potential fines and regulatory penalties.	<p>In an effort to end tax avoidance and to address concerns regarding the erosion of the global corporate tax base, a global framework for corporate taxation has been formed by the OECD/ G20 Inclusive Framework and is supported by over 135 jurisdictions. The goal of the framework is to reduce the shifting of profit from one jurisdiction to another, in order to reduce global tax obligations in corporate structures and introduce a minimum 15% tax rate by jurisdiction ("Pillar Two").</p> <p>On December 9, 2024, the UAE Ministry of Finance announced a 15% Domestic Minimum Top-up Tax (DMTT) for multinational enterprises (MNE) with global revenues of Euro 750 million at the ultimate parent level, aligning with the OECD Pillar Two framework. During the period, the UAE Cabinet resolution no. 142 of 2024 (the "resolution") concerning 'Imposition of UAE Qualified Domestic Minimum Top-up Taxes ("QDMTT") on Multinational Enterprises (MNE)' was issued which is effective from 1 January 2025. The resolution accompanies detailed provisions, rules and procedures on the QDMTT.</p> <p>Space42 PLC and its subsidiaries are subject to QDMTT since the global revenues of the Company's ultimate parent entity exceed the minimum threshold of EUR 750 million and therefore meet the definition of constituent entities that are a member of an MNE Group, as defined under the resolution. As a result of the Group's assessment of the applicable requirements of the resolution, no QDMTT was recognised in the consolidated profit or loss during the year ended December 31, 2025.</p> <p>The Group has applied the temporary exception issued by the IASB in May 2023 from the accounting requirements for deferred taxes in IAS 12. Accordingly, the Group neither recognises nor discloses information about deferred tax assets and liabilities related to Pillar Two income taxes.</p>	Chief Financial Officer	Financial Threats	<ol style="list-style-type: none"> 1 –Become a leader in geospatial intelligence AI platform and services 2 –Become a leader in geospatial intelligence AI platform and services 3 –Become a global NTN leader 4 –Enhance leadership position as a secure connectivity solution provider
11	Spectrum rights	<p>Space42 is subject to obtaining spectrum rights internationally through the ITU, as well the authorizations needed in each of the countries in which the Group provides services.</p> <p>Space42 could lose access to certain spectrum or orbital rights or fail to maintain or obtain such rights due to non-adherence to ITU or national rules. This may result in an inability to perform government and commercial business plans, the loss of business partners, and a significant adverse impact on revenue.</p>	<ul style="list-style-type: none"> • Space42 proactively participates in advocacy with the ITU and continuously identifies and pursues opportune orbital filings. • Spectrum rights for currently planned future satellites have been secured. 	Vice President, Regulatory and Spectrum Affairs	Compliance Challenges	<ol style="list-style-type: none"> 3 –Become a global NTN leader 4 –Enhance leadership position as a secure connectivity solution provider

RISK MANAGEMENT

#	Principal Risk (PR)	Description	Mitigation	Responsibility	Category	Strategic pillars
12	Access to outer space	<p>Space42 is subject to obtaining the authorization of UAE and foreign national regulators, where required, for the physical operation of its satellites in outer space.</p> <p>Failure by Space42 in the launch, operation, and de-orbit processes of its satellites could lead to a collision or explosion, with loss of asset and possible third-party liability to other satellites. Failure to receive the required authorizations could lead to limitations on Space42 launching new satellites or operating its existing satellites. Foreign regulators may deny access to their markets for non-compliance with their space traffic management rules.</p>	<ul style="list-style-type: none"> The space activities of Space42 are licensed by the UAE Space Agency. Space42 proactively participates in advocacy pertaining to the developing areas of space debris management, space situational awareness, and space traffic management. Space42 obtains third-party liability insurance for its satellites. Space42 complies with space debris requirements as per Inter-Agency Space Debris Coordination Committee (IADC), the Artemis Accords and the UAE Space Law. Space42 has instituted processes over the past decade to ensure the safe flight and eventual de-orbiting of its satellites. Space42 ensures its satellites are registered with the UN Office of Outer Space Affairs, as required under the UN Convention on Registration of Objects Launched into Outer Space (1972) 	Vice President, Regulatory and Spectrum Affairs	Compliance Challenges	<ol style="list-style-type: none"> –Become the preferred partner for premium geospatial data –Become a global NTN leader –Enhance leadership position as a secure connectivity solution provider
13	Interest rate risk	<p>Changes in market interest rates may have an adverse effect on the Group's borrowings, bank deposits and net finance.</p>	<ul style="list-style-type: none"> The Group's interest rate risk arises mainly in connection with its borrowings, which typically bear variable interest rates (e.g. the Secured Overnight Financing Rate (SOFR) plus a margin). To mitigate the uncertainties associated with variable interest rates, the Group has entered into interest swap agreements to fix the interest rates for long-term debt instruments. For example, the Group entered into a cash flow hedge, by acquiring interest rate swaps (IRS), to hedge the variability in interest rates with respect to the Term Loan and Export Credit Agency (ECA) facility entered in June 2021. Under the IRS agreements, the Group receives a variable rate of interest equal to SOFR and pays a fixed rate on notional amounts that mirror the drawdown and repayment schedule of the loan. The Group invests surplus cash in short-term bank deposits on a fixed interest-rate basis. 	Chief Financial Officer	Financial Threats	<ol style="list-style-type: none"> –Become the preferred partner for premium geospatial data –Become a leader in geospatial intelligence AI platform and services –Become a global NTN leader –Enhance leadership position as a secure connectivity solution provider
14	Sustainability challenges	<p>Space42 may fail to meet stakeholder expectations relating to environmental, social, and governance (ESG) matters or fail to comply with the growing portfolio of ESG legislation and government regulations. This could lead to customer loss, lower profits in the future, brand and reputational damage, and an inability to capitalize on emerging ESG-related market opportunities.</p>	<ul style="list-style-type: none"> An ESG function was established in conjunction with the formation of Space42, continuing the legacy of the merged companies to lead and coordinate ESG efforts across the organization. Sustainability is a key pillar of Space42's growth strategy, recognized as a significant market opportunity. A comprehensive Group-wide sustainability framework has been developed, encompassing a three-year strategy, key performance indicators (KPIs), and specific action plans for each department. Regular reviews of ESG KPIs are conducted to assess progress and identify areas for improvement. Plans are finalized to carry out GHG accounting and decarbonization initiatives, physical climate risk assessments, and alignment with IFRS S1 and S2, to align with the regulatory and stakeholder requirements. 	Vice President, Governance Risk and Compliance	Strategic Challenges	<ol style="list-style-type: none"> –Become the preferred partner for premium geospatial data –Become a leader in geospatial intelligence AI platform and services –Enhance leadership position as a secure connectivity solution provider –Become MENA's most vertically integrated mobility leader –Drive in-country space value chain development –Strengthen core and adjacent R&D to ensure leadership in innovation –Embrace and adopt AI technologies across organization

RISK MANAGEMENT

#	Principal Risk (PR)	Description	Mitigation	Responsibility	Category	Strategic pillars
15	Currency risk	Fluctuations in exchange rates of assets and liabilities held in foreign currency, or changes to the USD/AED peg, can adversely affect Space42's results.	<ul style="list-style-type: none"> The Group's revenues, as well as expenditure, are predominantly priced in USD (which is also the Group's functional currency) and in AED, which is pegged to USD. The Group is exposed to currency risk in respect of its investment in its Brazilian associate (Brazilian JV –HPE), although this exposure is not significant, and the Group regularly monitors exchange rate movements to assess the sensitivity and impact on its long-term business plan and valuation. 	Chief Financial Officer	Financial Threats	<ol style="list-style-type: none"> –Become the preferred partner for premium geospatial data –Become a leader in geospatial intelligence AI platform and services –Become a global NTN leader –Enhance leadership position as a secure connectivity solution provider
16	Customer dependency	The Group is reliant on a single large customer (the UAE Government) for more than half of its revenue, and the loss of, or any significant reduction in expenditure by, this customer could materially adversely affect the Group's business.	<ul style="list-style-type: none"> Strong relationships with the UAE Government, underpinned by a new USD 5.1 billion mandate awarded in 2023 (see further description under Risk 7). In 2022, Yahsat (now Space Services) signed a five-year mandate to provide enhanced managed services and the 15-year Thuraya-4 NGS Managed Capacity Services Agreement (T4-NGSA). The managed services mandate commenced in 2022 while the T4-NGSA commenced in 2025. For Smart Solutions, the current project portfolio is predominantly comprised of Abu Dhabi government projects. UAE (Abu Dhabi and federal) projects will remain significant in the foreseeable future, despite diversification towards commercial and international customers. Close relationship management activities are undertaken to ensure that the UAE Government's communications and geospatial data analytics needs are understood, anticipated, and addressed with industry-leading, cost-effective solutions. Diversification initiatives are in place, with a focus on other regional governments, large enterprises, and the establishment of partnerships across the value chain. 	<p>Managing Director</p> <p>Chief Executive Officer, Space Services</p> <p>Chief Executive Officer, Smart Solutions</p>	Strategic Challenges	<ol style="list-style-type: none"> –Become the preferred partner for premium geospatial data –Become a leader in geospatial intelligence AI platform and services –Become a global NTN leader –Enhance leadership position as a secure connectivity solution provider –Become MENA's most vertically integrated mobility leader

RISK MANAGEMENT

#	Principal Risk (PR)	Description	Mitigation	Responsibility	Category	Strategic pillars
17	Liquidity risk	Risk that the Group may not be able to meet its financial obligations as they fall due.	<ul style="list-style-type: none"> The Group's approach to managing liquidity is to ensure that it maintains sufficient liquidity to meet its debt and other financial obligations when due and to comply with relevant financial covenants. The Group ensures that it has sufficient cash and liquid assets available on demand to meet its expected operational expenses and capital expenditures; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. The Group has a robust planning and reporting process to manage its short -and longer-term cash position and requirements. Active working capital management, business planning, rolling short -and longer-term cash flow forecasts are regularly prepared and reviewed by the Group's CFO. The Group has historically maintained a strong cash balance, which as of December 2025 stands at USD 995 million with negative net leverage on a pro forma basis. The Group also maintains long-standing relationships with lenders and banks, which can be leveraged for short-term and/or long-term funding needs. Certain liabilities are covered by insurance policies. 	Chief Financial Officer	Financial Threats	<ol style="list-style-type: none"> –Become the preferred partner for premium geospatial data –Become a leader in geospatial intelligence AI platform and services –Become a global NTN leader –Enhance leadership position as a secure connectivity solution provider
18	Credit risk	The Group may face financial losses if a customer or counterparty to a financial instrument fails to meet its contractual obligations. This risk arises principally in relation to the Group's receivables, unbilled revenues, hedging instruments, and cash held with banks.	<ul style="list-style-type: none"> The Group's credit risk in respect of its government customers is generally considered low, given the financial stability and high credit rating of its primary customer, the UAE Government, from whom the Group earns substantial revenue. However, the Group evaluates, and if necessary, makes provision for expected credit losses (ECL) for specific contracts, if there is an indication of potential credit loss. The Group has credit risk exposure in respect of its customers. This risk is managed by carrying out adequate due diligence and implementing the Group's Credit Policy, which provides a clear framework for managing credit through all stages of the credit cycle and for adequately providing for risks using an appropriate ECL policy. The Group's credit policy and the ECL provisions are reviewed regularly and updated if necessary. With respect to cash and short-term deposits, the Group minimizes its exposure to credit risks by entering into agreements with reputable financial institutions and banks with a minimum credit rating of A (or equivalent) from Standard & Poor's, Fitch, or Moody's Investors Service. Under certain circumstances, the Group obtains performance bonds and payment guarantees from counterparties to support the due performance of their obligations. 	Chief Financial Officer	Financial Threats	<ol style="list-style-type: none"> –Become the preferred partner for premium geospatial data –Become a leader in geospatial intelligence AI platform and services –Become a global NTN leader –Enhance leadership position as a secure connectivity solution provider

SUSTAINABILITY REPORT

This ESG Summary provides an overview of the environmental, social, and governance management and performance of Space42. For detailed sustainability disclosures, achievements including awards, recognitions and MoUs, please refer to the Space42 Sustainability Report 2025.

In 2025, Space42 strengthened its commitment to responsible growth by further embedding environmental, social, and governance (ESG) considerations into its strategy and day-to-day operations. As a UAE-headquartered, AI-powered space technology company, we play a critical role in enabling secure communications, geospatial intelligence, and resilient digital infrastructure in an increasingly complex global landscape.

During the year, we conducted our first comprehensive Double Materiality Assessment and established a unified ESG Strategy Framework and Roadmap, enabling us to prioritize the topics most material to our business and stakeholders. As an ADGM-incorporated and ADX-listed entity, we continue to align to the UAE SCA Corporate Governance Guide, ADX ESG Disclosure Guidance, the UAE Climate Law, and other applicable regulatory requirements.

Double materiality assessment

As the first step in our sustainability journey in 2025, Space42 conducted a comprehensive Double Materiality Assessment (DMA) in line with emerging global best practices and evolving regulatory expectations. The DMA identified, assessed, and prioritized ESG topics that are material both in terms of the impact of Space42 on the economy, environment, and society, and the financial risks and opportunities that sustainability related factors present to the business.

The assessment followed a structured methodology comprising peer benchmarking, impacts, risks, and opportunities (IROs) identification for each of our material topics from 2024, internal expert workshops, stakeholder input, scoring of each IRO, and management validation. The outcome informed the refinement of our 2024 material topics to be considered for the ESG Strategy Framework, ensuring that resources, initiatives, and performance management efforts are focused on the most significant topics for long-term value creation and resilience.

The DMA outcomes¹ directly guide the structure of our Sustainability Report, ESG Strategy and forward-looking ambitions. The topics identified as Double Material topics through the assessment are:

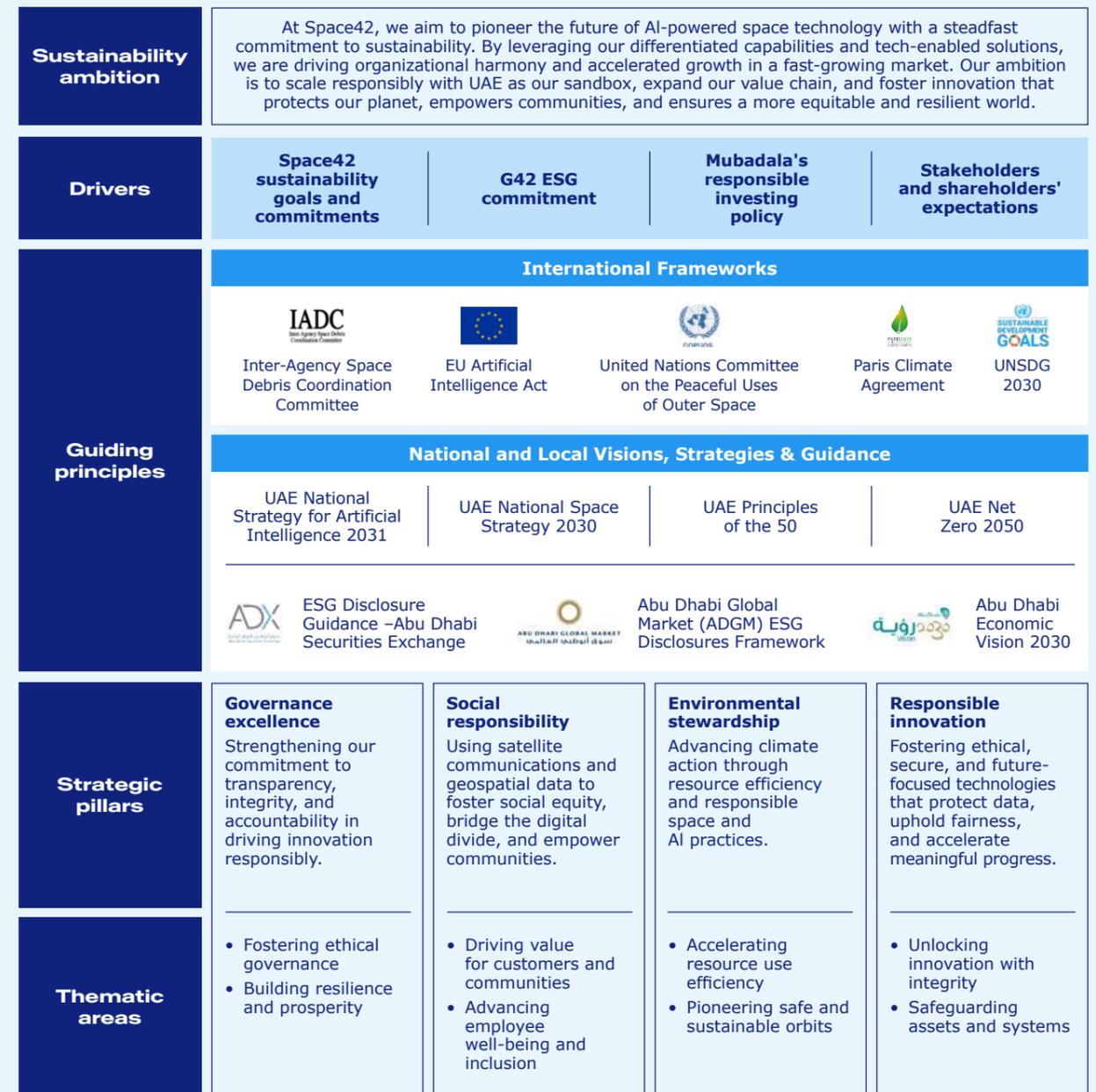
- Access to Communications and Connecting Communities
- Business Continuity & Risk Management

Our ESG strategy framework

In 2025, Space42 developed a robust and forward-looking ESG Strategy Framework reflecting our role as a global AI-powered space technology company and our responsibility to contribute meaningfully to national and international sustainability priorities. The Framework integrates the strengths, governance maturity, and operational capabilities of both legacy entities under a unified Space42 vision.

¹ Please refer to Space42 Sustainability Report 2025 for details on the Double Materiality Assessment.

The Framework is structured around four strategic pillars: Governance Excellence, Social Responsibility, Environmental Stewardship, and Responsible Innovation. These pillars are underpinned by sustainability drivers aligned with the Group's corporate strategy, the UAE National Space Strategy 2030, and the UAE's broader economic diversification and digital transformation agenda. Building on the prior year's foundation, the pillars and drivers were enhanced and refined in 2025 to provide greater clarity on priorities, execution pathways, and long-term ambition.



As part of the ESG Strategy and Roadmap, we developed a structured implementation architecture for each material topic, covering KPIs, initiatives, governance actions, certifications, and alignment with international frameworks. This architecture enables us to address topic-specific risks and opportunities systematically.

SUSTAINABILITY REPORT

Key sustainability highlights 2025



Governance excellence

50%

Board Committees chaired by women

>98%

Employees have completed the mandatory Space42 Code of Conduct training initiated in 2025

Zero

Business ethics related violations reported

92%

Of economic value generated was distributed to support long-term growth



Social responsibility

~663

Lives saved through disaster response and rescue efforts

Zero

Fatalities or lost-time injuries for employees and contractors / consultants

6,398

Total employee training hours reported

70%

Customer Satisfaction (CSAT) Score



Environmental stewardship

134.9

Energy consumption intensity (GJ/employee)

12%

Of total emissions contributed by Scope 1 & 2

2%

Increase in GHG emissions as we scale up our business

14%

Reduction in overall waste collected



Responsible innovation

16

New solutions unlocked with Thuraya-4

50

Internally developed AI models hosted by GIQ

30

Operational use cases supported by GIQ

44%

Overall procurement spent from Space42 was on local suppliers



SUSTAINABILITY REPORT



Pillar 1

Governance excellence²

Strengthening our commitment to transparency, integrity, and accountability in driving innovation responsibly

At Space42, ethical governance underpins our operations, ensuring integrity and transparency. Our Corporate Governance Framework aligns with ADGM, ADX, and SCA regulations and is anchored in our Articles of Association and Board charters. In 2025, the Ethics and Compliance (E&C) function continued to play a central role in promoting ethical business conduct. We introduced the organization-wide Ethixspace application to enable ethics training, reporting, and engagement, supported by a secure third-party whistleblowing mechanism and robust investigation procedures.

Business Continuity and Risk Management is identified as a Double Material topic. In 2025, we continued strengthening our Business Continuity Management System (BCMS) in alignment with ISO 22301:2019, NCEMA 7000:2021, and TDRA requirements. Guided by the Institute of Internal Auditors' Three Lines Model, ISO 31000:2018 Risk Management Guidelines, and the COSO Internal Control – Integrated Framework (2013), our risk management approach enables structured identification, assessment, and oversight of principal and emerging risks.

The Finance team oversees direct and indirect economic impact by ensuring compliance with IFRS Standards and applicable ADGM and UAE regulatory requirements. In 2025, we generated USD 620 million in direct economic value, of which 92% was distributed to stakeholders, while USD 52 million was retained to support long-term growth and sustainability. We will continue to monitor and report on economic performance to reinforce long-term value creation for shareholders.



Pillar 2

Social responsibility

Using satellite communications and geospatial data to foster social equity, bridge the digital divide, and empower communities

At Space42, our social responsibility agenda focuses on creating shared value for our people, customers, and communities. In 2025, we expanded access to connectivity by donating YahClick services to 10 schools and rural libraries in South Africa's Eastern Cape. We also signed a five-year MoU with Microsoft and Esri to launch the Map Africa Initiative, delivering high-resolution base maps across all 54 African countries to support infrastructure planning, disaster response, and economic development. Our Disaster Response operations helped save over 330 lives through rapid verification, emergency credit allocation, and continuous monitoring.

We prioritize employee wellbeing and inclusion across our 627-person workforce, delivering 6,398 training hours (10.2 hours per employee) and maintaining 21% female representation. All grievances raised through our "Space42 Voice" platform were addressed and resolved. We achieved zero fatalities or recordable incidents in 2025, maintained ISO 45001 certification across Space Services and Smart Solutions, and ensured full HSE training coverage. For customers, we maintained 99.8% satellite availability, achieved an 80-minute service closure time, and recorded zero substantiated data privacy complaints.

Looking ahead, we aim to deepen employee engagement, expand community outreach, and further enhance diversity and inclusion across our operations.



Pillar 3

Environmental stewardship

Advancing climate action through resource efficiency and responsible space and AI practices.

Environmental stewardship is central to the Group's ambition to deliver long-term value through responsible, space-enabled innovation. Guided by our focus on resource efficiency and safe, sustainable orbits, we work to reduce emissions, improve energy performance across offices, data centers, production sites, and warehouses, and promote responsible use of space across operations serving more than five billion people.

Our energy management approach is aligned with ISO 50001:2018 Energy Management Systems, supplemented by our HSE Policy and HSE Management System Manual. We also advanced development of our GHG Inventory, maintaining consistent boundaries for Scope 1, 2, and 3 emissions, and laid the groundwork for a comprehensive baseline and decarbonisation roadmap aligned with the UAE Energy Strategy 2050, UAE NDCs, UAE Federal Decree-Law No. (11) of 2024 and Science Based Targets.

In space, we adhere to the UAE National Space Strategy 2030, ISO 24113:2023, and international debris mitigation guidelines, applying collision avoidance, safe decommissioning, and AI-enabled predictive models to safeguard orbital environments. In 2025, the launch of Thuraya-4 expanded secure connectivity across Africa, Europe, Central Asia, and the Middle East, while Equatys—to be launched with Viasat—introduced a shared, multi-orbit "space tower" platform across 160 countries, reducing redundant infrastructure and supporting sustainable sector growth. Looking ahead, we will deepen spacetechnology partnerships, expand SAR applications, and continue delivering innovative, responsible solutions that balance technological advancement with environmental stewardship.



Pillar 4

Responsible innovation

Fostering ethical, secure, and future-focused technologies that protect data, uphold fairness, and accelerate meaningful progress.

At Space42, Responsible Innovation is a core operating principle guiding how we design, deploy, and scale advanced space and AI technologies. We balance sovereign capability-building with ethical global collaboration, ensuring innovation safeguards data, intellectual property, competition, and supply chain integrity. Through sustained R&D investment, responsible AI deployment, and strong data governance, we position ourselves as a trusted leader in the "New Space" and geospatial intelligence ecosystem.

In 2025, we strengthened the UAE's transition to a sovereign innovator through flagship initiatives such as Mira Aerospace's High-Altitude Platform Systems (HAPS) facility in Abu Dhabi and the launch of Thuraya-4, enhancing connectivity and geospatial capabilities. Our AI platforms, including GIQ, apply a human-centered approach, prioritizing transparency, fairness, and wellbeing, particularly in healthcare and disaster response applications.

We also reinforced data sovereignty through the UAE's first Sovereign Mobility Cloud, developed with Core42 and Microsoft, anchoring sensitive data within national borders. Responsible procurement remains integral to our approach, with comprehensive supplier due diligence and 44% of procurement spend directed to local suppliers in 2025, a 13% increase year-on-year. Together, these efforts embed ethical, secure, and sustainable innovation across our operations and partnerships.

² Please refer to Space42 Governance Report 2025 for further details of Corporate Governance, Ethics and Compliance, and Risk Management.

GOVERNANCE REPORT

DRIVING LONG-TERM SUCCESS AND DELIVERING VALUE

The Board's objective is to drive our long-term success and delivering enduring value to our shareholders

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CHAIRMAN MESSAGE



H.E. Mansoor Al Mansoori
Chairman, Space42

Strong governance has enabled Space42's successful first year, and our Board remains committed to maintaining this foundation as we scale. Beyond the historic merger that formed Space42, we have demonstrated that rigorous governance practices drive long-term success and deliver enduring value to our shareholders.

We achieved significant milestones in 2025, including five satellite launches, global partnerships, and expanded market reach. These achievements were possible because our governance framework provided the stability, oversight, and strategic clarity needed to execute at scale while upholding the highest standards of legal compliance, ethics, and integrity.

As Space42 matures beyond its inaugural year, the Board has remained steadfast in preserving the integrity of our decision-making processes while building the governance infrastructure necessary to support our growth. By anchoring our governance framework to international best practices, Space42 is well positioned to meet the expectations of our global investors, customers, and partners, and to pursue opportunities across both domestic and international markets with confidence and credibility.

Our role as stewards extends beyond short-term performance. We are building an institution that will shape the future of space technology for decades to come, and that responsibility requires unwavering commitment to governance excellence.



INTRODUCTION

Space42 is a UAE-based AI-powered SpaceTech company that integrates satellite communications, geospatial analytics and artificial intelligence capabilities to enlighten the Earth from space.

Its global reach allows it to address the rapidly evolving needs of its customers in governments, enterprises, and communities. Space42 comprises two business units: Space Services and Smart Solutions. Space Services focuses on upstream satellite operations for both fixed and mobility satellite services. Smart Solutions integrates geospatial data acquisition and processing with AI to inform decision-making, enhance situational awareness, and improve operational efficiency. Major shareholders include G42, Mubadala, and IHC.

Space42's approach to corporate governance extends beyond mere compliance with laws and regulations. We place emphasis on understanding the spirit of these standards and critically analyze our practices to consistently achieve the highest standards of conduct.

We believe that being a good corporate citizen begins with strong values. To expect high standards of conduct from others, we recognize the importance of demonstrating these standards ourselves. As a listed company and a national champion in AI-powered space technology, we strive to set an example by exhibiting strong corporate governance practices, acknowledging its significance to our shareholders, customers, employees, and the communities we serve. Our corporate values guide our business conduct, emphasizing integrity and a zero-tolerance approach towards fraud, bribery, and corruption.

This Governance Report addresses the charters, policies, and mechanisms that govern Space42's governance practices. It covers aspects such as the Space42 Board of Directors, the Board's Committees and their responsibilities, Board members' remuneration, and their transactions involving the Company's securities.



GOVERNANCE OVERVIEW

The Space42 Board of Directors is dedicated to upholding corporate governance standards that align with both local capital markets regulations and international best practices in reflection of our global vision.

This commitment has given rise to Space42's Corporate Governance Framework, a pivotal tool that significantly influences the Company's culture, business practices, and adherence to regulatory requirements.

The corporate governance framework:

- Is aligned with applicable regulatory guidelines and also reflects Space42's strategic objectives;
- Accords with the corporate governance requirements applicable to public limited companies incorporated in the Abu Dhabi Global Market (ADGM) and listed on the Abu Dhabi Securities Exchange (ADX), taking guidance where applicable from the UAE Securities and Commodities Authority (SCA) Board Resolution No. (3/R.M) of 2020 concerning adopting the Corporate Governance Guide for Public Joint-Stock Companies (the SCA Corporate Governance Guide);
- Is designed to provide oversight of the effective implementation of laws, regulations, policies, and procedures applicable to Space42 and to assist Space42's management in ensuring that the range of risks facing Space42 are properly managed and mitigated within an effective internal control framework; and
- Is centered around a strong and unerring commitment to the Space42 Code of Conduct.

BOARD OF DIRECTORS



H.E. Mansoor Al Mansoori
Chairman
Non-Independent/
Non-Executive

H.E. Mansoor Al Mansoori is the Chairman of the Department of Health - Abu Dhabi, a member of the Abu Dhabi Executive Council, and Chief Executive Officer of G42 International. Across his public and private sector roles, H.E. brings extensive leadership experience spanning health, advanced technology, media and communications, and energy.

He currently serves as the Vice Chairman of Presight, Board Member of e&, where he chairs the Audit Committee, Board Member of the Advanced Technology Research Council (ARTC) and as Trustee of Mohamed Bin Zayed University of Artificial Intelligence (MBZUAI). He has previously served in various board positions across advanced technology, tourism, media and communications.



Dr. Bakheet Al Katheeri
Vice-Chairman
Independent/
Non-Executive

Dr. Bakheet Al Katheeri is the CEO of Mubadala's UAE Investments platform, where he is responsible for building national, world-class champions across multiple sectors, including aerospace, technology, infrastructure, and more.

He serves on various industry boards and committees, including Mubadala Energy, Mubadala Bio, National Central Cooling Company (Tabreed), Emirates Global Aluminum (EGA), and Abu Dhabi Future Energy Company (Masdar).



H.E. Tareq Abdul Raheem Al Hosani
Member
Non-Independent/
Non-Executive

H.E. Tareq Abdul Raheem Al Hosani is a senior executive with over 30 years of experience across the technology, defense, aerospace, security, and investment sectors. He currently serves as an Advisor at the Presidential Court and holds several board and chairmanship positions, including Chairman of CALIDUS, PHOENIX, and Al Ain Farms Group, and Vice Chairman of Al Forsan Holding.

Previously, he served as Secretary General of the Tawazun Council and CEO of Yabsat, where he played a key role in advancing national priorities and expanding the company's international presence.



H.E. Maryam Eid Khamis AlMheiri
Member
Independent/
Non-Executive

H.E. Maryam Eid Khamis AlMheiri is the Chairperson of the Abu Dhabi Media Office (ADMO), overseeing Abu Dhabi's media ecosystem, which includes the Creative Media Authority and Abu Dhabi Media Network under ADMO's umbrella. As such, she is responsible for the strategic direction of all forms of media in the emirate.

Her Excellency also serves as Advisor for Strategic Relations at the Abu Dhabi Crown Prince Court and as a member of the emirate's Smart and Autonomous Systems Council. Maryam also serves on the Board of Mohamed bin Zayed University for Humanities and 2PointZero Group and is an Honorary Advisor to the Board of Abu Dhabi University.



Karim Michel Sabbagh
Managing Director
Non-Independent/
Executive

Karim Michel Sabbagh is the Managing Director of Space42, bringing a wealth of experience and a successful track record in the space sector. He is the former President and CEO of SES, where he led its restructuring into a multi-service and multi-orbit satellite operator. He also served as Managing Director of E-Space, where he played a key role in the company's operations in space-based hyperscale IoT.

Prior to his industry roles, Karim served as a Senior Partner and Global Practice Leader with Booz & Co. (formerly Booz Allen) where he delivered strategic advisory to global satellite and telecom operators, demonstrating his deep understanding of the sector.



Ismail Ali Mohammad Sulaiman Abdulla
Member
Independent/
Non-Executive

Ismail Ali Mohammad Sulaiman Abdulla is the Managing Director of Strata and Head of Clusters at Mubadala Investment Company, having been involved in finance and business development at Strata since its inception in 2009. As the Managing Director of Strata, Ismail is committed to enhancing the competitiveness of the UAE aerospace industry globally and integrating local suppliers into the global aerospace supply chain.

He also serves as a Board member of Mubadala Bio Limited, Strata Manufacturing PJSC, Paragraph, and Oumolat Security Printing and previously led the Nibras Al Ain Aerospace Park project.



Kiril Evtimov
Member
Non-Independent/
Non-Executive

Kiril Evtimov is a seasoned technology and business leader with extensive global experience in start-ups and Fortune 500 companies. During 2025, he was the CTO of Group42 and the CEO of Core42.

He previously built FairSignals, where he was co-founder and CEO. Kiril has also held leadership roles as Vice President and General Manager of Unified Data Architecture Platform Technologies at Teradata, Vice President of Program Management at MicroStrategy, and eBay, where he delivered cutting-edge products and scalable data platforms across various industries.

BOARD OF DIRECTORS

Director remuneration and Board Committee remuneration

A proposal to pay fees for Board and Committee remuneration to all Directors for 2025 will be placed before the shareholders at Space42's Annual General Meeting for approval.

The total Board and Committee remuneration to the Board for the period from October 1, 2024 to December 31, 2024 amounted to AED 950,000, covering membership in the Board and its Committees along with the allowances for attendance at the Board Committee meetings.

Fees/additional allowances, salary, and fees other than Board/Committee remuneration

- The Managing Director of Space42 received remuneration and other allowances for his role as Managing Director during the period from January 1, 2025 to December 31, 2025. Otherwise, no Space42 Director has received a salary from the Company as part of his or her role as a Director during 2025.
- No other fees or additional allowances were paid or payable to any of the Space42 Directors during 2025.

The following table sets out disclosure details for each Space42 Board member.

	H.E. Mansoor Al Mansoori Board member Chairman	Dr Bakheet Alkatheeri Board member Vice Chairman	H.E. Tareq Abdul Raheem Al Hosani Board member ARCC Chair	H.E. Maryam Eid Khamis AlMheiri Board member NRC Chair	Ismail Ali Mohammad Sulaiman Abdulla Board member ARCC member	Kiril Evtimov Board member NRC member	Karim Michel Sabbagh Board member Managing Director
Shareholding as at January 1, 2025	6,750,000	NIL	953,991	100,000	34,521	NIL	NIL
Shares sold or purchased in 2025	NIL	NIL	NIL	NIL	NIL	NIL	482,000
Shareholding as at December 31, 2025	6,750,000	NIL	953,991	100,000	34,521	NIL	482,000

Board/Committee Remuneration paid (AED) (PERIOD OCTOBER 1 – DECEMBER 31, 2024)

Board	250,000	175,000	150,000	150,000	150,000	NIL**	NIL*
ARCC	N/A	N/A	25,000	N/A	12,500	N/A	N/A
NRC	N/A	12,500	N/A	25,000	N/A	NIL**	N/A

Board Meeting Attendance

02/26/2025	Y	Y	Y	Y	Y	Y	Y
05/14/2025	Y	Y	Y	By proxy	Y	By proxy	Y
08/06/2025	Y	Y	Y	Y	Y	Y	Y
11/05/2025	Y	By proxy	Y	Y	Y	Y	Y
11/19/2025	Y	Y	Y	Y	Y	Y	Y
12/10/2025	By proxy	Y	Y	N	Y	By proxy	Y

* Space42 does not remunerate members of executive management who may serve on its Board or any of its committees.

** In 2025, G42 Group policy prevented remuneration of staff who served on a Board or committee of an affiliate company, including Space42.

EXECUTIVE MANAGEMENT

The Executive Management of Space42, that oversaw the day-to-day operations of the Company during 2025 were as follows:



Karim Michel Sabbagh
Managing Director

Karim Michel Sabbagh is the Managing Director of Space42, bringing a wealth of experience and a successful track record in the space sector. He is the former President and CEO of SES, where he led its restructuring into a multi-service and multi-orbit satellite operator. He also served as Managing Director of E-Space, where he played a key role in the company's operations in space-based hyperscale IoT.

Prior to his industry roles, Karim served as a Senior Partner and Global Practice Leader with Booz & Co. (formerly Booz Allen) where he delivered strategic advisory to global satellite and telecom operators, demonstrating his deep understanding of the sector.



Ali Al Hashemi
Chief Executive Officer, Space Services

Ali Al Hashemi is the CEO of Space Services, Space42's unit focused on upstream satellite operations for fixed and mobility satellite solutions. Previously, he was the Group CEO of Al Yah Satellite Communications Company PJSC, overseeing the business during its merger with Bayanat AI PLC to create Space42 in 2024 and its initial public offering on the Abu Dhabi Securities Exchange in 2021. Ali is the Chairman of the Global Satellite Operators Association and the National Space Science and Technology Center (NSSTC). He also serves on the Board of Directors of the UAE Space Agency.



Hasan Al Hosani
Chief Executive Officer, Smart Solutions

Hasan Al Hosani is the CEO of Smart Solutions, Space42's unit that integrates geospatial data acquisition and processing with its AI-driven multi-intelligence platform, overseeing the company during its initial public offering on the Abu Dhabi Securities Exchange in 2022 and subsequent merger with Al Yah Satellite Communications Company PJSC to create Space42 in 2024. Before joining Bayanat AI PLC, he was a key contributor to G42's strategic growth during its transition from EDIC to G42 and co-founder of SECUIRA. He is a patron Board member of the World Geospatial Industry Council.



Andrew Cole
Chief Financial Officer

Andrew Cole oversees the financial strategy and reporting as the Chief Financial Officer (CFO) at Space42. He is a qualified chartered accountant with extensive experience in IPOs and debt restructurings. Andrew previously served as CFO of the Al Yah Satellite Communications Company PJSC, successfully leading the company's listing on the Abu Dhabi Securities Exchange in 2021. Before joining Al Yah Satellite Communications Company PJSC, Andrew held key roles as Group Controller at SES Satellites and a Director at EY.



Maymee Kurian
Acting Chief Human Capital Officer

Maymee Kurian is a distinguished Human Capital leader with over two decades of experience across the Middle East and Asia, with deep expertise in employee experience, organizational design, talent and performance management, and large-scale cultural transformation in complex environments. She is at the forefront of AI enablement within the organization, driving the responsible adoption of digital solutions that empower people and enhance workforce capability. A trusted partner to senior leaders, she aligns people strategy with business priorities to deliver sustainable impact and long-term growth.



Abdulla Al Shamsi
Chief Business Support Officer

Abdulla Al Shamsi is the Chief Business Support Officer at Space42, with over 25 years of senior leadership experience across complex organizations. In his role, he oversees core business support functions, driving operational efficiency, resilience, and enterprise-wide enablement in support of the company's strategic objectives. He has previously held executive leadership roles, leading large-scale transformation initiatives and strengthening governance and operational frameworks.



Michael Dhassiah
Vice President, Internal Audit

Michael Dhassiah is the Vice President of Internal Audit at Space42, bringing over 19 years of internal audit experience across the aviation, hospitality, and space industries. He is responsible for developing and overseeing the implementation of risk-based assurance and advisory strategies to enhance corporate governance, internal control, and risk management practices at Space42. He previously served as Vice President and Head of Internal Audit at Al Yah Satellite Communications Company PJSC and held various roles at PwC Middle East. He is a Certified Internal Auditor (CIA®), Certified Information Systems Auditor (CISA®), and Cybersecurity Audit Specialist (CSXA).



Sulaiman Al Ali
Chief Commercial Officer

Sulaiman Al Ali is the Chief Commercial Officer at Space42 and CEO of Thuraya, leading its transformation into a next-generation satellite connectivity provider. With over 20 years in telecom and satellite sectors across MEASA, he has held leadership roles at Yahsat and Etisalat. Sulaiman holds an Executive MBA from INSEAD, a Master's in Entrepreneurial Leadership, and a Bachelor degree in Communication Engineering from Khalifa University.



Christian Andersen
Senior Vice President, Marketing & Communications

Christian Andersen serves as the Senior Vice President of Marketing at Space42, bringing over 25 years of extensive experience in the B2B ICT sector. Before joining Space42, Christian built a strong track record of successfully developing global marketing teams at renowned organizations, including IBM, Deutsche Telekom, and Mastercard.



Andrew Hodgman
General Counsel

Andrew Hodgman is the General Counsel at Space42, overseeing legal and compliance matters. With over 30 years of experience in private practice and in-house, he has expertise in M&A, aerospace, renewable energy and infrastructure projects. Andrew was a partner with a leading international firm based in Dubai and previously served as General Counsel for GE Aerospace and GE Renewable Energy for the APAC region.

GOVERNANCE REPORT

Organizational structure

The Space42 Board of Directors sets the strategic mandate with operational, financial, and sustainability goals relayed to management. The Space42 Executive Management team manages the achievement of these goals and oversees the day-to-day operations. In executing the goals, the Space42 Executive Management team is supported by several corporate functions and by local management and their teams.

Corporate governance framework

Space42 is a public company limited by shares incorporated to the ADGM and subject to the Abu Dhabi Global Market ("ADGM") Companies Regulations 2020 (as amended) and other applicable laws and regulations in the ADGM. The Company is committed to the principles of good corporate governance. The Board of Directors believes that good corporate governance practices align the interests of all stakeholders by having structures in place that ensure the business is managed with integrity and efficiency, thereby maximizing profitability and long-term value creation for all stakeholders.

This Governance Report is intended to provide an overview of the Space42 corporate governance framework for the year ended December 31, 2025. The Company has designed its corporate governance structure in compliance with its Articles of Association, the ADX Listing Rules, the Companies Regulations, Abu Dhabi Accountability Authority (ADAA) regulations, and other applicable laws, rules and regulations, as well as taking guidance from the SCA Corporate Governance Guide and international best practices (collectively, Governance Rules). The corporate governance framework identifies the responsibilities of the Board of Directors, individual Directors, Board Committees, Executive Management, and the organization's support and control functions.

The Board of Directors

Space42's governance framework is supervised by the Board of Directors. The Board of Directors is collectively responsible for the Company's management and strategy. The tasks, responsibilities, and procedures of the Board are set out in the Articles of Association, the Companies Regulations, and the Board of Directors Charter. The Board has delegated the operational management of the business to Executive Management, apart from certain reserved matters.

The appointment, retirement, and re-election of Directors are governed by the Articles of Association of the Company and the Governance Rules.

Board Committees

The Board of Directors of Space42 has established two Board-level committees: (i) the Audit, Risk, and Compliance Committee (ARCC); and (ii) the Nomination and Remuneration Committee (NRC).

Audit, Risk, and Compliance Committee

The ARCC assists the Board in discharging its responsibilities relating to financial reporting, external and internal audits, and controls, including reviewing and monitoring the integrity of the Company's financial statements, reviewing and monitoring the extent of the non-audit services undertaken by external auditors, advising on the appointment of external auditors, overseeing the relationship with external auditors, reviewing the effectiveness of the external audit process, and reviewing the effectiveness of the internal control review function. The ultimate responsibility for reviewing and approving the annual report and accounts remains with the Board. The ARCC gives due consideration to the applicable laws and regulations of the UAE, the ADGM, the ADX, and other applicable regulations. The ARCC met four times in 2025 with full attendance by all Committee members at each meeting.

ARCC charter and mandate

The mandate of the ARCC, as set out in its Charter, is to report to, and assist, the Board of Directors in overseeing the following matters:

- integrity of the financial reporting and disclosure process of the Company;
- compliance with listing and disclosure rules and other legal requirements related to financial reporting;
- operations and activities of the External Auditors, Internal Auditor, and internal finance departments of the Company;
- internal control, risk management, and compliance frameworks and practices;
- compliance with laws, the Code of Conduct, agreements, and policies; and
- conducting investigations into any matters within its mandate.

Nomination and Remuneration Committee

The NRC assists the Board of Directors in setting and overseeing the nomination and remuneration policies in respect of the Board, any committees of the Board, and senior management. In such capacity, it is responsible for evaluating the hiring of Space42 Executive Management, evaluating the balance of skills, knowledge, and experience of the Board and its committees, and monitoring the independent status of the independent Directors. It is also responsible for periodically reviewing the Board's structure and identifying, where relevant, potential independent candidates to be appointed as Directors or committee members as the need may arise. In addition, the NRC 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 overarching principles, parameters, and governance framework of the remuneration policy, and determining the individual remuneration and benefits packages of the Executive Management. The NRC met three times in 2025 with full attendance by all Committee members at all but one meeting (at which Kiril Evtimov was absent).

The members of the ARCC of Space42 are:

H.E. Tareq Abdul Raheem Al Hosani
Chairman

Ismail Ali Mohammad Sulaiman Abdulla
Member

Arvind Ramamurthy
(Chief of Market Development at ADGM)
Member (Independent)

GOVERNANCE REPORT

NRC charter and mandate

The mandate of the NRC, as set out in its Charter, is to assist the Board in discharging its responsibilities relating to:

- the composition of the Board and its committees by recommending suitable persons for nomination;
- assessing the performance of the Board members;
- monitoring the independence of Independent Board members;
- the appointment and succession planning of the Executive Management;
- evaluating the balance of skills, knowledge, diversity, and experience, and making appropriate recommendations to the Board on such matters;
- determining its responsibilities in relation to setting, recommending, and monitoring the level of remuneration; and
- verifying that the remuneration and benefits granted to the Executive Board members and Executive Management are reasonable and in line with the Company's performance.

Internal control and risk management

(i) Risk and controls systems

The Board of Directors is responsible for overseeing the effectiveness of Space42's internal control and risk management systems, including the determination of risk appetite and the monitoring of principal and emerging risks. This oversight not only supports the achievement of Space42's strategic objectives but also helps safeguard the interests of all stakeholders—including employees, partners, customers, and communities—while protecting shareholder value, assets, and the Company's reputation.

Effective risk management and internal control are integral to Space42's governance framework and decision-making processes. By embedding these practices into our day-to-day operations, we promote a culture of integrity, accountability, and continuous improvement. Space42 has implemented an integrated enterprise risk management and internal control system aligned with leading international best practices,

including the principles of the International Organization for Standardization (ISO) and the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

The members of the NRC of Space42 are:

H.E. Maryam Eid Khamis AlMheiri
Chairperson

Dr. Bakheet Al Katheeri
Member

Kiril Evtimov
Member

(ii) Risk and controls approach

Space42's risk and control approach is aligned with the Three Lines Model issued by the Institute of Internal Auditors (IIA). The framework is objectives-centric and designed to ensure that risks which may impede the achievement of strategic, operational, financial, or compliance objectives are identified, assessed, managed, and monitored effectively, so that our people can focus on delivering value and driving innovation with confidence.

The internal risk and control system is embedded across the organization through the following three lines:

First Line –Management:

Management is responsible for identifying, assessing, and managing risks within their respective areas of accountability and for designing and operating effective internal controls as part of day-to-day business activities.

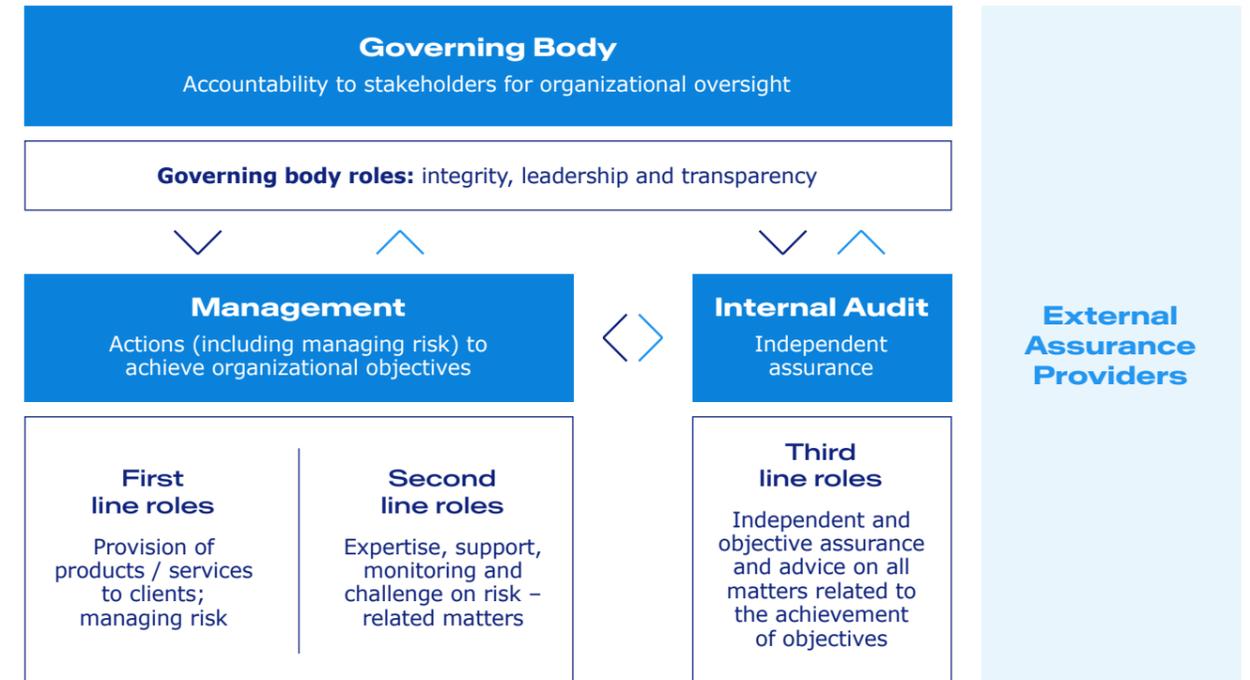
Second Line –Oversight and support functions:

Risk Management, Internal Control, Information Security, Business Continuity, Health and Safety, and Compliance functions provide governance, frameworks, policies, guidance, training, and monitoring to support consistent risk and control practices across Space42.

Third Line –Independent assurance:

The Internal Audit function provides independent and objective assurance and advisory services on the adequacy and effectiveness of governance, risk management, and internal controls.

The IIA's Three Lines Model



Key

- Accountability, reporting
- Delegation, direction, resources, oversight
- Alignment, communication coordination, collaboration

GOVERNANCE REPORT

(iii) Risk and controls framework

Space42's Enterprise Risk Management Framework, incorporating the Internal Control Framework, establishes a comprehensive set of principles, policies, processes, and reporting mechanisms that enable effective risk and control management across the Group. The framework applies a top-down approach to enterprise-wide risks and a bottom-up approach to risks at business unit and functional levels, ensuring that everyone in the organization has a clear role in risk management and feels supported in contributing to a resilient and responsible culture.

Principal risks, emerging risks, and associated mitigation plans are reviewed on a quarterly basis, with key risk exposures and mitigation actions reported to the ARCC. The Board oversees strategic risks, major investments, and risk appetite, maintaining a cautious risk posture across most risk categories and a zero-tolerance approach toward regulatory and compliance breaches.

In line with ADAA Resolution No. 1 of 2017 and UAE SCA Circular No. 25 of 2025, Space42 maintains a robust Internal Control over Financial Reporting (ICOFR) framework. The framework is monitored by the Internal Control function, with periodic testing and remediation of identified control deficiencies. External auditors review the effectiveness of ICOFR annually, providing additional assurance over the reliability and integrity of the Company's financial reporting.

(iv) Risk and controls organizations

The Enterprise Risk Management (ERM) function operates as a second-line risk assurance function and is responsible for developing, maintaining, and continuously enhancing Space42's enterprise risk management framework. The internal control framework is embedded within the ERM framework to ensure a holistic and integrated approach to managing risks and controls.

Risk management is integrated into core business processes, including strategic planning, budgeting, financial reporting, procurement, information security, and satellite operations.

Ethics and Compliance functions (second line) support a strong culture of integrity and regulatory compliance by overseeing adherence to the Code of Conduct and applicable laws and regulations. These functions also provide guidance and training to employees, helping them understand their responsibilities and feel empowered to act with integrity. Regular reporting is made to the ARCC.

The Internal Audit function (third line) provides independent assurance and consulting services covering operational, financial, information technology, and compliance areas and reports functionally to the ARCC.

Violations committed by the company during 2025

The Company recorded a regulatory violation during the year ended December 31, 2025 arising from a failure to meet Emiratization requirements in June 2025. As a result, the Ministry of Human Resources and Emiratization (MOHRE) imposed a financial penalty of AED 270,000 on June 30, 2025.

Conflicts of interest

The Governance Rules and the Company's compliance policies require its employees and Directors to disclose any conflicts of interest that may be actual, perceived, or potential. The Company has developed a series of procedures for compliance with laws and internal policies regarding conflicts of interest identification, management, and mitigation.

Company policies

In addition to the Governance Rules, the Company has continued to strengthen its internal governance and compliance framework through the development and enhancement of several key policies and procedures. These initiatives reflect a deliberate effort to promote ethical conduct, mitigate compliance risks, and align with best international practice standards across the organization.

In this respect, the Company has adopted the following policies: the Code of Conduct, the Anti-Bribery and Corruption Policy, the Business Partner Due Diligence Policy, the Conflicts of Interest Policy, the Compliance Investigation Policy, the Insider Trading Policy, the Sanctions and Export Control Policy, the Gifts and Entertainment Policy, the Securities Trading Policy, and the Whistle-Blowing and Non-Retaliation Policy.

Emiratization

Space42's Emiratization rate as of December 31, 2025 was 37.54%.

Gender diversity

Space42 follows policies regarding gender diversity that apply to Board-level appointments and the Company-wide approach to gender diversity.

At the end of 2025, the number of female Directors of Space42 PLC amounted to 14% (one out of seven Directors). The Company's senior management includes one female C-level executive, the Chief Human Capital Officer, Maymee Kurian.

Health and safety

The corporate governance of Health, Safety, and Environment (HSE) at Space42 is the framework through which the Board provides strategic direction, oversight, and assurance on HSE matters. This governance structure encompasses the activities of the Board and its supporting committees, as well as active engagement with senior management. Leadership oversight is provided through close collaboration between the Managing Director and CEO (Space Services), and the CEO (Smart Solutions), ensuring that Space42's safety vision, objectives, and compliance obligations are clearly defined, implemented, and monitored across the organization.

In 2025, the HSE function continued to mature and strengthen its governance framework, building on previous foundations while adapting to organizational realignment under Corporate Administration. Despite operational complexities, Space42 successfully achieved all Health and Safety Key Performance Indicators, demonstrating sustained commitment to employee well-being, regulatory compliance, and excellence in risk management.

Key performance indicators –2025

- Zero fatalities
- Zero lost-time incidents (LTI)
- Zero recordable incidents
- Zero environmental incidents

Management systems and certifications

- **ISO 45001:2018 (Occupational Health & Safety Management System):** Certification was successfully maintained for Yhsat Space Services (YSS) and Bayanat Smart Solutions (BSS) throughout 2025. Surveillance and compliance audits were completed with no major nonconformities, confirming the robustness and effectiveness of the HSE management system.
- **ISO 14001:2015 and ISO 9001:2015:** BSS continued to maintain both Environmental Management System and Quality Management System certifications during 2025.

Policies and management framework

- In 2025, Space42 strengthened its HSE governance framework through the development, approval, and organization-wide rollout of a comprehensive Health, Safety, and Environment Management System (HSE-MS). The HSE-MS, aligned with ISO 45001:2018 requirements, was formally endorsed by all relevant stakeholders and communicated to employees across Space42.
- In support of this framework, key governance policies were issued and implemented, including the HSE Policy, Vendor HSE Policy, Physical Security Policy, Vendor Physical Security Policy, Driving Policy, and Waste Management Policy. These policies establish clear expectations, roles, and accountabilities for health, safety, environmental protection, and security across all operations and business partners.

Governance, awareness, and induction

- Comprehensive HSE induction programs were delivered to all new Space42 employees, ensuring awareness of emergency response procedures, workplace safety requirements, and organizational HSE responsibilities from Day One.
- Continuous engagement with employees and stakeholders reinforced a strong safety culture, aligned with Space42's governance principles and corporate values.

Overall, 2025 reflects a year of stability, consolidation, and governance maturity for Health and Safety at Space42, positioning the organization for Group-wide certification under a unified management system in 2026.

GOVERNANCE REPORT

Corporate social responsibility contributions

At the Annual General Meeting of the Shareholders of Space42 PLC on April 16, 2025, it was resolved to allocate towards social contributions for 2025 (Corporate Social Responsibility) an amount not exceeding 0.25% of the Company's average net profits for 2024, to be disbursed during 2025, and to authorize the Board of Directors (with the right to sub-delegate) to determine the beneficiaries at its own discretion.

During 2025, Space42 PLC made social contributions (Corporate Social Responsibility) in a number of key initiatives designed to optimize the impact on target communities. The initiatives included, for example:

- Participation in the UAE Schools and University Roadshow, raising awareness of the UAE space ecosystem, inspiring young people and promoting space careers and STEM engagement, aligned with World Space Week and in cooperation with FADA and the UAE Space Agency.
- Expanding digital inclusion in underserved South African communities by donating YahClick satellite connectivity to schools, libraries, and child welfare institutions. Partnering with local service providers, Space42 delivered connectivity and equipment, enabling online education for more than 8,800 students and community members. Implementation and additional requirements were managed by service partners.
- Strengthening maritime safety in Indonesia by supporting stronger communication resilience for maritime communities and government agencies, in cooperation with PT Mega Sarana Satellite, through a focus group in Surabaya raising awareness of Thuraya RHCP service recovery as part of satellite communication and navigation solutions to enhance maritime safety.

The aggregate amount of expenditure by Space42 in 2025 on Corporate Social Responsibility contributions did not exceed the expenditure amount previously approved by shareholders at the Annual General Meeting on April 16, 2025.

External auditor

The following table shows the services provided by the external auditor during 2025 and the fees charged for these services:

Name of Audit Firm	Deloitte & Touche (M.E.)
Number of Years as Auditor for the Company	4
Fees for the financial year ended December 31, 2025	AED 3,292,285

External assurance

(i) The Company's external auditor

Deloitte & Touche (M.E). Level 11, Al Sila Tower, Abu Dhabi Global Market Square, Al Maryah Island, Abu Dhabi, UAE, was appointed as the Space42 PLC external auditor for the fiscal year 2025.

Deloitte provides audit, tax, and consulting services to a broad range of domestic and international, public and private sector clients in the United Arab Emirates. The 2025 financial year was the fourth consecutive year of Deloitte's appointment as Space42 PLC's external auditor.

Number of years served as Company's external auditor	4 (FY 2022, 2023, 2024 and 2025)
Partner name	Obada AlKowatly
Number of years served as Company's external audit partner	1 (FY 2025)
Total fees for auditing the financial statements of 2025 (including provision of reasonable assurance report on the effectiveness of internal financial controls over financial reporting) out of which AED 2,344,891 was approved in the last AGM while the remaining amount will be submitted for approval in the upcoming AGM	AED 2,631,235
Fees and costs for 2025 in relation to quarterly reviews and XBRL filings	AED 661,050
Statement of the other services performed by an external auditor other than the Company's auditor in 2025 (if any)	Refer below

Deloitte has issued an unqualified audit opinion with respect to Space42 PLC's audited consolidated financial statements for the year 2025. Furthermore, Deloitte issued an unqualified opinion regarding its review of each of Space 42 PLC quarterly and half-year condensed consolidated interim financial statements during 2025.

(ii) Other services performed by an external auditor other than the company's external auditor in 2025

The fees paid/payable for services provided by audit firms other than the Company's external auditor in 2025 amounted to AED 1,993,774. These fees related to assurance and advisory services, including purchase price allocation for the Space42 Group of companies. The audit firms that delivered these services were:

1. SNG Grant Thornton
2. NCS and Associates PSC
3. KPMG
4. Adebayo Adefeegbe & Co
5. PricewaterhouseCoopers (PwC)
6. Ernst & Young
7. BDO Chartered Accountants & Advisors

GOVERNANCE REPORT

Space42 Annual General Meeting 2025

The Annual General Meeting of the shareholders of **Space42 PLC** was held on **April 16, 2025 at 5 p.m.** The agenda comprised the following:

Ordinary resolutions:

1. Approve the Board of Directors' report on the Company's activities and its financial position for the financial year ended December 31, 2024.
2. Approve the report of the Company's external auditor for the financial year ended December 31, 2024.
3. Approve the Company's consolidated and standalone audited financial statements for the financial year ended December 31, 2024.
4. Approve the Board of Directors' recommendation not to distribute dividends to the shareholders for the financial year ended December 31, 2024.
5. Approve the Remuneration Model for the Board of Directors.
6. Approve the payment of AED 1,275,000 to the Board of Directors as remuneration for the period from October 1, 2024 to December 31, 2024.
7. Release the Board of Directors from liability for their activities for the financial year ended December 31, 2024.
8. Approve the auditor's additional fees of AED 1,879,053 for the financial year ended December 31, 2024, bringing the total audit fees for the financial year ended December 31, 2024 to AED 2,480,488.
9. Release the auditors from liability for their activities for the financial year ended on December 31, 2024.
10. Appoint Deloitte & Touche (M.E.) LLP, as the Company's external auditors for 2025 and determine their remuneration at AED 3,005,943 plus any applicable tax according to the laws of the State.

11. Approve the proposal of allocating towards social contributions for 2025 (Corporate Social Responsibility) an amount not exceeding 0.25% of the Company's average net profits of 2024, during 2025, and authorize the Board of Directors (with the right to sub-delegate) to determine the beneficiaries at its own discretion.

Space42 and the Capital Market

Space42 debuted on the ADX on October 1, 2024, following the successful merger of Bayanat AI PLC and AI Yah Satellite Communications Company PJSC. This milestone introduced investors to the UAE's first AI-powered SpaceTech company with global reach, closely aligned with the National Space Strategy 2030 and AI Strategy 2031, further strengthening the UAE's position as a global leader in the space and AI sectors.

Investor engagement and market presence

As the primary interface between Space42 and the investment community, the Investor Relations department ensures clear, consistent, and transparent communication with investors and sell-side analysts. Through proactive engagement, the department keeps stakeholders regularly informed about the Company's strategy, financial performance, and key developments, fostering trust and confidence in Space42's long-term vision.

Since inception, the Investor Relations function has made significant progress in establishing Space42's visibility and credibility within the capital markets. Key achievements include the articulation of the Group's long-term corporate strategy and investment narrative, the successful delivery of two Investor Days, and proactive engagement with the investment community through local and international conferences. In parallel, Space42 appointed QMM, a recognized market maker, to support market liquidity and facilitate more efficient trading in the Company's shares.

Building relationships with the financial community and beyond

Space42 is committed to two-way engagement with institutional and retail investors, analysts, and other financial stakeholders beyond the quarterly earnings cycle. This is achieved through multiple channels, including:

- One-on-one and group meetings, conference calls, and non-deal roadshows
- Participation in regional and global investor conferences
- Quarterly financial results presentations on a pre-announced calendar
- Published investor materials, such as annual reports and investor presentations
- Timely disclosures and market updates throughout the year
- Social media, SMS, and direct emails

Commitment to transparency and best practices

Space42 is dedicated to accurate, fair, and timely disclosure in full compliance with regulatory requirements and industry best practices. Investor materials, including reports, presentations, and announcements, are available on Space42's Investor Relations website, with regulatory disclosures being published first on the ADX website.

Share price performance

Space42's share price declined by 21.5% year-on-year to AED 1.57 as of December 31, 2025. The year represented the first full reporting period following the October 2024 merger and was marked by the strategic transition of one of the business units. In this context, the Group repositioned Smart Solutions (formerly Bayanat), refocusing activities toward programmatic engagements aligned with Space42's core capabilities in Earth Observation, geospatial analytics, and AI. While integral to strengthening the quality and long-term

sustainability of the business, this transition weighed on near-term financial performance and, consequently, on share price momentum during the period. As the Group moves beyond the transition phase, management's focus is increasingly centered on execution, including advancing the four growth pillars, converting strategic initiatives into commercial outcomes, and strengthening financial momentum. The foundations established during 2025 provide greater strategic clarity and position the Company for sustained long-term growth.

General information regarding Space42 shares

As of December 31, 2025, Space42 had 4,761,905,551 issued shares.

Shareholders

The following table shows the shareholders whose ownership exceeds 5% of the Space42 capital as of December 31, 2025:

Name of shareholder	% of Capital
Group 42 Holding Ltd	41.6%
Mamoura Diversified Global Holding PJSC	29.0%
International Tech Group –Sole Proprietorship LLC	8.1%

Investor relations – engagement with shareholders

The Investor Relations Department of Space42 is led by Mr. Bruno Priuli, Vice President of Investor Relations, who brings over 20 years of experience working in corporate finance and investor relations.

Investor Relations Contact:

Email: ir@space42.ai

Telephone: +971 2510 0000

Signature and official stamp:

Chairman of Space42

Signature of Chairman of the Audit, Risk, and Compliance Committee

Signature of Chairperson of the Nomination and Remuneration Committee

Signature of the Vice President, Internal Audit

Date: March 2026

Official Stamp of the Company:



GOVERNANCE REPORT

Cautionary statement regarding forward-looking statements

This Annual Report contains "forward-looking statements" with respect to the Group's financial condition, results of operations, and businesses, and certain of the Group's plans and objectives. In particular, such forward-looking statements include, but are not limited to, statements with respect to: growth projections relating to the industry or segments thereof over specified periods; competitive positioning and growth potential; expectations of the Group's future financial condition, performance, or results of operations (including stated financial guidance); the Group's contracted future revenues; the ability to secure new revenue opportunities (currently identifiable or otherwise); the potential for diversification; the financial ability to pursue future opportunities; the expected date of commencement of commercial operations on new missions; the ability to deliver anticipated new products and services that will meet or exceed expectations and stimulate demand; factors expected to stimulate demand or uptake; future prospects of certain technologies and solutions; price evolution of products and services; and the characteristics of, and ability to deliver against, the Group's progressive dividend policy.

Forward-looking statements are sometimes, but not always, identified by their use of a timeframe or date in the future or such words as "will," "anticipates," "positioned," "set to," "set for," "poised," "expects," "believes," and "intends" (including in their negative form or other variations). By their nature, forward-looking statements are inherently predictive and speculative, and involve risk and uncertainty because they relate to events and depend on circumstances that may or may not occur in the future.

There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements. These factors include, but are not limited to, the following: general economic and political conditions of the jurisdictions in which the Space42 Group operates; changes to legal, regulatory, and tax environments; lower-than-expected rates of industry investment and growth; increased competition; levels of investment and the Group's ability to deploy new technologies, products, and services; the inability of new products and services to perform in accordance with expectations; changes in strategy and the presentation of unanticipated opportunities; the Group's ability to generate and grow revenue; a lower-than-expected impact of new or existing products, services, or technologies on the industry as a whole and the Group's competitive positioning, future revenue, cost structure, and capital expenditure; slower-than-expected customer growth, reduced customer retention, reductions or changes in customer spending, and increased pricing pressure; delay or default in payment from contract counterparties; the Group's ability to secure timely performance or delivery from suppliers; loss of suppliers, disruption of supply chains, and changes in prices of hardware components, network hardware, and satellite communications equipment; failure to meet agreed service levels or targeted delivery or deployment dates due to unforeseen and unanticipated circumstances; the impact of a failure or significant interruption to the Group's satellites, ground networks, or IT systems; the Group's ability to secure, or realize expected benefits from partnerships, joint ventures, or other arrangements with third parties; the extent of any future write-downs or impairment charges; developments in the Group's financial condition, earnings, capital expenditure requirements, and distributable funds and other factors that the Board takes into account in determining the level of dividends; the Group's ability to satisfy working capital requirements; changes in foreign exchange rates; changes in the regulatory framework in which the Space42 Group operates; and the impact of legal or other proceedings against the Space42 Group.

No assurances can be given that the forward-looking statements in this document will be realized. Subject to compliance with applicable law and regulations, Space42 does not intend to update these forward-looking statements and does not undertake any obligation to do so. You are therefore cautioned not to place undue reliance on forward-looking statements.



CONSOLIDATED FINANCIAL STATEMENTS

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Pro forma financial information

31 December 2025 (Unaudited)

BASIS OF PREPARATION

On 1 October 2024, Al Yah Satellite Communications Company PJSC ("Yahsat") merged into Bayanat AI PLC ("Bayanat"), the surviving entity rebranded as Space42 PLC ("Space42"), through a share swap arrangement. The Pro forma consolidated financial information ("Pro forma financial information") illustrates the effects on the statement of financial position and financial performance of this transaction. Further details of the merger are provided in note 1 and note 36 to the consolidated financial statements of Space42 for the year ended 31 December 2025.

The Pro forma financial information consists of the unaudited consolidated statement of financial position of Space42 as at 31 December 2025 and its unaudited consolidated statement of profit or loss and comprehensive income for the year ended 31 December 2025. These statements are prepared as if the transaction had taken place as at 1 January 2023 at the same purchase consideration as at the date of the merger. Further, these statements do not include the financial effects of the Purchase Price Allocation (PPA) exercise and consider the difference between the fair value of the consideration and the book value of net assets acquired as provisional goodwill. Please refer to Note 37 of the consolidated financial statements for the actual results of the PPA and the goodwill that was recognised as part of the merger.

Number of shares issued by Bayanat to Yahsat shareholders (A)	2,190,476,191
Market value of per share of Bayanat as at the date of the transaction (AED) (B)	2.38
Total purchase consideration (AED'000) (AxB)	5,213,333
Total purchase consideration (USD'000) (C)	1,419,560
Less: net assets of Yahsat as at 1 January 2023 (USD'000) (D)	(851,135)
Provisional goodwill as at 1 January 2023 (USD'000) (C-D)	568,425

The purpose of the Pro forma financial information is to show the material effects that the transaction would have had on the historical consolidated statement of financial position and historical consolidated statement of profit or loss and comprehensive income of Space42 and its subsidiaries (together referred to as the "Group") as if the merger had happened on 1 January 2023. The presentation of the Pro forma financial information of the Group is based on certain pro forma assumptions and has been prepared for illustrative purposes only. Because of its nature, it addresses a hypothetical situation and, therefore, does not represent and may not provide a true picture of the financial position of the Group as at 31 December 2025 and 31 December 2024 and its financial performance for the year ended 31 December 2025 and 31 December 2024.

The Pro forma financial information does not take into consideration the effects of expected synergies or costs incurred to achieve these synergies as a result of the transaction. The Pro forma financial information gives no indication of the results and future financial situation of the Group.

The Pro forma financial information has been compiled based on the accounting policies adopted by the Group for the preparation of 31 December 2025 audited consolidated financial statements and in a manner consistent with International Financial Reporting Standards ("IFRS").

The Pro forma financial information will be discontinued from 1 January 2026, as the consolidated financial reports for 2026 and the comparative information for 2025 included in those reports will include full financial effects of the merger, including the effects of PPA and are comparable on a like-for-like basis.

Pro forma consolidated statement of profit or loss

for the year ended 31 December 2025 (Unaudited)

	(Unaudited) 2025 \$ 000	(Unaudited) 2024 \$ 000
Revenue	576,667	629,255
Cost of revenue – goods and services	(172,792)	(168,132)
Staff costs	(122,491)	(120,493)
Other operating expenses	(200,419)	(77,331)
Other income	8,621	53,336
Adjusted EBITDA	89,586	316,635
Depreciation, amortisation and impairment	(161,309)	(155,877)
Fair value losses	(762)	(4,754)
Operating profit (loss)	(72,485)	156,004
Finance income	34,995	34,896
Finance costs	(16,692)	(12,190)
Net finance income	18,303	22,706
Share of results of equity-accounted investments	(2,043)	(3,391)
Profit (loss) before income tax	(56,225)	175,319
Income tax benefit (charge)	791	(16,469)
Profit (loss) for the year	(55,434)	158,850
Loss for the year attributable to non-controlling interests	(2,926)	(7,492)
Profit (loss) for the year attributable to the Shareholders	(52,508)	166,342

Pro forma consolidated statement of comprehensive income for the year ended 31 December 2025 (Unaudited)

	Unaudited 2025 \$ 000	(Unaudited) 2024 \$ 000
Profit (loss) for the year	(55,434)	158,850
Other comprehensive income (loss):		
Items that may be reclassified subsequently to profit or loss:		
Cash flow hedge – effective portion of changes in fair value	(1,336)	9,259
Cash flow hedge – gain reclassified to profit or loss	(10,773)	(18,188)
Foreign operations – currency translation differences	3,377	(7,292)
	(8,732)	(16,221)
Items that may not be reclassified subsequently to profit or loss:		
Remeasurement of defined benefit obligation	(1,980)	(166)
Other comprehensive loss for the year	(10,712)	(16,387)
Total comprehensive income (loss) for the year	(66,146)	142,463
Total comprehensive loss attributable to non-controlling interests	(2,839)	(7,522)
Total comprehensive income (loss) attributable to the Shareholders	(63,307)	149,985

Pro forma consolidated statement of financial position at 31 December 2025 (Unaudited)

	(Unaudited) 2025 \$ 000	(Unaudited) 2024 \$ 000
Assets		
Property, plant and equipment	1,526,298	1,449,455
Right-of-use assets	24,504	18,641
Provisional goodwill/intangible assets relating to business combination (refer basis of preparation)	568,425	568,425
Intangible assets	45,834	16,794
Equity-accounted investments	32,564	34,594
Trade and other receivables	5,374	367
Derivative financial instruments	9,071	15,854
Other financial assets	-	762
Contract costs	2,378	2,378
Deferred income tax assets	5,749	3,863
Total non-current assets	2,220,197	2,111,133
Inventories	18,420	26,123
Trade and other receivables	164,109	177,642
Contract assets	205,505	301,029
Contract costs	2,837	13,156
Derivative financial instruments	4,207	9,882
Income tax assets	72	182
Cash and short-term deposits	995,017	1,162,610
Total current assets	1,390,167	1,690,624
Total assets	3,610,364	3,801,757
Liabilities		
Trade and other payables	365,944	348,289
Contract liabilities	52,767	51,885
Borrowings	88,004	388,746
Lease liabilities	6,255	3,301
Income tax liabilities	191	19,334
Total current liabilities	513,161	811,555
Trade and other payables	393,684	304,483
Contract liabilities	721,682	555,721
Borrowings	171,229	257,913
Lease liabilities	20,233	15,014
Defined benefit obligations	11,125	12,253
Deferred income tax liabilities	2,151	1,575
Total non-current liabilities	1,320,104	1,146,959
Total liabilities	1,833,265	1,958,514
Net assets	1,777,099	1,843,243
Equity		
Share capital	129,664	129,664
Share premium	1,514,253	1,514,253
Hedging reserve	(35,388)	(23,279)
Other reserve	22,807	22,807
Translation reserve	(899)	(4,173)
Remeasurement reserve	(2,441)	(478)
Retained earnings	108,179	168,913
Equity attributable to the Shareholders	1,736,175	1,807,707
Non-controlling interests	40,924	35,536
Total equity	1,777,099	1,843,243

Board of Directors' report

31 December 2025

The Directors have pleasure in presenting their report, together with the audited consolidated financial statements of Space42 PLC (the "Company") and its subsidiaries (collectively referred to as the "Group" or "Space42") for the year ended 31 December 2025.

Principal activities

Space42 is a UAE-based AI-powered SpaceTech group that seamlessly integrates satellite communications, geospatial insights, and artificial intelligence capabilities for customers globally. Space42's business units, Space Services (SPA) and Smart Solutions (SOL), offer a diversified range of use cases.

1) Space Services (SPA): The Space Services business provides robust, secure satellite communication solutions for government and mission-critical applications; reliable mobility and communication solutions; and high-speed data connectivity solutions.

2) Smart Solutions (SOL): The Smart Solutions business provides earth observation, geospatial solutions and industry-specific solutions using Space42's AI-driven multi-intelligence platform, GIQ, which integrates data from space and ground assets to assist with decision-making, enhance situational awareness, and improve operational efficiency.

Results for the year

For the year ended 31 December 2025, the Group reported revenue of \$576,667 thousand (2024: \$331,209 thousand) and loss for the year attributable to the owners of Space42 Plc of \$83,408 thousand (2024: profit of \$62,311 thousand).

Transactions with related parties

Related party transactions are carried out as part of our normal course of business and in compliance with applicable laws and regulations. Related party transactions are disclosed in note 20 of the consolidated financial statements.

Directors

H.E. Mansoor Al Mansoori	Chairman
Dr. Bakheet Al Katheeri	Vice Chairman
H.E. Tareq Abdul Raheem Al Hosani	Member
H.E. Maryam Eid Khamis AlMheiri	Member
Karim Michel Sabbagh	Managing Director
Ismail Ali Abdulla	Member
Kiril Evtimov	Member

So far as the Directors are aware, there is no relevant audit information of which the Group's auditor is unaware and they have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Group's auditor are aware of that information.

Independent Auditors

Deloitte & Touche (M.E.) LLP, were appointed as the external auditors ("auditors") for the financial year 2025, by the shareholders in the General Assembly on 9 April 2025.

On behalf of the Board of Directors

Chairman of the Board
H.E. Mansoor Al Mansoori

Date: 25 February 2026

Independent auditor's report

To the shareholders of Space42 PLC

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of Space42 PLC (the "Company"), and its subsidiaries (together "the Group"), which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss, consolidated statement of other 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 material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the applicable requirements of Abu Dhabi Accountability Authority (ADAA) Chairman Resolution No. 88 of 2021 Regarding Financial Statements Audit Standards for the Subject Entities. 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 the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) as applicable to audit of consolidated financial statements of public interest entities together with the other ethical requirements that are relevant to our audit of the consolidated financial statements of public interest entities in the Abu Dhabi Global Market (ADGM), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent auditor's report

To the shareholders of Space42 PLC

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
<p>Revenue recognition</p> <p>The Group earned revenue of USD 577 million during the year ended 31 December 2025 (2024: USD 331 million). Revenue from contracts with customers is recognized when control over goods and services is transferred to a customer. The Group's contracts with customers include various performance obligations. Revenue from certain contracts is recognized over the period that the related services are rendered whilst revenue from other contracts is recognized at a point in time.</p> <p>The determination of revenue to be recognized requires management to apply significant judgments and make significant estimates. These include:</p> <ul style="list-style-type: none"> in relation to contracts which were only partially fulfilled at the reporting date, determining the percentage of performance obligations completed at this date; in relation to contracts with multiple performance obligations, identifying distinct performance obligations from the contract and allocating standalone transaction prices to each performance obligation; determining if the contract contains a significant financing component in the determination of the transaction price; and identification of the lease and non-lease components in contracts and classification of leases. <p>The nature of these judgements results in them being susceptible to management override and increases the risk of revenue being recognised in an incorrect period. Further, the Group relies on information technology ("IT") systems used in initiating, processing and recording a large volume of transactions in the Group's mobility solutions revenue stream.</p> <p>We considered revenue recognition to be a key audit matter due to the following factors:</p> <ul style="list-style-type: none"> the quantitative significance of the amount to the consolidated financial statements; the level of judgements applied and estimates made by management; the presumption contained within ISAs that revenue is materially misstated due to fraud; and the level of audit effort required. <p>Refer to note 5 for the accounting policy; critical accounting judgements and key sources of estimation uncertainty, and details of the amounts and types of revenue recognized during the year.</p>	<p>We performed the following procedures, inter alia, in relation to revenue recognition:</p> <ul style="list-style-type: none"> We obtained an understanding of the revenue business process flow and performed walkthroughs to understand the key processes and identify key controls; We assessed the abovementioned key controls to determine if they had been designed and implemented appropriately and tested these controls to determine if they were operating effectively throughout the year; We involved our IT specialists to test the general IT environment and key controls in relevant IT systems and supporting tools, including interface controls between different IT systems. We assessed whether the revenue recognition criteria adopted by the Group is appropriate and is in accordance with the Group accounting policies and the requirements of IFRS Accounting Standards; We performed substantive testing of selected samples of revenue transactions recorded during the year by reviewing relevant agreements, invoices, customer acceptance certificates, and determined that transactions were recorded in accordance with the substance of the relevant agreements; For material contracts identified, we have reviewed the contract terms and verified assumptions made in determining the amount of revenue to be recognised, including consideration of discounts, performance penalties and other cost implications of the contract; For material contracts with multiple performance obligations identified, we have reviewed management's assessment of distinct performance obligations in the contract and the allocation of the total contract price to each performance obligation. For long-term contracts with government entities, we assessed management's assumptions used to determine that the contract contains a significant financing component in the determination of the transaction price. We evaluated lease and non-lease elements of selected contracts included in the infrastructure revenue to determine if the classification is in accordance with IFRS Accounting Standards. We performed analytical procedures by comparing the gross margins for the different types of revenue streams to the prior year. If we identified an unexpected margin, we carried out more focused testing on these revenue streams; and We assessed the disclosure in the consolidated financial statements relating to this matter against the requirements of IFRS Accounting Standards.

Key audit matter	How our audit addressed the key audit matter
<p>Allowance for expected credit losses on contract assets arising from smart solutions</p> <p>At 31 December 2025, gross contract assets from smart solutions were USD 284 million against which an allowance for expected credit losses ("ECL") of USD 116 million was recorded. These assets represent 12% of the total current assets presented in the consolidated financial statements.</p> <p>Gross contract assets from smart solutions include balances of USD 198 million, which have been outstanding for more than one year. Further, contract assets include balances of USD 38 million which are outstanding for more than 3 years.</p> <p>The Group assesses at each reporting date whether the contract assets are impaired. Management has applied the simplified approach for the measurement of the allowance for ECL on contract assets which are not impaired. The ECL model involves the use of various assumptions, macro-economic factors and study of historical trends relating to the Group's billing and collections experience.</p> <p>We have considered the recoverability and impairment of contract assets from smart solutions as a key audit matter due to the identification of delays in the billing of contract assets which results in the application of significant auditor judgement regarding the accounting estimates made by management in determining the ECL allowance. In addition, contract assets are a quantitatively significant amount in the consolidated financial statements. Refer to notes 2 and 3 for the accounting policy and critical estimates made and judgements applied for determining the allowance for ECL respectively.</p>	<p>We performed the following procedures, inter alia, in relation to the allowance for ECL:</p> <ul style="list-style-type: none"> We obtained an understanding of the process and identified the relevant controls over the measurement and determination of the allowance for ECL; We assessed the design of these controls and determined if they had been implemented appropriately; We compared the ECL model developed by management against the requirements of IFRS Accounting Standards and reviewed the methodology against accepted best practice; We tested the arithmetical accuracy of the model; For material contract assets balances, including those outstanding for more than one year, we held meetings with project managers and management and evaluated if there is a significant increase in credit risk since initial recognition based on the contracts' status, latest communication with customers and expected billing. We tested key assumptions, such as those used to calculate the likelihood of default and the subsequent loss on default, by comparing to historical data. We also considered the incorporation of forward-looking factors to reflect the impact of future events on expected credit losses; We agreed the results of the output of the ECL model developed by management to the amounts reported in the consolidated financial statements; and We assessed the disclosure in the consolidated financial statements relating to this matter against the requirements of IFRS Accounting Standards.

Independent auditor's report

To the shareholders of Space42 PLC

Other information

Management is responsible for the other information. The other information comprises the Board of Directors' report which we obtained prior to the date of this auditor's report, and the Group's Annual Report, which is expected to be made available to us after that date. The other information does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Group's Annual Report, if we conclude that there is a material misstatement therein, we will be required to communicate the matter to those charged with governance and consider whether a reportable irregularity exists in terms of the auditing standards, which must be reported.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards as issued by the IASB and the applicable provisions of the Articles of Association of the Company and ADGM Companies Regulations 2020 (as amended), Companies Regulations (International Accounting Standards) Rules 2015 and ADGM Financial Services Regulatory Authority Market Rules, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

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 and the applicable requirements of ADAA Chairman's Resolution No. 88 of 2021 Regarding Financial Statements Audit Standards for the Subject Entities will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or taken together, they could reasonably be expected to influence the economic decisions of users taken based on these consolidated financial statements.

As part of an audit in accordance with ISAs and the applicable requirements of ADAA Chairman's Resolution No. 88 of 2021 Regarding Financial Statements Audit Standards for the Subject Entities, we exercise professional judgement and maintain professional scepticism 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 the one resulting from error, as fraud may involve collusion, forgery, intentional omission, 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 expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the Group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the Group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Independent auditor's report

To the shareholders of Space42 PLC

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by the provisions of the ADGM Companies Regulations 2020 (as amended), Companies Regulations (International Accounting Standards) Rules 2015 and ADGM Financial Services Regulatory Authority Market Rules ("Rules and Regulations"), we report that:

- The consolidated financial statements of the Group have been prepared, in all material respects, in accordance with the requirements of the said Rules and Regulations;
- The information given in the Board of Directors' report is consistent with the Group's consolidated financial statements for the year ended 31 December 2025;
- Adequate accounting records have been kept by the Group; and
- The Group's consolidated financial statements are in agreement with the accounting records of the Group.

Further, as required by the ADAA Chairman Resolution No. 88 of 2021 Regarding Financial Statements Audit Standards for the Subject Entities, we report, in connection with our audit of the consolidated financial statements for the year ended 31 December 2025, that nothing has come to our attention that causes us to believe that the Group has not complied, in all material respects, with any of the provisions of the following laws, regulations and circulars as applicable, which would materially affect its activities or the consolidated financial statements as at 31 December 2025:

- (i) its Articles of Association; and
- (ii) relevant provisions of the applicable laws, resolutions and circulars that have an impact on the Subject Entity's consolidated financial statements.

Deloitte & Touche (M.E.) LLP

Obada AlKowatly
Partner

Abu Dhabi
United Arab Emirates

Consolidated statement of profit or loss

for the year ended 31 December 2025

	Notes	2025 \$ 000	2024 \$ 000
Revenue	5	576,667	331,209
Cost of revenue – goods and services	6	(172,792)	(147,047)
Staff costs	7	(122,491)	(59,473)
Other operating expenses ⁽¹⁾	8	(200,419)	(41,581)
Other income	9	8,621	21,353
Adjusted EBITDA⁽²⁾		89,586	104,461
Depreciation, amortisation and impairment	10	(189,798)	(42,221)
Fair value losses	18	(762)	(1,384)
Operating profit (loss)		(100,974)	60,856
Finance income	11	34,995	13,589
Finance costs	11	(21,121)	(3,867)
Net finance income		13,874	9,722
Share of results of equity-accounted investments	17	(2,043)	(1,178)
Profit (loss) before income tax		(89,143)	69,400
Income tax benefit (charge)	12	3,204	(6,592)
Profit (loss) for the year		(85,939)	62,808
Profit (loss) for the year attributable to non-controlling interests	16	(2,531)	497
Profit (loss) for the year attributable to the Owners of Space42 Plc		(83,408)	62,311
Earnings (loss) per share			
Basic and diluted (cents per share)	34	(1.752)	1.998

⁽¹⁾ Other operating expenses include allowance for expected credit losses on trade receivables and contract assets of \$132,137 thousand (2024: \$8,088 thousand) (refer note 21).

⁽²⁾ Adjusted EBITDA is a non-GAAP measure and refers to earnings before interest, tax, depreciation, amortisation, impairment, fair value losses and share of results of equity-accounted investments.

The accompanying notes form an integral part of these consolidated financial statements. The auditor's report is set out on pages 115 to 120.

Consolidated statement of comprehensive income for the year ended 31 December 2025

	Notes	2025 \$ 000	2024 \$ 000
Profit (loss) for the year		(85,939)	62,808
Other comprehensive income (loss), net of tax:			
Items that may be reclassified subsequently to profit or loss:			
Cash flow hedge – effective portion of changes in fair value		3,528	6,846
Cash flow hedge – gain reclassified to profit or loss	11	(10,773)	(3,984)
Foreign operations – currency translation differences		2,560	(2,806)
		(4,685)	56
Items that may not be reclassified subsequently to profit or loss:			
Remeasurement of defined benefit obligations	29	(1,980)	121
Other comprehensive income (loss) for the year		(6,665)	177
Total comprehensive income (loss) for the year		(92,604)	62,985
Total comprehensive income (loss) attributable to non-controlling interests	16	(2,444)	425
Total comprehensive income (loss) attributable to the Owners of Space42 Plc		(90,160)	62,560

The accompanying notes form an integral part of these consolidated financial statements. The auditor's report is set out on pages 115 to 120.

Consolidated statement of financial position at 31 December 2025

	Notes	2025 \$ 000	2024 \$ 000
Assets			
Property, plant and equipment	13	1,499,705	1,422,394
Right-of-use assets	14	24,504	18,642
Intangible assets and goodwill	15	693,187	693,103
Equity-accounted investments	17	25,233	28,080
Trade and other receivables	21	5,374	367
Derivative financial instruments	27	9,071	15,854
Other financial assets	18	–	762
Contract costs	22	2,378	2,378
Deferred income tax assets	12	7,493	5,470
Total non-current assets		2,266,945	2,187,050
Inventories	19	18,420	26,123
Trade and other receivables	21	163,415	177,643
Contract assets	21	205,505	301,028
Contract costs	22	2,837	13,156
Derivative financial instruments	27	4,207	9,882
Income tax assets		72	181
Cash and short-term deposits *	23	995,017	1,162,610
Total current assets		1,389,473	1,690,623
Total assets		3,656,418	3,877,673
Liabilities			
Trade and other payables	24	365,250	348,288
Contract liabilities	25	52,767	51,884
Borrowings	26	88,004	388,746
Lease liabilities	14	6,255	3,301
Income tax liabilities		191	19,334
Total current liabilities		512,467	811,553
Trade and other payables	24	393,684	304,483
Contract liabilities	25	721,682	555,721
Borrowings	26	171,229	257,913
Lease liabilities	14	20,233	15,014
Defined benefit obligations	29	11,125	12,253
Deferred income tax liabilities	12	45,147	47,281
Total non-current liabilities		1,363,100	1,192,665
Total liabilities		1,875,567	2,004,218
Net assets		1,780,851	1,873,455
Equity			
Share capital	30	129,664	129,664
Share premium	30	1,514,253	1,514,253
Hedging reserve	27	(4,383)	2,862
Other reserve	31	13,687	13,687
Translation reserve		(270)	(2,727)
Remeasurement reserve		(1,850)	114
Retained earnings		90,701	182,335
Equity attributable to the Owners of Space42 Plc		1,741,802	1,840,188
Non-controlling interests	16	39,049	33,267
Total equity		1,780,851	1,873,455

* Cash and short term deposits include cash and cash equivalents of \$995,017 thousand (31 December 2024: \$732,545 thousand).

These consolidated financial statements were authorized for issue by the Board of Directors on 25 February 2026 and approved on their behalf by:

H.E. Mansoor Al Mansoori
Chairman of the Board

Karim Michel Sabbagh
Managing Director

Andrew Francis Cole
Chief Financial Officer

The accompanying notes form an integral part of these consolidated financial statements. The auditor's report is set out on pages 115 to 120.

Consolidated statement of changes in equity for the year ended 31 December 2025

	Attributable to the Owners of Space42 Plc					Non-controlling interests \$ 000 (Note 16)	Total equity \$ 000
	Share capital \$ 000 (Note 30)	Share premium \$ 000 (Note 30)	Other reserves ⁽¹⁾ \$ 000	Retained earnings \$ 000	Total \$ 000		
At 1 January 2024	70,018	154,339	11,436	122,275	358,068	-	358,068
Profit for the year	-	-	-	62,311	62,311	497	62,808
Other comprehensive income (loss):							
Cash flow hedge – effective portion of changes in fair value	-	-	6,846	-	6,846	-	6,846
Cash flow hedge – gain reclassified to profit or loss (note 11)	-	-	(3,984)	-	(3,984)	-	(3,984)
Currency translation differences	-	-	(2,727)	-	(2,727)	(79)	(2,806)
Remeasurement of defined benefit obligations (note 29)	-	-	114	-	114	7	121
Other comprehensive income (loss) for the year	-	-	249	-	249	(72)	177
Total comprehensive income for the year	-	-	249	62,311	62,560	425	62,985
Transfer to statutory reserve	-	-	2,251	(2,251)	-	-	-
Issuance of new shares (note 30)	59,646	1,359,914	-	-	1,419,560	-	1,419,560
Non-controlling interests arising on business combination (note 36)	-	-	-	-	-	32,842	32,842
At 31 December 2024	129,664	1,514,253	13,936	182,335	1,840,188	33,267	1,873,455
At 1 January 2025	129,664	1,514,253	13,936	182,335	1,840,188	33,267	1,873,455
Loss for the year	-	-	-	(83,408)	(83,408)	(2,531)	(85,939)
Other comprehensive income (loss), net of tax:							
Cash flow hedge – effective portion of changes in fair value	-	-	3,528	-	3,528	-	3,528
Cash flow hedge – gain reclassified to profit or loss (note 11)	-	-	(10,773)	-	(10,773)	-	(10,773)
Currency translation differences	-	-	2,457	-	2,457	103	2,560
Remeasurement of defined benefit obligations (note 29)	-	-	(1,964)	-	(1,964)	(16)	(1,980)
Other comprehensive income (loss) for the year	-	-	(6,752)	-	(6,752)	87	(6,665)
Total comprehensive loss for the year	-	-	(6,752)	(83,408)	(90,160)	(2,444)	(92,604)
Dilution of interest without a loss of control (note 36)	-	-	-	(8,226)	(8,226)	8,226	-
At 31 December 2025	129,664	1,514,253	7,184	90,701	1,741,802	39,049	1,780,851

⁽¹⁾ Other reserves include hedging reserve, statutory reserve relating to subsidiaries (note 31), translation reserve and actuarial remeasurement reserve.

The accompanying notes form an integral part of these consolidated financial statements. The auditor's report is set out on pages 115 to 120.

Consolidated statement of cash flows for the year ended 31 December 2025

	Notes	2025 \$ 000	2024 \$ 000
Operating activities			
Profit (loss) before income tax		(89,143)	69,400
Adjustments for:			
Share of results of equity-accounted investments	17	2,043	1,178
Depreciation, amortisation and impairment	10	189,798	42,221
Allowance for expected credit losses		132,136	8,088
Allowance for inventories	19	4,149	749
Write-off of contract costs	22	7,132	-
Fair value losses	18	762	1,384
Finance income	11	(34,995)	(13,589)
Finance costs	11	21,121	3,867
Gain on disposal of non-current assets classified as held for sale	9	-	(12,578)
Service cost	29	482	362
Write-off of property, plant and equipment	13	358	-
Loss on termination of a lease		257	-
Gain on disposal of property, plant and equipment	9	(19)	-
Operating profit before working capital changes		234,081	101,082
Working capital changes:			
Trade and other receivables		(18,407)	29,191
Contract assets		(12,080)	(100,082)
Contract costs		3,187	(2,567)
Inventories		3,602	3,770
Trade and other payables		104,058	(233,843)
Contract liabilities		166,844	645,464
Cash generated from operations		481,285	443,015
Payments for defined benefit obligations	29	(4,316)	(795)
Income tax paid		(19,525)	(125)
Net cash from operating activities		457,444	442,095
Investing activities			
Purchases of property, plant and equipment		(252,164)	(113,844)
Purchases of intangible assets		(17,189)	(2,398)
Proceeds on disposal of non current assets classified as held for sale		-	41,294
Proceeds on disposal of property, plant and equipment		119	-
Proceeds of term deposits with original maturities more than three months		605,065	222,500
Term deposits placed with original maturities more than three months		(175,000)	(305,102)
Return of investment in an associate	17	2,925	3,250
Business acquisition, cash acquired	36	-	246,896
Receipt of government grant towards purchase of equipment and software	28	7,410	-
Interest received		38,004	14,599
Net cash from investing activities		209,170	107,195
Financing activities			
Proceeds from term loans	26	-	23,106
Repayment of term loans	26	(389,670)	(39,835)
Payment of lease liabilities	14	(4,164)	(2,178)
Interest paid including derivative settlements		(10,677)	(5,099)
Net cash used in financing activities		(404,511)	(24,006)
Net increase in cash and cash equivalents		262,103	525,284
Net foreign exchange difference		369	(244)
Cash and cash equivalents at 1 January		732,545	207,505
Cash and cash equivalents as at 31 December	23	995,017	732,545

The accompanying notes form an integral part of these consolidated financial statements. The auditor's report is set out on pages 115 to 120.

Notes to the consolidated financial statements

for the year ended 31 December 2025

1 Corporate information

Space42 PLC (the "Company") is registered in Abu Dhabi Global Market (ADGM) under license number 000008474 as a Public Company Limited by Shares. The Company was incorporated on 28 September 2022 (the "inception date"). The registered address of the Company is Al Sarab Tower, ADGM Square, Al Maryah Island, Abu Dhabi, United Arab Emirates. The Company's ordinary shares are listed on the Abu Dhabi Stock Exchange (ADX).

The Group's parent company and controlling party is Group 42 Holding Ltd (the "Parent Company"), a private company registered in Abu Dhabi Global Market and the Ultimate Parent Entity is Fount Trust.

On 1 October 2024, the Company and Al Yah Satellite Communications Company PJSC (Yahsat), a global satellite operator, merged to create Space42, a UAE-based AI-powered SpaceTech company with a global reach, integrating satellite communications, geospatial analytics, and artificial intelligence capabilities. On this date, Yahsat was dissolved and its shares delisted from Abu Dhabi Securities Exchange (ADX). Its assets and liabilities were transferred to the Company in exchange for newly issued shares. Following the merger, the legal name of the Company was changed from Bayanat AI PLC to Space42 PLC (note 30 and 36).

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 is organized into two business units and its principal activities are:

- 1) Space Services (SPA): The Space Services business provides robust, secure satellite communication solutions for government and mission-critical applications; reliable mobility and communication solutions; and high-speed data connectivity solutions.
- 2) Smart Solutions (SOL): The Smart Solutions business provides earth observation, geospatial solutions and industry-specific solutions using Space42's AI-driven multi-intelligence platform, GIQ, which integrates data from space and ground assets to assist with decision-making, enhance situational awareness, and improve operational efficiency.

Details of the Company's subsidiaries and its equity-accounted investees are set out in Notes 16 and 17.

2 Material accounting policy information

2.1 Basis of preparation

Statement of compliance

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB) and comply where appropriate, with the Articles of Association and applicable requirements of Abu Dhabi Global Market ("ADGM") Companies Regulations 2020 (as amended), Companies Regulations (International Accounting Standards) Rules 2015 and ADGM Financial Services Regulatory Authority Market Rules.

Basis of measurement

These consolidated financial statements have been prepared on the historical cost basis, except for derivative financial instruments, and other financial assets, 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 2025. The basis of consolidation is referred in the following notes:

Basis of consolidation	Notes
(i) Subsidiaries	16
(ii) Investments in associates	17
(iii) Transactions eliminated on consolidation	16,17
(iv) Business combinations and changes in ownership interests	36

2.3 Summary of material accounting policy information

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

A) Financial instruments

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

The Group's non-derivative financial assets comprise receivables and cash and short-term deposits.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income (FVOCI), it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. However, the Group may make an irrevocable election at initial recognition to classify its equity instruments which are not held for trading as measured at FVOCI. All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at fair value through profit or loss (FVTPL).

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash

flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at FVOCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The Group's financial assets at amortised cost includes trade receivables, amounts due from related parties and other receivables.

The Group does not have financial assets carried at FVOCI.

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 measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Cash and cash equivalents comprise cash balances and short-term deposits with original maturities of three months or less.

Notes to the consolidated financial statements for the year ended 31 December 2025

2 Material accounting policy information (continued)

2.3 Summary of material accounting policy information (continued)

A) Financial instruments (continued)

(ii) Non-derivative financial liabilities

The Group's non-derivative financial liabilities comprise trade payables, amounts due to related parties, borrowings, other payables and accruals.

Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL or at amortized cost (loans and borrowings or payables), or as derivatives designated as hedging instruments, as appropriate.

Non-derivative 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, and only when, the obligation under the liability is discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

(iii) Offsetting of financial instruments

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.

(iv) Derivative financial instruments including hedge accounting: Refer to Note 27.

B) Revenue from contract with customers Refer Note 5.

C) Leases – the Group as a lessor Refer Note 5.

D) Finance costs and Finance income Refer Note 11.

E) Other income Refer Note 9.

F) Property, plant and equipment Refer Note 13.

G) Leases – the Group as a Lessee Refer Note 14.

H) Intangible assets Refer Note 15.

I) Borrowing costs Refer Note 11.

J) Impairment

Financial assets

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments not carried at FVTPL. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

To assess whether there is a significant increase in credit risk the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information including actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the counter party's ability to meet its obligations.

Financial assets carried at amortised cost

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

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

Non-financial assets and equity accounted investments

The carrying amounts of the Group's non-financial assets and equity accounted investments 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. Goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

In order to estimate recoverable amount, 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 recoverable amount of an asset or CGU 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 assets for which the estimates of future cash flows have not been adjusted.

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 and in case of impairment loss on equity accounted investments, these are included within share of results recognised in profit or loss.

Impairment losses recognised on non-financial assets excluding goodwill and equity accounted investments 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 in prior years.

K) Foreign currency

The Group's share of results and share of movement in other comprehensive income of equity accounted investments are translated into USD at average exchange rates for the year. At the end of each reporting period, translation differences relating to equity accounted investments and monetary assets and liabilities that form part of a net investment in a foreign operation are calculated at the rates prevailing at that date and recognised in the consolidated statement of other comprehensive income. When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

Notes to the consolidated financial statements

for the year ended 31 December 2025

2 Material accounting policy information (continued)

2.3 Summary of material accounting policy information (continued)

L) Employee terminal benefits

Refer Note 7.

M) 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.

N) Income tax

Refer Note 12.

O) Government grants

Refer Note 28.

P) 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.

Q) Fair value measurement

A number of the Group's accounting policies and disclosures require the determination of fair values, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes as explained below. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The levels of fair value hierarchy are defined as follows:

- Level 1: Measurement using quoted prices (unadjusted) from the active market.
- Level 2: Measurement using valuation methods with parameters derived directly or indirectly from observable market data.
- Level 3: Measurement using valuation methods with parameters not based exclusively on observable market data.

2.4 Changes in material 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 2025. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Amendments to IAS 21 – Lack of exchangeability

The amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The amendments did not have a material impact on the Group's consolidated financial statements and its notes.

2.5 Standards issued but not yet effective and not early adopted

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.

New and amended standards issued but not effective and not yet adopted by the Group	Effective date
IFRS 18 Presentation and Disclosure in Financial Statements	1 January 2027
IFRS 19 Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to IAS 21: Translation to a Hyperinflationary Presentation Currency	1 January 2027
Amendments to IFRS 9 and IFRS 7: Contracts Referencing Nature-dependent Electricity	1 January 2026
Annual Improvements to IFRS Accounting Standards – Volume 11	1 January 2026
Amendment to IFRS 9 and IFRS 7: Classification and Measurement of Financial Instruments	1 January 2026
Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures': Sale or contribution of assets between investor and its associate or joint venture	Deferred indefinitely
IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures	1 January 2024, subject to adoption by the local jurisdiction

The Group is currently in the process of assessing the impacts of IFRS 18 on the consolidated financial statements.

There are no other applicable new standards and amendments to published standards or IFRIC interpretations that have been issued that would be expected to have a material impact on the consolidated financial statements of the Group. Except IFRS 18, the above stated new standards and amendments are not expected to have any significant impact on consolidated financial statements of the Group.

Notes to the consolidated financial statements

for the year ended 31 December 2025

3 Significant accounting judgements, 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.

Significant accounting judgements

Judgements relating to revenue from contract with customers

Refer Note 5.

Classification of investments

The Group applies significant judgement with respect to the classification of investments, control (including de-facto control), joint control and significant influence exercised on those investments made by the Group. For assessing control, the Group considers power over the investee, exposure, or rights, to variable returns from its involvement with the investee and the ability to use its power over the investee to affect its returns. In case, where the Group has less than majority of the voting or similar rights in an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including the contractual arrangement with the other vote holders of the investee and de-facto control on listed securities. Management's assessment considers the Group's ability to exercise control in the event of a deadlock situation with other vote holders and in situations where the Group holds convertible instruments, the Group considers potential voting rights.

Based on management's assessment, the classification of the Group's investments do not require any change as of 31 December 2025.

Significant accounting estimates

Impairment of non-financial assets excluding goodwill

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

During the year, the Group undertook a comprehensive reassessment of its cash-generating units (CGUs) in accordance with IAS 36 Impairment of Assets. This reassessment was prompted by changes in the Group's operational and management structure following the merger in the fourth quarter of 2024 (note 36), and the launch and commencement of services of the Group's T4-NGS satellite in 2025.

Following the reassessment, the Group has identified the following CGUs, under both segments:

- Space Services Infrastructure CGU: The previously identified Infrastructure and Managed solutions CGUs have been aggregated into a single CGU, Infrastructure, which provides robust, secure satellite communication solutions for government and mission-critical applications including end-to-end managed solutions.
- Space Services Mobility solutions CGU: The CGU provides reliable communication solutions including industrial and consumer satellite phones, broadband terminals, and IoT solutions for government and commercial clients based on L-band spectrum.

- Space Services Data solutions CGU: The CGU primarily represents the Group's Yahlick business providing broadband satellite solutions in Africa, Middle East and Asia.
- Space Services Equity-accounted investees CGUs: AI Maisan CGU and HPE CGU each operate independently and therefore represent separate CGUs.
- Smart Solutions CGU: This CGU, also an operating segment, provides earth observation, geospatial solutions and industry-specific solutions using Space42's AI-driven multi-intelligence platform, GIQ, which integrates data from space and ground assets to assist with decision-making, enhance situational awareness, and improve operational efficiency.

The reassessment did not result in any impairment losses in the current year. Comparative figures for the prior year have not been restated, as the changes reflect prospective application in line with IAS 8.

The Group has identified indicators of impairment in its Data solutions, Smart Solutions (refer below) and HPE CGUs (refer Impairment of equity-accounted investments).

Data solutions CGU

The recoverable amount of the 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 2025 has been determined using cash flow projections from the budget and business plan approved by the Board of Directors for the years 2026-2030. The cash flow projections extrapolated into perpetuity at a 4.1% growth rate and discounted using a discount rate of 12.2%. The recoverable amount of the CGU exceeded the carrying value by \$16.8 million as of 31 December 2025, indicating the CGU is not impaired. An increase of 0.6% in the discount rate would result in a lower recoverable amount by \$5.3 million.

Smart solutions CGU

The recoverable amount of the 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 2025 has been determined using cash flow projections from the budget and business plan approved by the Board of Directors

for the years 2026-2030. The cash flow projections extrapolated into perpetuity at a 3% growth rate and discounted using a discount rate of 11.7%. The recoverable amount of the CGU exceeded the carrying value by \$378 million as of 31 December 2025, indicating the CGU is not impaired. An increase of 1% in the discount rate would result in a lower recoverable amount by \$59 million.

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 judgements made in assessing the fair value less costs of disposal include expectations of contract renewals, price changes on existing contracts and inflation rates.

During the year, the Group has identified indicators that its HPE CGU may be impaired. The recoverable amount of the 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 2025 has been determined using cash flow projections from the budget for the year 2026 and business plan for the years 2027-2035. The cash flow projections extrapolated into perpetuity at a 3% growth rate and discounted using a discount rate of 13.3%. The recoverable amount of the CGU exceeded the carrying value by \$3.3 million as of 31 December 2025, indicating the CGU is not impaired. An increase of 0.5% in the discount rate would result in a lower recoverable amount by \$1.3 million.

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

Notes to the consolidated financial statements

for the year ended 31 December 2025

3 Significant accounting judgements, estimates and assumptions (continued)

Significant accounting estimates (continued)

Impairment of goodwill

For impairment testing, goodwill acquired as a result of the business combination (note 36) is allocated to the Infrastructure CGU. At the end of the year, the Group performed its annual impairment test of the goodwill which did not indicate any impairment loss to be recognised in these consolidated financial statements. The key assumptions used in the estimation of the recoverable amount are disclosed in note 15.

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 consolidated statement of comprehensive income, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime credit losses (ECL) to be recognised from initial recognition of the receivables. An impairment analysis is performed at each reporting date using loss rates applied against each customer segment and if necessary, at an individual contract level, 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, customer type, age profile and where required, contract specific considerations). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions.

During the year, the Group updated its methodology for measuring the loss allowance for trade receivables and contract assets which was accounted as a change in accounting

estimate applied prospectively in accordance with IAS 8 (refer note 21).

As at 31 December 2025, the Group is carrying an allowance for expected credit losses of \$165,592 thousand (2024: \$33,810 thousand) (refer note 21).

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 satellite health reports including estimates of the fuel life of the satellites, in determining if any adjustments are required to the useful life. Management also considers other factors including inputs from the satellite insurance markets on total insurable life and availability of underwriters for insurance of the satellite payloads.

Management has reviewed the useful lives of major items of property, plant and equipment and intangible assets and determined that current year estimates do not differ from previous estimates.

Fair value of derivative financial instruments

Refer Note 27.

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 4.11% to 6.37% to the lease liabilities.

4 Segment information

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

Material accounting policy information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (CODM) who is the Managing Director. The CODM makes strategic decisions and is responsible for allocating resources and assessing performance of the operating segments.

Information on segments

Consequent to the merger, the Group's operating model was changed organizing the Group into two business units, namely, Space Services or SPA (comprising the businesses acquired from Yahsat as part of the merger) and Smart Solutions or SOL (comprising the business carried out by the Group before the merger). SOL combines all the four segments that were reported separately prior to the merger namely Smart Geospatial Solutions, Smart Mobility Solutions, Smart Operations Solutions and Smart Space Solutions.

Each business unit is headed by a Chief Executive Officer (CEO), who reports to the Managing Director, who is also the Chief Operating Decision Maker (CODM). The CODM assesses the financial performance and financial position of the business units and the Group, in making decisions to allocate resources.

The business units meet the definition of operating segments as per IFRS 8 Operating Segments. The details of the operating segments are as follows:

1) Space Services (SPA): The Space Services business provides robust, secure satellite communication solutions for government and mission-critical applications; reliable mobility and communication solutions; and high-speed data connectivity solutions.

2) Smart Solutions (SOL): The Smart Solutions business provides earth observation, geospatial solutions and industry-specific solutions using Space42's AI-driven multi-intelligence platform, GIQ, which integrates data from space and ground assets to assist with decision-making, enhance situational awareness, and improve operational efficiency.

Segment revenue is measured in a manner consistent with that in the consolidated statement of profit or loss. The performance of the segments are evaluated based on Adjusted EBITDA.

Capital expenditure includes additions during the year to property, plant and equipment, right-of-use assets and intangible assets.

The breakdown of revenue from external customers by nature of business activity is provided in note 5. There were no intersegment revenue in the current year (2024: nil).

Notes to the consolidated financial statements

for the year ended 31 December 2025

4 Segment information (continued)

The segment information for the year ended 31 December 2025 is as follows.

	Space Services \$ 000	Smart Solutions \$ 000	Total \$ 000
Revenue	452,408	124,259	576,667
Cost of revenue – goods and services	(55,545)	(117,247)	(172,792)
Staff costs	(71,260)	(51,231)	(122,491)
Other operating expenses	(56,549)	(143,870)	(200,419)
Other income (loss)	9,422	(801)	8,621
Adjusted EBITDA	278,476	(188,890)	89,586
Depreciation, amortisation and impairment	(166,829)	(22,969)	(189,798)
Fair value losses	(762)	–	(762)
Operating profit (loss)	110,885	(211,859)	(100,974)
Finance income	31,668	3,327	34,995
Finance costs	(20,425)	(696)	(21,121)
Net finance income	11,243	2,631	13,874
Share of results of equity-accounted investments	(2,043)	–	(2,043)
Profit (loss) before income tax	120,085	(209,228)	(89,143)
Income tax benefit (charge)	(15,626)	18,830	3,204
Profit (loss) for the year	104,459	(190,398)	(85,939)
Loss for the year attributable to non-controlling interests	(2,158)	(373)	(2,531)
Profit (loss) for the year attributable to the Owners of Space42 Plc	106,617	(190,025)	(83,408)
Capital expenditure	241,643	70,249	311,892

During the year, the Group recognised impairment loss on property, plant and equipment of \$9,735 thousand relating to Smart Solutions segment (2024: nil) (note 13).

The segment information for the year ended 31 December 2024 is as follows. The information pertaining to Space Services is for the post-acquisition period from 1 October 2024 to 31 December 2024 (refer note 36).

	Space Services \$ 000	Smart Solutions \$ 000	Total \$ 000
Revenue	126,948	204,261	331,209
Cost of revenue – goods and services	(21,967)	(125,080)	(147,047)
Staff costs	(16,493)	(42,980)	(59,473)
Other operating expenses	(20,102)	(21,479)	(41,581)
Other income	16,474	4,879	21,353
Adjusted EBITDA	84,860	19,601	104,461
Depreciation and amortisation	(38,291)	(3,930)	(42,221)
Fair value losses	(1,384)	–	(1,384)
Operating profit	45,185	15,671	60,856
Finance income	6,646	6,943	13,589
Finance costs	(2,988)	(879)	(3,867)
Net finance income	3,658	6,064	9,722
Share of results of equity-accounted investments	(1,178)	–	(1,178)
Profit before income tax	47,665	21,735	69,400
Income tax charge	(4,489)	(2,103)	(6,592)
Profit for the year	43,176	19,632	62,808
Profit for the year attributable to non-controlling interests	497	–	497
Profit for the year attributable to the Owners of Space42 Plc	42,679	19,632	62,311
Capital expenditure	119,830	41,278	161,108

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 20.

	2025 \$ 000	2024 \$ 000
United Arab Emirates	516,682	309,890
Asia	24,061	14,694
Africa	23,534	3,833
Europe	9,432	1,963
North America	2,653	662
Others	305	167
Revenue	576,667	331,209

The Group's non-current assets other than financial instruments and deferred taxes by geography are presented below. The satellites are allocated to the country where the legal owner of the asset is incorporated.

	2025 \$ 000	2024 \$ 000
United Arab Emirates	2,219,822	2,134,979
South America	16,268	17,693
Europe	5,434	7,933
Africa	1,105	1,614
	2,242,629	2,162,219

5 Revenue

Material accounting policy information

The Group is in the business of leasing of satellite communication capacity and providing telecommunication services via satellite to customers. The Group also provides services of development, installation and maintenance of various software and artificial intelligence products for specialised business operations which are long term in nature. 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.

Space Services segment includes revenue from leasing of satellite capacity and related services including end-to-end integrated satellite communication and managed solutions mainly to government customers. The segment also serves commercial customers by providing narrow-band satellite solutions under the trade name 'Thuraya' and broadband satellite solutions in Africa, Middle East and Asia under the brand name 'Yahclick'. Thuraya provides mobile satellite services (airtime revenue – voice, data and messaging services) and sale of related equipment and accessories. Yahclick revenue includes revenue from provision of satellite broadband services to customers and sale of related equipment and accessories.

Lease revenue is recognised in accordance with IFRS 16 (refer to Leases – the Group as a lessor). Service revenue is recognised over the period in which the services are provided. Revenue is typically recognized in profit or loss based on milestones reached, time elapsed or units delivered. No revenue is recognized 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. Revenue from the sale of prepaid cards is recognized on the actual utilisation of the prepaid card and is deferred (included in contract liabilities) until the customer uses the airtime, or the credit expires.

Notes to the consolidated financial statements

for the year ended 31 December 2025

5 Revenue (continued)

Material accounting policy information (continued)

Smart Solutions segment includes revenue from development of software and artificial intelligence services which is recognised as a performance obligation satisfied over time. Revenue is recognised for these services based on the stage of completion of the performance milestones of the contract. Management has assessed that the stage of completion of performance milestones as at the end of the reporting period is an appropriate measure of progress towards complete satisfaction of these performance obligations under IFRS 15 – Revenue from Contracts with Customers. In certain short-term contracts, as the transfer of control of a product or service to a customer is immediate, revenue is recognized as point in time.

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., discount). In determining the transaction price for the sale of goods or rendering of services, 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).

Generally, when the Group receives short-term advances from its customers, the Group uses the practical expedient in IFRS 15 and does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

The Group also receives long-term advances from customers in respect of its long-term contracts which includes the provision of capacity services from satellites which are under construction. When a significant financing component is identified, the transaction price for such contracts is adjusted for time value of money, using the rate that would be reflected in a separate financing transaction between the Group and its customers at contract inception. The interest is accrued during the advance period and the transaction price is increased by a corresponding amount. Such interest is

accounted for within finance costs in the consolidated statement of profit or loss.

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. Payment for services is not due from the customer until the services are complete and therefore a contract asset is recognised over the period in which the services are performed representing the entity's right to consideration for the services performed to date.

Where the amount of consideration received from a customer exceeds the amount of revenue recognised this gives rise to a contract liability. The Group classifies its contract assets and liabilities as current and non-current based on the timing and pattern of flow of economic benefits.

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.

Contract costs

The Group recognises any incremental cost incurred to obtain a contract with customer as an asset (contract cost) where:

- The Group expects to recover such costs from the customer,
- The contract is for a duration of at least 1 year or more, and
- The incremental costs would not have been incurred unless the contract was obtained.

The Group recognises these costs (which includes incentives in relation to obtaining the contract) as an asset because these costs would not have incurred if the contract had not been obtained and are expected to be recovered through the revenue earned from the contract.

The Group also recognises costs to fulfill the contract as asset when the cost are directly related to the contract, generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future and these costs are expected to be recovered.

Contract costs are amortised on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates.

Leases – the Group as a lessor

Where the Group leases satellite capacity to customers over a long-term, satellite capacity lease payments are recorded on a straight-line basis over the term of the contract concerned. Advance lease rentals represent the unearned balances remaining from amounts received from customers.

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. 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.

Revenue	Notes	2025 \$ 000	2024 \$ 000
Revenue includes:			
Revenue from contracts with customers (IFRS 15)		444,391	298,342
Income from operating leases (IFRS 16)		132,276	32,867
		576,667	331,209
Revenue (by nature)			
Services rendered		545,347	312,784
Sale of equipment and accessories		31,320	18,425
		576,667	331,209
Revenue from related parties is disclosed in note 20.			
Disaggregation of revenue by reportable segment:			
	4		
Space Services		452,408	126,948
Smart Solutions		124,259	204,261
		576,667	331,209
Timing of recognition of revenue from contracts with customers:			
Over time		398,962	263,618
At a point in time		45,429	34,724
		444,391	298,342
Revenue by geography is disclosed in note 4.			
Contracted future revenues			
a) Remaining performance obligations from contracts with customers, expected to be recognised as revenue:			
Within one year		369,463	425,657
More than one year		4,095,996	6,334,995
		4,465,459	6,760,652
b) Future minimum lease rental receivables under non-cancellable operating leases, where Group is a lessor			
	33	1,997,372	2,127,066
Total contracted future revenues		6,462,831	8,887,718
Revenue recognised from contract liabilities at the beginning of the year		12,624	31,432

Notes to the consolidated financial statements

for the year ended 31 December 2025

5 Revenue (continued)

Leases – the Group as a lessor (continued)

	Notes	31 December		1 January
		2025 \$ 000	2024 \$ 000	2024 \$ 000
Contract balances:				
Trade receivables, net of loss allowance	21	147,323	140,017	78,796
Contract assets, net of loss allowance	21	205,505	301,028	180,508
Contract liabilities	25	774,449	607,605	35,504

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

Trade receivables are non-interest bearing and generally on terms ranging from 30 to 60 days (2024: 30 to 60 days) except for trade receivables that contain significant financing component which carry different payment terms.

The future minimum lease payments under operating lease arrangements, where the Group is a lessor, are disclosed in Note 33.

Significant accounting judgements and estimates

The Group applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers:

Determining whether contract awards pending detailed agreements meet the definition of contract under IFRS 15

In relation to certain projects, primarily within Smart Solutions, with the UAE Government entities, performance obligations are fulfilled based on contract awards pending detailed agreements. Management considers such contract awards 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.

Determination of transaction price

The Group is required to determine the transaction price in respect of each of its contracts with customers. In making such judgement the Group assesses the impact of any variable consideration in the contract, the existence of any significant financing component, non-cash consideration and consideration payable to the customer (if any).

The Group has two long-term contracts for satellite capacity and managed services with a government entity ranging from 15 to 17 years which include significant financing component.

The Group signed the Al Yah 4 and Al Yah 5 contract with a government entity (AY4/5 Contract) in 2024 for a total contract value of \$5,103.4 million. The managed services include satellite capacity services, operation and maintenance services and supply of customer terminals. The term of the AY4/5 Contract is 17 years starting from 9 November 2026 ("commencement date"). Pursuant to the terms of AY4/5 Contract, the Group is entitled to receive an aggregate amount of \$1 billion as "Advance Payment" in three instalments starting from December 2024. Accordingly, the Group received the first instalment of \$500 million in December 2024 and the second instalment of \$300 million in October 2025 which will be offset against the quarterly payments for satellite capacity and operation and maintenance services in equal instalments over a period of eight years starting from the commencement date. The contract contains both lease and non-lease components. Refer below for "Classification of leases".

The Group has a T4-NGS capacity services agreement with a government entity (T4-NGSA) for a total contract value of \$708.4 million. The term of the T4-NGSA is 15 years from the date of commencement of Operational services of T4-NGS. Pursuant to the terms of T4-NGSA, the Group received an aggregate amount of \$300 million as "Advance Payment" in two instalments, which will be offset against the quarterly payments for satellite services in equal instalments starting from the date of commencement of Operational services. In January 2025, T4-NGS satellite was successfully launched into orbit and commenced commercial operations from 1 July 2025.

Management has determined that both contracts contain significant financing component based on the following factors.

- There is a significant time gap between the receipt of the advance payment and the provision of services; and
- There is a significant difference between the amount of promised consideration and the cash selling price of the promised services.

In making its judgement, the Group's management considered the terms and conditions of these contracts and relevant accounting standard. The discount rate used to calculate the significant financing component ranged from 3.22% p.a to 4.25% p.a. Interest is accrued on the Advance Payments during the term of the contracts and revenue will be recognized over time on a straight line basis from the date of commencement of services.

Determining the timing of satisfaction of performance obligations

The Group recognises revenue over time as it performs continuous transfer of control of goods or services to the customers. Because customers simultaneously receive and consumes the benefits provided and the control transfer takes place over time, revenue is also recognised based on the extent of transfer/completion of transfer of each performance obligation (POs). In determining the method for measuring progress for these POs, the Group considered the nature of these goods and services as well as the nature of its performance.

Management considers recognizing revenue over time, if one of the following criteria is met, otherwise revenue will be recognized at a point in time:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group perform;
- the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- the Group's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

Contract assets

Contract assets represent amounts relating to work performed which is yet to be billed to customers. The contract assets expected to be realised after a period of one year from the reporting date are classified and presented as non-current. Significant judgments are involved in management's assessment of the amounts of revenue and contract assets recognised and the recoverability of these amounts. These judgments are reviewed as events occur and accordingly any changes thereon may have an impact on the amount of revenue and contract assets recognised in these consolidated financial statements.

The Group receives advance payments from customers. Where contracts do not specify how advances will be recovered against satisfaction of performance obligations, the allocation of proceeds against related contract assets (primarily relating to Smart Solutions) is determined based on management's judgment.

Classification of leases

The Group has a Capacity Services Agreement ("CSA") with a government entity, for a period of 15 years. The capacity services include the lease of capacity of satellite transponders on the AY1 and AY2 satellites and provision of services relating to the operation of satellite network. The capacity charges payable under the terms of the CSA include a lease element and a service element which corresponds to the capacity lease and provision of services respectively.

Notes to the consolidated financial statements

for the year ended 31 December 2025

5 Revenue (continued)

Classification of leases (continued)

The Group has also signed the AY4/5 Contract with a government entity for a period of 17 years which commences from November 2026 following the expiry of the CSA which is currently served by AY1 and AY2 satellites. Under this contract, the Group provides lease of capacity through a pool of satellites (AY1, AY2, AY4 and AY5), services relating to the operation of the satellite network, operation and maintenance services for customer equipment, third party capacity and delivery of equipment. The contract specifies a single quarterly payment without any allocation between lease and non-lease components.

The Group has made various judgements in the process of determining – a) whether these arrangements contain a lease, b) whether these are operating leases or finance leases, c) how the quarterly charges should be allocated to the lease element and service element and d) how the quarterly charges relating to the lease element and service element will be accounted.

In making its judgements, the Group's management considered the terms and conditions of these contracts, the requirements of relevant standards and the relevant industry practice. The relevant standards include i) IFRS 16 – Leases and ii) IFRS 15 – Revenue from contracts with customers.

Based on the matters mentioned in the preceding paragraphs the Group management has determined that:

- the arrangements contain a lease, as these convey a right to use the asset and the fulfilment of the arrangement is dependent on the use of a specified asset
- the lease element of the arrangements will be accounted as operating lease as the Group does not transfer substantially risks and rewards incidental to ownership of the assets to the customer
- the consideration is allocated among different performance obligations based on standalone selling prices as well as taking into account existing contracts and services of similar nature (AY4/5 Contract), and
- the service element of the arrangements will be accounted as revenue to be recognized over time.

6 Cost of revenue – goods and services

	2025 \$ 000	2024 \$ 000
Cost of services*	127,585	126,279
Cost of equipment and materials	45,207	20,768
	172,792	147,047

* Cost of services relate to supplies procured by Space Services (managed solutions and mobility solutions businesses) and Smart Solutions (subcontracting costs of various projects).

7 Staff costs

Material accounting policy information

Employee termination 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.

The Group operates unfunded defined benefit plan. Provision for employees' end of service benefits for non-UAE nationals is made in accordance with the Projected Unit Cost method as per IAS 19 Employee Benefits taking into consideration the UAE Labour Laws and ADGM Employment Regulations 2019. The provision is recognised based on the present value of the defined benefit obligations. The calculation of the present value of the defined benefit obligation is performed annually by a qualified actuary using assumptions on the average annual rate of increase in salaries, average period of employment of non-UAE nationals and an appropriate discount rate. The assumptions used are calculated on a consistent basis for each period and reflect management's best estimate. The discount rates are set in line with the best available estimate of market yields currently available at the reporting date with reference to high quality corporate bonds or other basis, if applicable.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, are recognised immediately in other comprehensive income. The Group determines the net interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss. Remeasurements are not reclassified to profit or loss in subsequent periods.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs. When there is a plan amendment, curtailment or settlement occurs during the annual reporting period, the Group determines 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 reflecting the benefits offered under the plan after that event. The Group also determines the net interest for the remainder of the period after the plan amendment, curtailment or settlement using the net defined benefit liability reflecting the benefits offered under the plan after that event, and the discount rate used to remeasure that net defined benefit liability.

The accrual relating to annual leave and leave passage is disclosed as a current liability, while the defined benefit obligation is disclosed as a non-current liability.

Pension contributions, a defined contribution plan, are made in respect of UAE national employees to the UAE General Pension and Social Security Authority in accordance with the UAE Federal Law No. (2), 2000 for Pension and Social Security. Such contributions are charged to the profit or loss during the employees' period of service.

	Note	2025 \$ 000	2024 \$ 000
Employee costs		109,009	48,651
Outsourced staff costs		13,482	10,822
		122,491	59,473
Employee costs include:			
Pension contributions made in respect of UAE national employees in accordance with the UAE Federal Law No.(2), 2000		3,639	1,709
Current and past service costs	29	482	362

The average number of persons employed by the Group during the year ended 31 December 2025 is 541 (2024: 298).

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8 Other operating expenses

	Notes	2025 \$ 000	2024 \$ 000
Allowance for expected credit losses		132,136	8,088
Satellite services operations costs		12,324	2,987
IT support costs		10,870	5,424
Consultancy, legal and advisory expenses		9,075	7,319
Marketing expenses		7,460	5,175
Insurance expenses		6,176	3,753
Facilities and asset maintenance costs		5,586	2,892
Allowance for inventories	19	4,149	749
Business travel expenses		3,187	1,272
Board and committee fees	20	1,389	938
Registration and filing expenses		904	360
Learning and development expenses		867	418
Bank fees and charges		784	518
Currency exchange losses – net		349	(45)
Other expenses		5,163	1,733
		200,419	41,581

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

9 Other income

Material accounting policy information

The Group recognises income from claims for liquidated damages in profit or loss as other income or a reduction to operating costs when a contractual entitlement exists, amounts can be reliably measured and receipt is virtually certain. When such claims do not relate to compensations for loss of income or are not towards incremental operating costs, the amounts are taken to the consolidated statement of financial position and recorded as a reduction in the cost of the related asset.

Insurance proceeds received from loss claims relating to assets insured is recognised in profit or loss as other income when the Group has an unconditional contractual right to receive the compensation.

Rental income from lease of investment property is recognized on a straight-line basis over the term of the lease.

For material accounting policy information on grant income, refer note 28.

	Note	2025 \$ 000	2024 \$ 000
Income from insurance claims*		8,334	3,390
Gain on sale of property, plant and equipment		19	–
Gain on sale of non-current assets classified as held for sale **		–	12,578
Rental income from investment property		–	497
Reversal of liability no longer required		–	1,861
Grant income, net	28	(921)	2,868
Others		1,189	159
		8,621	21,353

* Represents amount receivable, net of claim fees, resulting from the Group's insurance claim against an anomaly relating to Al Yah 3 satellite.

** During the prior year, the Group disposed off non-current assets classified as held for sale comprising an investment property and property, plant and equipment related to a building which was acquired as part of the merger transaction (note 36). The disposal resulted in gain of \$12,578 thousand, net of broker commission of \$1,200 thousand, recognised in the consolidated statement of profit or loss for the year ended 31 December 2024.

10 Depreciation, amortisation and impairment

	Notes	2025 \$ 000	2024 \$ 000
Depreciation of property, plant and equipment	13	141,722	32,754
Depreciation of right-of-use assets	14	4,983	1,090
Amortisation of intangible assets	15	33,358	8,377
Impairment of property, plant and equipment	13	9,735	–
		189,798	42,221

11 Finance costs and Finance income

Material accounting policy information

Finance costs and finance income

The Group's finance costs include interest on borrowings, contract liabilities, lease liabilities, reclassification of net gains/losses previously recognised in OCI on derivative financial instruments and other finance costs. Finance income comprises interest income on funds invested with banks.

Finance cost or finance income is recognised as it accrues in consolidated 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	2025 \$ 000	2024 \$ 000
Finance income			
Interest on deposits with banks – third parties		866	42
Interest on deposits with banks – related parties	20	34,129	13,547
Total finance income		34,995	13,589
Finance costs			
Interest expense on borrowings*		(27,537)	(10,800)
Interest expense on lease liabilities	14	(1,240)	(402)
Interest on contract liabilities	20	(22,054)	(2,802)
Other interest and finance charges		(2,139)	(260)
Net fair value gain on derivative financial instruments transferred from other comprehensive income		10,773	3,984
		(42,197)	(10,280)
Capitalised borrowing costs	13	21,076	6,413
Total finance cost		(21,121)	(3,867)
Net finance income		13,874	9,722

* Includes a charge representing ineffective portion of changes in fair value of cash flow hedge amounting to \$4,430 thousand (2024: Nil).

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12 Income tax

Material accounting policy information

The tax charge / benefit 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 UAE and 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 or loss. Also deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill in a business combination. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted in the jurisdiction of the individual companies by the end of the reporting period and are expected to apply when the related deferred income tax liability is settled or the deferred income tax asset is realised. A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profits will be available, against which the temporary differences can be utilised.

Deferred income tax assets and liabilities offset when:

- a legally enforceable right exists to offset current income tax assets against current income tax liabilities
- the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

UAE Corporate Tax

On 9 December 2022, the UAE Ministry of Finance released Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses ("UAE Corporate Tax Law" or "Law"). The Law became effective on 25 October 2022, and applies to taxable persons for financial years commencing on or after 1 June 2023. The UAE Cabinet of Ministers Decision No. 116/2022, which came into effect in January 2023, confirmed that AED 375,000 is the threshold of income over which the 9% tax rate would apply. Accordingly, the Group's first tax year commenced on 1 January 2024 and the standard corporate tax rate of 9% is applicable.

As required by IAS 12 Income Taxes, the Group assessed deferred tax implications in its consolidated financial statements and recorded deferred tax liabilities arising on taxable temporary differences.

The other income taxes related to the subsidiaries in the Netherlands, Nigeria and South Africa and Japan are not significant and calculated at the rates prevailing in respective jurisdictions.

The major components of income tax for the years ended 31 December 2025 and 2024 are:

	2025 \$ 000	2024 \$ 000
Current income tax	491	10,204
Deferred tax (relating to origination and reversal of temporary differences)	(3,695)	(3,612)
Income tax included in the consolidated statement of profit or loss	(3,204)	6,592
Income tax included in the consolidated statement of other comprehensive income	(434)	–

The total income tax recognised in profit or loss for the year can be reconciled to the profit (loss) for the year as follows:

	2025 \$ 000	2024 \$ 000
Accounting profit (loss) before income tax for the year	(89,143)	69,400
UAE Corporate Income tax at 9% (2024: 9%)	–	6,246
Tax effects of different tax rates of subsidiaries operating in other jurisdictions	295	34
Tax effects of other non-deductible / non-taxable items	(3,695)	121
Changes in estimates related to prior years	196	142
Others	–	49
Income tax charge (benefit) reported in the consolidated statement of profit or loss	(3,204)	6,592

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12 Income tax (continued)

Deferred tax relates to the following:

	Consolidated statement of financial position		Consolidated statement of profit or loss	
	2025 \$ 000	2024 \$ 000	2025 \$ 000	2024 \$ 000
Property, plant and equipment *	(752)	58	810	709
Intangible assets *	(43,001)	(45,607)	(2,606)	(652)
Others	736	70	(203)	(1)
Unutilized tax losses **	5,363	3,668	(1,696)	(3,668)
Net deferred tax (liabilities)/assets	(37,654)	(41,811)	(3,695)	(3,612)
Reflected in the consolidated statement of financial position as follows:				
Deferred tax assets	7,493	5,470		
Deferred tax liabilities	(45,147)	(47,281)		
Net deferred tax (liabilities)/assets	(37,654)	(41,811)		
Reconciliation of deferred tax (liabilities)/assets, net				
			2025 \$ 000	2024 \$ 000
At 1 January			(41,811)	–
Acquisition (note 36)			–	(45,403)
Recognised in profit or loss			3,695	3,612
Recognised in other comprehensive income – cash flow hedges			434	–
Translation differences			28	(20)
At 31 December			(37,654)	(41,811)

* Deferred tax mainly relates to differences in accounting base and tax base arising from fair valuation of identified assets upon merger (note 36) and consolidation adjustments for borrowing costs capitalized on qualifying assets (PPE).

** The Group has unutilised tax losses of \$59,592 thousand that are expected to be utilised in future years against taxable income of the Group. Hence, deferred tax asset has been recognised as at 31 December 2025.

There are no temporary differences associated with investments in the Group's subsidiaries and associates since these investments qualify for participation interest exemption allowed under the UAE Corporate Tax Law pursuant to which substantially all income and expenses related to these investments are exempt except certain scenarios which are not applicable to the Group.

Global Minimum Tax

In an effort to end tax avoidance and to address concerns regarding the erosion of the global corporate tax base, a global framework for corporate taxation has been formed by the OECD/G20 Inclusive Framework and is supported by over 135 jurisdictions. The goal of the framework is to reduce the shifting of profit from one jurisdiction to another, in order to reduce global tax obligations in corporate structures and introduce a minimum 15% tax rate by jurisdiction ("Pillar Two").

On 9 December 2024, the UAE Ministry of Finance announced a 15% Domestic Minimum Top-up Tax (DMTT) for multinational enterprises (MNE) with global revenues of Euro 750 million at the ultimate parent level, aligning with the OECD Pillar Two framework. During the period, the UAE Cabinet resolution no. 142 of 2024 (the "resolution") concerning 'Imposition of UAE Qualified Domestic Minimum Top-up Taxes ("QDMTT") on Multinational Enterprises (MNE)' was issued which is effective from 1 January 2025. The resolution accompanies detailed provisions, rules and procedures on the QDMTT.

Space42 PLC and its subsidiaries are subject to QDMTT since the global revenues of the Company's ultimate parent entity exceed the minimum threshold of EUR 750 million and therefore meet the definition of constituent entities that are a member of an MNE Group, as defined under the resolution. As a result of the Group's assessment of the applicable requirements of the resolution, no QDMTT was recognised in the consolidated profit or loss during the year ended 31 December 2025.

The Group has applied the temporary exception issued by the IASB in May 2023 from the accounting requirements for deferred taxes in IAS 12. Accordingly, the Group neither recognises nor discloses information about deferred tax assets and liabilities related to Pillar Two income taxes.

13 Property, plant and equipment

Material accounting policy information

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition or construction of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. Borrowing costs related to the acquisition or construction of a qualifying asset are capitalised.

The Group capitalises all costs relating to assets as capital work in progress, until the date of completion and commissioning of these assets including satellite performance incentives. 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.

The capital work in progress relating to satellite systems may include an element of deferred consideration to satellite manufacturers referred to as satellite incentive program. The Group is contractually obligated to make these payments over the lives of the satellites, provided the satellites continue to operate in accordance with contractual specifications. Therefore, the Group accounts for these payments as deferred financing, capitalising the present value of the payments as part of the cost of the satellites and recording a corresponding liability to the satellite manufacturers. An interest expense is recognised on the deferred financing and the liability is accreted based on the passage of time and reduced as the payments are made. Once the asset satellite enters operational service, the costs are transferred to assets in use and depreciation commences.

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.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. 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 both the current and comparative periods are as follows:

Asset category	Years
Buildings	15-40
Satellite systems	5-18
Plant and machinery	10-20
Equipment, vehicles and fixtures	
Furniture and fixtures	3-4
Land and building improvements	3-10
Office equipment and vehicles	3-5
Computers and software	3

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for the year ended 31 December 2025

13 Property, plant and equipment (continued)

	Land and building \$ 000	Satellite systems \$ 000	Plant and machinery \$ 000	Equipment, vehicles and fixtures \$ 000	Capital work in progress \$ 000	Total \$ 000
Cost						
At 1 January 2024	–	–	–	50,210	26,505	76,715
Acquisition (note 36)	64,948	3,023,317	18,292	42,362	753,569	3,902,488
Additions	–	6	–	657	145,766	146,429
Transfers	–	138	639	409	(1,186)	–
Transfer to inventories	–	–	–	–	(37)	(37)
Disposals	–	–	–	(2)	–	(2)
Exchange differences	–	–	–	(356)	(35)	(391)
At 31 December 2024	64,948	3,023,461	18,931	93,280	924,582	4,125,202
Depreciation and impairment						
At 1 January 2024	–	–	–	16,654	–	16,654
Acquisition (note 36)	33,970	2,560,041	12,206	38,130	–	2,644,347
Charge for the year	303	28,521	413	3,517	–	32,754
Capitalised to contract costs	–	–	–	9,327	–	9,327
Disposals	–	–	–	(2)	–	(2)
Exchange differences	–	–	–	(272)	–	(272)
At 31 December 2024	34,273	2,588,562	12,619	67,354	–	2,702,808
Net book value	30,675	434,899	6,312	25,926	924,582	1,422,394
Cost						
At 1 January 2025	64,948	3,023,461	18,931	93,280	924,582	4,125,202
Additions	3,844	64	1,428	1,336	257,118	263,790
Transfers	–	487,755	1,461	1,840	(491,056)	–
Transfer to inventories	–	–	–	–	(48)	(48)
Transfer to intangible assets, net (note 14)	–	–	–	–	(30,023)	(30,023)
Grants related to assets (note 28)	–	–	–	–	(4,612)	(4,612)
Disposals	–	–	–	(1,199)	–	(1,199)
Write-offs	–	–	–	–	(358)	(358)
Exchange differences	–	–	–	491	43	534
At 31 December 2025	68,792	3,511,280	21,820	95,748	655,646	4,353,286
Depreciation and impairment						
At 1 January 2025	34,273	2,588,562	12,619	67,354	–	2,702,808
Charge for the year	3,516	123,830	1,779	12,597	–	141,722
Impairment loss*	–	–	–	9,735	–	9,735
Disposals	–	–	–	(1,098)	–	(1,098)
Exchange differences	–	–	–	414	–	414
At 31 December 2024	37,789	2,712,392	14,398	89,002	–	2,853,581
Net book value	31,003	798,888	7,422	6,746	655,646	1,499,705

Capital work in progress as of the end of the reporting period mainly relates to satellite systems under construction comprising of the AY4/5 satellites program, the Thuraya 4 satellite (T4-NGS) program, and development of low earth orbit (LEO) and high-altitude platform systems (HAPS) amounting to \$628.7 million (2024: \$892.3 million). Additions during the year mainly relate to satellites systems amounting to \$229.5 million (2024: \$119.9 million). During the year, T4-NGS satellite was successfully launched into orbit and commenced commercial operations on 1 July 2025. The Group also successfully deployed three LEO satellites, which remain under in-orbit testing and commissioning at the reporting date.

* During the year, the Group recognised impairment loss on property, plant and equipment of \$9,735 thousand relating to Smart Solutions segment (2024: nil) (note 4).

Equipment, vehicles and fixtures include office equipment, computers, vehicles, furniture and fixtures and leasehold improvements.

Borrowing costs capitalised during the year amounted to \$21,076 thousand at a capitalisation rate of 3% p.a. (2024: \$6,413 thousand at a capitalization rate of 3% p.a.) (refer note 11).

14 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.

Material accounting policy information

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:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Group under residual value guarantees
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- 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:

- 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
- 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
- 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. The Group did not make any such adjustments during the periods presented.

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:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- 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 or lease of low value assets 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.

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14 Leases – Group as a Lessee (continued)

Material accounting policy information (continued)

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. If the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, a lessee shall recognise any remaining amount of the remeasurement in profit or loss. 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.

A) Right-of-use assets

Carrying amounts and movements during the year	Satellite capacity \$ 000	Buildings \$ 000	Naming rights \$ 000	Total \$ 000
At 1 January 2024	–	663	–	663
Acquisition (note 36)	2,154	4,633	–	6,787
Additions	3,045	1,930	7,307	12,282
Depreciation expense	(144)	(581)	(365)	(1,090)
At 31 December 2024	5,055	6,645	6,942	18,642
At 1 January 2025	5,055	6,645	6,942	18,642
Additions	12,479	735	–	13,214
Termination	–	(2,369)	–	(2,369)
Depreciation expense	(2,446)	(1,805)	(732)	(4,983)
At 31 December 2025	15,088	3,206	6,210	24,504

Naming rights' represents the Group's right to display its name on a building for advertising and promotion purposes.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy. Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has not used this practical expedient. For a contract that contain a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The estimated useful lives of right-of-use assets are as follows:

Asset category	Years
Right-of-use assets – buildings	2-10
Right-of-use assets – satellite capacity	2-5
Right-of-use assets – naming rights	10

B) Lease liabilities

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

Note	2025 \$ 000	2024 \$ 000
Lease liabilities		
At 1 January	18,315	605
Acquisition (note 36)	–	7,149
Additions	13,214	12,282
Accretion of interest	1,240	402
Payments	(4,164)	(2,178)
Termination	(2,112)	–
Exchange differences	(5)	55
At 31 December	26,488	18,315
of which current	6,255	3,301
of which non-current	20,233	15,014
Amounts recognized in consolidated profit or loss in relation to leases		
Depreciation expense of right-of-use assets	4,983	1,090
Interest expense on lease liabilities	1,240	402
Expense relating to of short-term leases and low-value assets (included in other operating expenses)	682	95
Total	6,905	1,587
Cash flow information		
Total cash outflows for leases	4,846	1,224

The Group has lease agreements for office premises, warehouse, premises to host its satellite gateway equipment, satellite capacity assets and naming rights. Rental contracts are typically made for fixed periods of 2 years to 10 years, but may have extension options (2024: 2 to 10 years).

During the current year, the Group entered into lease agreements mainly for satellite capacity lease for 5 years. During the prior year, the Group entered into lease arrangements for satellite capacity leases, office spaces and naming rights for a period ranging from 2 years to 10 years. All additions are non-cash.

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 a lease contract that includes extension and termination options. The options are negotiated by management to provide flexibility in managing the Group's business needs. Management has considered extension option in determining the lease term since Management believes that the extension option is reasonably certain to be exercised.

The maturity analysis of lease liabilities is disclosed in Note 35.

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15 Intangible assets and goodwill

Material accounting policy information

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 consolidated 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 accumulated impairment losses, if any.

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 or loss as incurred.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from its use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised. 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 recognised in profit or loss.

Refer note 36 Business combinations, for accounting policy on goodwill.

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

Asset category	Years
Development costs (user terminal development)	3-5
Customer contracts and relationships	15-19
Software and licenses	
Software (including operation and billing support systems)	2-10
Licenses	10

	Goodwill \$ 000	Development costs \$ 000	Customer contracts and relationships \$ 000	Software and licenses \$ 000	Total \$ 000
Cost					
At 1 January 2024	–	–	–	3,166	3,166
Acquisition (note 36)	173,310	75,685	513,986	26,438	789,419
Additions	–	1,625	–	773	2,398
Exchange differences	–	–	–	9	9
At 31 December 2024	173,310	77,310	513,986	30,386	794,992
Amortisation					
At 1 January 2024	–	–	–	2,708	2,708
Acquisition (note 36)	–	73,348	–	17,449	90,797
Charge for the year	–	211	7,243	923	8,377
Exchange differences	–	–	–	7	7
At 31 December 2024	–	73,559	7,243	21,087	101,889
Net book value at 31 December 2024	173,310	3,751	506,743	9,299	693,103
Cost					
At 1 January 2025	173,310	77,310	513,986	30,386	794,992
Additions	–	1,888	–	4,329	6,217
Transfer from (to) property, plant and equipment, net (note 13)	–	30,299	–	(276)	30,023
Grants related to assets (note 28)	–	–	–	(2,798)	(2,798)
Transfers	–	394	–	(394)	–
Exchange differences	–	–	–	9	9
At 31 December 2025	173,310	109,891	513,986	31,256	828,443
Amortisation					
At 1 January 2025	–	73,559	7,243	21,087	101,889
Charge for the year	–	2,438	28,956	1,964	33,358
Transfers	–	(18)	–	18	–
Exchange differences	–	–	–	9	9
At 31 December 2025	–	75,979	36,199	23,078	135,256
Net book value at 31 December 2025	173,310	33,912	477,787	8,178	693,187

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for the year ended 31 December 2025

15 Intangible assets and goodwill (continued)

Material accounting policy information (continued)

Acquisition during the prior year

The customer contracts and relationships were acquired and recognised as part of the merger (see note 36 for details). The customer contracts include the long-term satellite capacity contracts with the UAE Government while the customer relationships represent the Group's long-term relationships with customers relating to Space Services.

The Group recognised goodwill of \$173,310 thousand arising on a business combination during the prior year. The goodwill represents the future economic benefits expected to arise from synergies of the combined operations, the value of the assembled workforce, and the going concern value of the acquired business as a whole (see note 36 for details).

In the prior year, for impairment-testing purposes, the Group allocated goodwill to the Infrastructure and Managed Solutions CGUs, being the CGUs expected to benefit from the synergies of the related business combination.

During the current year, Management reassessed the composition of the Group's CGUs following the merger and the launch of T4-NGS. As a result of this reassessment, the Infrastructure and Managed Solutions CGUs which mainly included Government Ka and C Band solutions have been aggregated into a single CGU namely, Infrastructure (refer note 3 'Impairment of non-financial assets').

For impairment testing as at 31 December 2025, goodwill has been allocated to the Infrastructure CGU.

Goodwill impairment assessment

The recoverable amount of the Infrastructure 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 Group has significant in-house expertise and experience in performing impairment testing internally, having applied a consistent DCF methodology for annual impairment assessments over many years. The recoverable amount as at 31 December 2025 has been determined using cash flow projections from the budget and business plan approved by the Board of Directors for the years 2026-2030. The cash flow projections extrapolated into perpetuity at growth rates ranging from 1%-2% and discounted using estimated discount rates ranging from 8.2%-9.4% as per the varying risks underlying cash flow streams. The discount rates and terminal growth rates consider updated market conditions, including shifts in risk-free rates, equity risk premiums, and industry beta reflecting evolving capital market dynamics. No other material deviations from historical patterns or previous experience were made in setting assumptions. The impairment test at 31 December 2025 determined that the recoverable amount of the Infrastructure CGU far exceeds its carrying value and no impairment was required.

Sensitivity analysis

Sensitivities to the key assumptions such as discount rate and perpetual growth rate were also tested for the above CGU and the Group has determined that no reasonably possible changes would give rise to impairment at 31 December 2025.

16 Group information

A) Subsidiaries

Material accounting policy information

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 % 2025	Equity % 2024
BAYANAT GIQ – P.S.C – O.P.C (formerly Bayanat GIQ PJSC)	Geospatial analytics, BPO and smart mobility solutions utilizing artificial intelligence.	UAE	100%	100%
Space 42 Space Satellite Systems L.L.C – S.P.C*	Managing and operating satellites and providing satellite services	UAE	100%	-
Mira Aerospace Ltd (note 36)	Unmanned aerial vehicle (drone) services and research and experimental development on natural sciences and engineering	UAE	53%	100%
Bayanat Investments Ltd**	Proprietary investment	UAE	100%	100%
Mira Aerospace Manufacturing – Sole Proprietorship L.L.C. (Mira)	Airplanes manufacturing and aircrafts parts and accessories manufacturing	UAE	100%	100%
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%
Yahsat Treasury Sole Proprietorship LLC	Group corporate treasury	UAE	100%	100%
Thuraya (Mobility solutions business)				
Thuraya Telecommunications Company PJSC (Thuraya)	Mobile telecommunication services via Satellite	UAE	89.83%	89.83%
Thuraya Telecommunications Japan Co. Ltd.	Mobile telecommunication services via Satellite	Japan	89.83%	89.83%

Notes to the consolidated financial statements

for the year ended 31 December 2025

16 Group information (continued)

A) Subsidiaries (continued)

Transactions eliminated on consolidation (continued)

Name	Principal activities	Country	Equity % 2025	Equity % 2024
BCS (Data solutions business)				
Broadband Connectivity Solutions (Restricted) Limited (BCS Holdco)	Holding company	UAE	80%	80%
BCS Investments LLC (BCS Opco)	Telecommunication services via satellite	UAE	80%	80%
Star Network Marketing Services Company (Proprietary) Limited (SNMS)	Marketing support office	South Africa	80%	80%
Al Najm Communications Company LLC (Al Najm)	Telecommunication services via satellite	UAE	80%	80%
Yala B.V. (Yala)	Telecommunication services via satellite	Netherlands	80%	80%
Broadband Connectivity Solutions Limited (BCS Nigeria)	Telecommunication services via satellite	Nigeria	80%	80%
YahClick – Prestação de Serviços, (SU), LDA (BCS Angola) **	Telecommunication services via satellite	Angola	80%	80%

* During the year, the Group incorporated a new subsidiary to undertake activities relating to acquisition, manufacturing, operation and maintenance of satellites and related activities.

** These subsidiaries are dormant and had no operations in the current year and prior year.

B) Material partly-owned subsidiaries

Below is the breakup of non-controlling interests recognised in the consolidated statement of profit or loss and consolidated statement of comprehensive income:

	Consolidated statement of profit or loss		Consolidated statement of comprehensive income	
	2025 \$ 000	2024 \$ 000	2025 \$ 000	2024 \$ 000
Thuraya	(638)	1,096	(683)	1,098
BCS	(1,520)	(599)	(1,401)	(673)
Mira	(373)	–	(360)	–
	(2,531)	497	(2,444)	425

Below is the breakup of non-controlling interests recognised in the consolidated statement of financial position:

	Consolidated statement of financial position	
	2025 \$ 000	2024 \$ 000
Thuraya	14,394	15,078
BCS	16,789	18,189
Mira	7,866	–
	39,049	33,267

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

	2025		2024	
	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	14,394	16,789	15,078	18,189
Profit (loss) attributable to non-controlling interests	(638)	(1,520)	1,096	(599)

Notes to the consolidated financial statements

for the year ended 31 December 2025

16 Group information (continued)

B) Material partly-owned subsidiaries (continued)

The summarised financial information of these subsidiaries is provided below. This information is based on amounts before inter-company eliminations. The summarised statement of comprehensive income and cash flows for the comparative period relates to the acquired subsidiaries, Thuraya and BCS, for the post-acquisition period.

Summarised statement of comprehensive income:	2025		2024	
	Thuraya \$ 000	BCS \$ 000	Thuraya \$ 000	BCS \$ 000
Revenue	65,407	16,043	27,910	5,445
Adjusted EBITDA	7,280	1,402	14,067	1,785
Depreciation, amortisation and impairment	(14,762)	(9,453)	(2,955)	(4,564)
Operating profit (loss)	(7,482)	(8,051)	11,112	(2,779)
Finance income, net	546	882	119	206
Income tax (charge) benefit	659	(424)	(451)	(423)
Profit (loss) for the year	(6,277)	(7,593)	10,780	(2,996)
Other comprehensive income (loss)	(438)	588	20	(370)
Total comprehensive income (loss)	(6,715)	(7,005)	10,800	(3,366)
Attributable to:				
Owners of Space42 Plc	(6,032)	(5,604)	9,702	(2,693)
Non-controlling interests	(683)	(1,401)	1,098	(673)

Summarised statement of financial position:	2025		2024	
	Thuraya \$ 000	BCS \$ 000	Thuraya \$ 000	BCS \$ 000
Current assets (Inventories, receivables and cash balances)	97,406	42,350	106,165	44,540
Non-current assets (Property, plant and equipment and other assets)	85,379	48,841	82,183	57,945
Current liabilities (Trade and other payables, deferred revenue and borrowings)	(25,117)	(6,651)	(32,969)	(10,845)
Non-current liabilities (Borrowings and other liabilities)	(16,130)	(595)	(7,115)	(694)
Net assets / Total equity	141,538	83,945	148,264	90,946
Attributable to:				
Owners of Space42 Plc	127,144	67,156	133,186	72,757
Non-controlling interests	14,394	16,789	15,078	18,189

Summarised cash flow information:	2025		2024	
	Thuraya \$ 000	BCS \$ 000	Thuraya \$ 000	BCS \$ 000
Operating	(9,371)	3,529	(3,144)	1,130
Investing	(9,567)	645	36,982	7,254
Financing	(1,383)	-	(29)	(854)
Net (decrease) increase in cash and cash equivalents	(20,321)	4,174	33,809	7,530

17 Equity-accounted investments

Material 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 associates, 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 incurred legal or constructive obligations 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 36 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 % 2025	Equity % 2024
Sindan-Additive Manufacturing Center of Excellence L.L.C *	Engineering, design and consultancy using 3D printing technology	UAE	-	25%
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%

* The Group had 25% ownership in Sindan-Additive Manufacturing Center of Excellence ("Sindan" or the "Associate") which was incorporated on 15 June 2023 as a Limited Liability Company in Abu Dhabi, UAE. The shares were allocated to the Group in consideration for the contribution of the necessary know-how to Sindan. During the prior year, the shareholders of Sindan approved to transfer their ownership in Sindan to another party for nil consideration. As at 31 December 2024, the legal formalities for the transfer of shares were in progress and were completed on 23 January 2025.

** Although the Group 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 the Group has the power to participate in the financial and operating policy decisions of Al Maisan due to its representation on the board, it accounts for its investment as an associate.

Movement in the investments in associates:	2025 \$ 000	2024 \$ 000
At 1 January	28,080	-
Acquisition (note 36)	-	34,893
Return of investment from Al Maisan	(2,925)	(3,250)
Share of results for the year	(2,043)	(1,178)
Exchange differences	2,121	(2,385)
At 31 December	25,233	28,080

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17 Equity-accounted investments (continued)

Material accounting policies (continued)

The summarised statement of comprehensive income for the comparative period is for the post-acquisition period.

	2025		2024	
	HPE \$ 000	AI Maisan \$ 000	HPE \$ 000	AI Maisan \$ 000
Aggregate financial information of associates:				
Proportion of equity interests held by the Group	20%	65%	20%	65%
Summarised statement of comprehensive income (100%)				
Revenue	90,460	9,833	28,643	2,795
Profit (loss) for the year	(13,394)	2,293	(2,590)	(1,015)
Other comprehensive income	–	–	–	–
Total comprehensive loss income (loss) for the year	(13,394)	2,293	(2,590)	(1,015)
Group's share of total comprehensive income (loss)	(2,679)	1,490	(518)	(660)
Summarised statement of financial position (100%)				
Current assets	55,931	5,370	47,466	4,196
Non-current assets	58,073	11,683	63,336	14,005
Current liabilities	(25,997)	(1,964)	(18,598)	(1,408)
Non-current liabilities	(7,862)	(1,296)	(4,934)	(813)
Net assets 100%	80,145	13,793	87,270	15,980
Group's share in net assets	16,029	8,965	17,454	10,387
Other costs relating to the investment	239	–	239	–
Carrying amount of the investments	16,268	8,965	17,693	10,387

18 Other financial assets

	2025 \$ 000	2024 \$ 000
Movement in the other financial assets:		
At 1 January	762	–
Acquisition (note 36)	–	2,146
Fair value losses	(762)	(1,384)
At 31 December	–	762

i) The Group held an investment in convertible preference shares ("preferred stock") of a start-up venture which aims to provide direct-to-satellite, ultra-low power, two-way, and low-latency narrowband connectivity solutions for IoT devices anywhere on earth. The preferred stock (Series-A) were non-cumulative, carried an option to convert into common stock and certain preferential rights upon dissolution. As the preferred stock did not carry any residual interest, the Group accounted for the investment at fair value through profit or loss.

During the prior year, the Group's preference shares were exchanged for a promissory note with substantially different terms which led to derecognition of preference shares and recognition of a promissory note at fair value. The difference between the fair value of the preference shares and the fair value of the promissory note amounting to \$1,384 thousand was recognised in the consolidated profit or loss for the year ended 31 December 2024. The promissory note is subsequently measured at amortized cost. The principal amount of the promissory note is \$4 million which carries simple interest of 3.7% per annum and is repayable in October 2033. During the year, the fair value of the remaining carrying amount of the promissory note amounting to \$762 thousand was reduced to nil due to the low probability of recovery.

ii) The Group has a Convertible Loan Agreement ("CLA") with a customer for a total Convertible Loan ("Loan") amount of \$17,500 thousand. The Loan has a maturity date of 31 December 2026 and carries an option to convert into equity. As at 31 December 2025, the fair value of the CLA is nil as the customer has filed for bankruptcy and the probability of recovery is considered remote.

19 Inventories

Material accounting policy information

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.

	2025 \$ 000	2024 \$ 000
Inventories		
Equipment and accessories – satellite services	28,557	31,993
Ground operations spares	1,488	1,606
	30,045	33,599
Loss allowance	(11,625)	(7,476)
	18,420	26,123

Movement in loss allowance for inventories:

	2025 \$ 000	2024 \$ 000
At 1 January	7,476	–
Acquisition (note 36)	–	6,727
Charge during the year (note 8)	4,149	749
At 31 December	11,625	7,476

During the year, \$25,486 thousand (2024: \$14,226 thousand) of inventories were recognised as cost of equipment and accessories sold.

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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. The Group has assessed that the Government of Abu Dhabi and its entities meet the definition of related party and hence has disclosed them under 'Government entities'.

The Group maintains significant balances with these related parties, which arise from commercial transactions.

a) Related party transactions:

Transaction with key management personnel	Notes	2025 \$ 000	2024 \$ 000
Key management personnel compensation:			
Short term employment benefits *		9,225	9,253
Post-employment benefits		330	239

* Includes Board of directors and committee fees charged to consolidated profit or loss during the year amounting to \$1,389 thousand (2024: \$938 thousand) (note 8).

	Notes	2025 \$ 000	2024 \$ 000
Revenue			
Government entities		434,311	282,510
Entities under common control		370	3,162
Associate		1,122	369
Total		435,803	286,041
Purchase of services and materials			
Government entities		428	109
Entities under common control		29,640	50,880
Associate		1,663	416
Total		31,731	51,405
Interest income on short term deposits – with banks			
Other related parties	11	34,129	13,547
Interest on term loans from banks, net of hedges			
Other related parties		(8,489)	(3,072)
Interest on contract liabilities			
Government entities	11	22,054	2,802
Outsourced expenses, office lease rent, systems support			
Parent Company		–	3,555
Entities under common control		7,528	4,834
Other related parties		147	167
		7,675	8,556
Grants			
Grants related to assets	28	7,410	–
Grants related to income, net	28	(921)	2,868

* Revenue includes \$343.4 million from one customer (2024: \$261 million from four customers). There are no revenues from an individual customer, except as disclosed above, that represent 10 percent or more of the Group's total revenue.

b) Related party balances

	Notes	2025 \$ 000	2024 \$ 000
Trade and other receivables due from related parties			
Government entities		106,407	84,699
Entities under common control		501	539
Parent Company		1,174	2,868
Other related parties		710	3,609
Associate		446	176
	21	109,238	91,891
Less: expected credit loss allowance		(18,247)	(1,960)
		90,991	89,931
Contract assets due from related parties			
Government entities		293,455	246,644
Entities under common control		20,030	55,950
Other related parties		165	–
Associate		–	167
		313,650	302,761
Less: expected credit loss allowance		(115,936)	(8,341)
	21	197,714	294,420
Wakala and other short-term deposits with related party banks			
Other related parties	23	592,798	676,361
Current account balances with related party banks			
Other related parties	23	310,357	468,954
Trade and other payables due to related parties			
Government entities		449,357	381,441
Entities under common control		64,747	36,817
Other related parties		610	197
Associate		277	3
Total	24	514,991	418,458
Contract liabilities due to related parties			
Government entities		754,901	584,304
Entities under common control		131	29
Associate		209	202
Total	25	755,241	584,535

Notes to the consolidated financial statements

for the year ended 31 December 2025

20 Related party transactions and balances (continued)

Identity of related parties (continued)

(i) Transactions with a government entity

a) The Group provides capacity services pursuant to the Capacity Services Agreements ("CSAs") with a government entity. 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.

The Group has entered into long-term satellite capacity and managed services agreements with a government entity. These contracts include upfront Advance Payments which will be offset against quarterly payments. Management has determined that these contracts contain a significant financing component (see note 5).

	Note	2025 \$ 000	2024 \$ 000
Future revenue from capacity charges pertaining to lease element			
Year 1		118,700	128,184
Year 2		62,146	118,700
Year 3		66,275	62,146
Year 4		94,862	66,275
Year 5		119,320	94,862
More than 5 years		1,533,917	1,653,237
At 31 December	33	1,995,220	2,123,404

b) The Group has entered into various contracts with the government entity for the provision of end-to-end integrated satellite communication and managed services which include operation, maintenance, system capability management and technology refresh services. Revenue from such contracts are reported as revenue from government entities. The balance due from the government entity at the reporting date, includes amounts invoiced to date in relation to the aforementioned contracts.

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

(ii) Transactions with other government entities

Star has also entered into contracts with various other government entities for the provision of managed services.

(iii) Transactions with associates

- Star charges both associates, Al Maisan and HPE for satellite operations support services.
- 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 lease rentals from related parties (note 24) which carry specific terms as specified above, are expected to be settled in cash.

Also refer note 26 for other related party transactions.

21 Trade and other receivables and contract assets

Trade and other receivables

	Note	2025 \$ 000	2024 \$ 000
Trade receivables – third parties		89,596	80,096
Trade receivables – related parties*		107,348	85,363
Sub total		196,944	165,459
Allowance for expected credit losses		(49,621)	(25,442)
Trade receivables, net of allowance		147,323	140,017
Prepayments		6,548	4,606
Advances to suppliers – third parties		7,566	9,123
Advances to suppliers – related parties*		30	30
Other receivables – third parties, net		5,462	17,736
Other receivables – related parties*		1,860	6,498
Sub total		21,466	37,993
Total trade and other receivables		168,789	178,010
of which non-current		5,374	367
of which current		163,415	177,643
Additional information:			
*Total due from related parties	20	109,238	91,891

	2025 \$ 000	2024 \$ 000
Movement in the allowance for expected credit losses (trade receivables):		
At 1 January	25,442	1,431
Acquisition (note 36)	-	19,294
Allowance for expected credit losses, net ⁽ⁱ⁾	24,472	4,733
Written off during the year as uncollectible	(379)	-
Exchange differences	86	(16)
At 31 December	49,621	25,442

	2025 \$ 000	2024 \$ 000
The ageing of trade receivables is as follows:		
Not past due	85,935	63,767
Past due 0 to 180 days	30,101	40,224
Past due 181 to 365 days	31,930	37,430
Past due more than 365 days	48,978	24,038
	196,944	165,459

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

Other receivables include staff-related receivables of \$3,000 thousand (2024: \$6,489 thousand).

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21 Trade and other receivables and contract assets (continued)

Contract assets

	Note	2025 \$ 000	2024 \$ 000
Related parties			
Contract assets – Space Services		31,842	33,430
Contract assets – Smart Solutions		281,808	269,331
Less: allowance for expected credit losses		(115,936)	(8,341)
	20	197,714	294,420
Third parties			
Contract assets – Space Services		5,866	4,753
Contract assets – Smart Solutions		1,960	1,882
Less: allowance for expected credit losses		(35)	(27)
		7,791	6,608
Contract assets		205,505	301,028

Contract assets relate to the Group's right to consideration for goods and services provided but not billed at the reporting date. Contract assets are recognised for value of work performed and milestones completed in excess of amounts billed to the customer. These relate to turnkey and services contracts of Smart Solutions and Space Services. The contract assets are transferred to receivables when the rights become unconditional which usually occurs when the Group issues an invoice to the customer. All the contract assets are expected to be realized within one year hence classified under current assets.

	2025 \$ 000	2024 \$ 000
Movement in the allowance for expected credit losses (contract assets):		
At 1 January	8,368	5,028
Allowance for expected credit losses, net ⁽ⁱ⁾	107,603	3,355
Exchange differences	-	(15)
At 31 December	115,971	8,368

(i) At the end of the reporting period, the Group updated its methodology for measuring the loss allowance for trade receivables and contract asset balances adopting a more prudent approach for the Smart Solutions business unit. Where appropriate, the expected credit loss was measured at contract level and considered contract completion status and age of related balances. Based on this assessment, the Group recorded an additional loss allowance of \$124,505 thousand during the year, including \$49,945 thousand relating to the change in the methodology accounted as a change in accounting estimate applied prospectively in accordance with IAS 8 (note 3).

The table below provides customer segmentation of trade receivables and contract assets along with loss allowance:

	2025		2024	
	Gross carrying amount \$ 000	Loss allowance \$ 000	Gross carrying amount \$ 000	Loss allowance \$ 000
Categories of trade receivables and contract assets				
Smart Solutions				
Government customers	293,535	(78,752)	192,180	(7,589)
General category	74,875	(55,695)	151,178	(1,585)
	368,410	(134,447)	343,358	(9,174)
Space Services				
Infrastructure business	66,248	(435)	55,385	(1,507)
Mobility and Data Solutions businesses	83,762	(30,710)	76,112	(23,129)
	150,010	(31,145)	131,497	(24,636)
	518,420	(165,592)	474,855	(33,810)

The Group's exposure to credit risk is disclosed in note 35.

22 Contract costs

	2025 \$ 000	2024 \$ 000
Cost to fulfil the contract*	2,837	12,450
Cost to obtain the contract	2,378	3,084
Contract costs	5,215	15,534
of which non-current	2,378	2,378
of which current	2,837	13,156

* During the year, the Group impaired \$7.1 million of contract costs in respect of Smart Solutions business as these are no longer recoverable. The impairment charge was recognised in cost of revenue – goods and services.

Costs to obtain a contract relates to incentives in relation to obtaining a certain contract with a customer.

23 Cash and short-term deposits

	Notes	2025 \$ 000	2024 \$ 000
Cash on hand and in banks		91,862	17,210
Cash at banks – related parties	20	310,357	468,954
Short-term deposits with banks – third parties		-	85
Short-term deposits with banks – related parties	20	515,210	578,996
Wakala deposits – related parties	20	77,588	97,365
Cash and short-term deposits		995,017	1,162,610
Less: Short-term deposits with original maturities of over three months		-	(430,065)
Cash and cash equivalents		995,017	732,545

Balances with banks are assessed to have low credit risk of default since these banks are highly regulated by the central banks of the respective countries. Accordingly, management of the Group have assessed that there is no impairment loss required to be recorded against balances with banks.

Wakala deposits have maturities of 2 weeks to 3 months (2024: 2 weeks to 3 months) from the date of placement and carry profit rates ranging on average from 3.4% to 4.3% (2024: 4.0% to 5.2%). Deposits are placed on recurring basis and can be terminated anytime without prior notice and with a deduction of Wakala fee and a performance incentive from the actual realised investment profit. Income on Wakala deposits was \$3,327 thousand (2024: \$6,943 thousand).

Short term deposits have maturities of 1 month to 3 months (2024: 1 month to 3 months) and carry interest rates on average ranging from 3.15% to 5.5% per annum (2024: 3.15% to 5.5% per annum).

For purposes of the consolidated statement of cash flows, changes in lease liabilities and borrowings arising from financing activities are disclosed in notes 14(B) and 26, respectively.

Notes to the consolidated financial statements

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24 Trade and other payables

	Notes	2025 \$ 000	2024 \$ 000
Trade payables – third parties		58,341	121,736
Trade payables – related parties*		4,844	828
Accruals		167,589	105,656
Other payables – third parties		7,105	6,921
Other payables – related parties*		61,457	37,504
Satellite incentive program ⁽ⁱ⁾		10,908	-
Advance lease rentals – related parties* ⁽ⁱⁱ⁾	20	448,690	380,126
Total trade and other payables		758,934	652,771
of which non-current		393,684	304,483
of which current		365,250	348,288
Additional information:			
*Trade and other payables due to related parties	20	514,991	418,458

(i) Represents obligation payable to the satellite manufacturer in relation to T4-NGS provided that it continues to operate satisfactorily in accordance with contractual specifications.

(ii) Includes advances received by Space Services from the UAE Government relating to lease elements under a) the CSA amounting to \$65 million (2024: \$140 million) and b) the AY4/5 Contract amounting to \$384 million (2024: \$240 million).

The average credit period on the purchase of goods is 30-60 days (2024: 30-60 days). The Group has financial risk management policies in place to ensure that all payables are paid within credit period.

Accruals include employee-related accruals of \$17,164 thousand (2024: \$9,902 thousand).

25 Contract liabilities

	Note	2025 \$ 000	2024 \$ 000
Space Services – related parties* ⁽¹⁾		750,064	581,054
Space Services – third parties		16,869	20,815
Smart Solutions – related parties*		5,177	3,481
Smart Solutions – third parties		2,339	2,255
Contract liabilities		774,449	607,605
of which non-current		721,682	555,721
of which current		52,767	51,884
*Contract liabilities due to related parties	20	755,241	584,535

Contract liabilities primarily relate to advance consideration received from customers for satellite communication services, managed services, orbital resources (Channel bandwidth), airtime contracts, unutilized airtime balances from prepaid scratch cards, SIM cards and software development, installation and support services.

(1) Includes advances received by Space Services from the UAE Government under a) the T4-NGSA amounting to \$295 million (2024: \$300 million) and b) the AY4/5 Contract amounting to \$416 million (2024: \$260 million) relating to service element.

26 Borrowings

	2025 \$ 000	2024 \$ 000
The carrying amount of borrowings are as follows:		
Principal amounts	267,690	657,360
Unamortised transaction costs	(8,457)	(10,701)
Term loans – net of unamortised transaction costs	259,233	646,659
of which current	88,004	388,746
of which non-current	171,229	257,913

The breakdown of the carrying amounts of the term loans is as follows:

	Repayment tenor Years	Principal amount \$ 000	Unamortised transaction costs \$ 000	Carrying amount \$ 000
At 31 December 2025				
Term loan 1	2022-2026	60,000	(534)	59,466
Term loan 2	2024-2032	207,690	(7,923)	199,767
		267,690	(8,457)	259,233
At 31 December 2024				
Term loan 1	2022-2026	170,000	(1,646)	168,354
Term loan 2	2024-2032	237,360	(9,055)	228,305
Term loan 3	2024-2025	250,000	-	250,000
		657,360	(10,701)	646,659

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

	2025 \$ 000	2024 \$ 000
At 1 January	646,659	-
Acquisition (note 36)	-	662,814
Additions (cash)	-	23,106
Additions (interest capitalised)	-	12
Amortisation of transaction costs (non-cash)	2,244	562
Repayments (cash)	(389,670)	(39,835)
At 31 December	259,233	646,659

Notes to the consolidated financial statements

for the year ended 31 December 2025

26 Borrowings (continued)

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

	Term loan 1 \$ 000	Term loan 2 \$ 000	Term loan 3 \$ 000	Total \$ 000
At 31 December 2025				
Within one year	60,000	29,670	-	89,670
1 – 2 years	-	29,670	-	29,670
2 – 5 years	-	89,010	-	89,010
Beyond 5 years	-	59,340	-	59,340
	60,000	207,690	-	267,690
At 31 December 2024				
Within one year	110,000	29,670	250,000	389,670
1 – 2 years	60,000	29,670	-	89,670
2 – 5 years	-	89,010	-	89,010
Beyond 5 years	-	89,010	-	89,010
	170,000	237,360	250,000	657,360

Term loan 1: The Group has a Term Facility of \$400 million (Term loan 1 or 2021 Term Loan \$400m Facility) with a tenor of five years and is repayable in eight semi-annual instalments starting from 14 December 2022. Term loan 1 bears interest at compounded reference rate plus margin of 1.30%. The compounded reference rate is based on Secured Overnight Financing Rate (SOFR) and credit adjustment spread. During the year, the Group repaid \$110,000 thousand.

Term loan 2: The Group has an export credit agency facility through a BPIFAE Facility Agreement (Term loan 2 or ECA Facility) to partly fund the capital expenditure relating to the T4-NGS. The total amended facility amount is \$273 million with a tenor of 8.5 years and an availability period starting from 14 June 2021 until the date falling 5 months after the starting point of credit. During the year, the Group repaid an amount of \$29,670 thousand against the loan.

The ECA Facility bears interest at compounded reference rate plus margin of 0.60%. During the prior year, an amount of \$23,118 thousand was drawn from this facility including interest capitalization of 12 thousand. As of 31 December 2025, the unutilised facility amounted to \$19,855 thousand (2024: \$19,855 thousand).

Term loan 3: The Group obtained a short-term Bridge Facility Agreement (Bridge Facility) to finance the capital expenditure relating to AY4/5 Satellite Program. The total facility amount was \$300 million with a repayment period of 12 to 18 months from the date of the agreement. The Bridge Facility carried interest at SOFR plus margin of 0.68% per annum. During the year, the Group has fully repaid this loan amounting to \$250 million.

Term loan 4: During the year, the Group has signed an Export Credit Agency (ECA)-backed financing facility to partly fund the capital expenditure relating to AY4/5 Satellite Program. The total facility amount is \$695.5 million, bifurcated into two tranches with \$381.3 million attributable to Tranche A (relating to AY4) and \$314.2 million attributable to Tranche B (relating to AY5). The availability period starts from 23 July 2025 until the date falling 3 months after the starting point of credit (as defined in the agreement). The loan will be repaid in twenty four equal semi-annual instalments commencing from six months after the end of the starting point of credit. The entire facility remains undrawn as at 31 December 2025.

Term loan 1, 2 and 4 contain customary representations, warranties, covenants and undertakings including limitations on incurrence of financial indebtedness, mergers, acquisitions, disposals and negative pledge in relation to certain assets of the Group except, in each case, as permitted under the terms of the facility documents. The Group is required to maintain an interest cover ratio of not less than 4.00:1 and a net leverage ratio of no more than 3.00:1, in each case on a calculation date (which occurs on 30 June and 31 December in each financial year). As at 31 December 2025 and 2024, the Group is in compliance with these covenants.

Borrowings include outstanding balances due to related party banks aggregating to \$17,250 thousand (2024: \$48,875 thousand). The net interest on loans from related party banks was net credit of \$8,489 thousand as a result of 'in the money' position of derivative financial assets (2024: net credit of \$3,072 thousand).

27 Derivative financial instruments

Material accounting policy information

Derivative financial instruments including hedge accounting

The Group holds derivative financial instruments to hedge its interest rate risk exposures. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is 'an economic relationship' between the hedged item and the hedging instrument.
- The effect of credit risk does not 'dominate the value changes' that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

Hedges that meet all the qualifying criteria for hedge accounting are accounted for, as described below:

Cash flow hedges

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income and presented in the hedging reserve in equity. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated, exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. If the forecast transaction is no longer expected to occur, then the balance in equity is reclassified to profit or loss.

Interest rate exposure

The Group has an obligation to pay interest at variable rates in connection with its borrowings. Interest rate sensitivity is disclosed in note 35.

Interest rate swaps – fair value	2025 \$ 000	2024 \$ 000
A) Derivative financial assets	13,278	25,736
of which current	4,207	9,882
of which non-current	9,071	15,854
B) Hedge reserve	(4,383)	2,862

Notes to the consolidated financial statements

for the year ended 31 December 2025

27 Derivative financial instruments (continued)

A) Derivative financial assets

Contractual maturities

	2025 \$ 000	2024 \$ 000
Within one year	4,207	9,882
1 – 2 years	2,792	4,960
2 – 5 years	5,231	8,189
After 5 years	1,048	2,705
	13,278	25,736
Notional amount outstanding	211,728	387,635

B) Hedge reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of the cash-flow hedging instruments related to forecasted transactions.

Accounting estimates and judgements

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

The fair value measurement classification of the derivative financial instruments is disclosed in note 35.

28 Government grants

Material accounting policy information

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

Non-monetary government grants

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

Monetary government grants

Monetary grants that compensate the Group for expenses to be incurred are initially recognised in the consolidated statement of financial position as a deferred liability. Subsequent to initial recognition, such grants are released to profit or loss on a systematic basis over the periods in which the related expenses are recognised. Income from government grants is presented under 'Other income'.

Where monetary government grants compensate for the cost of assets, such assets are carried at cost, less the value of the monetary government grants received. Asset values so derived are depreciated over the useful life of the relevant asset.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the group with no future related costs are recognised in profit or loss in the period in which they become receivable.

The Group has a plot of land (Primary site) received 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.

During the year, the Group received reimbursement of cost incurred towards purchase of property, plant and equipment and intangible assets amounting to \$7,410 thousand. The amount received has been adjusted against the cost of the assets (note 13 and 15).

During the prior year, the Group recognised reimbursement of expenses of \$2,868 thousand as a result of an incentive to enhance artificial intelligence capabilities of the Group. There are no unfulfilled conditions or other contingencies attaching to this incentive. During the year, a net reversal of \$921 thousand was recorded in respect of grant recognised in the prior year as no longer receivable (note 9).

Notes to the consolidated financial statements

for the year ended 31 December 2025

29 Defined benefit obligations

Material accounting policies

For material accounting policies on defined benefit obligations, refer note 7.

The Group provides end of service benefits (defined benefit obligations) to its eligible employees. An actuarial valuation is performed by engaging an independent actuarial valuation specialist. The present value of defined benefit obligations and the related current and past service cost, are measured using the Projected Unit Credit Method.

	2025 \$ 000	2024 \$ 000
Unfunded plan		
Present value of defined benefit obligation	11,125	12,253

	2025 \$ 000	2024 \$ 000
The movement in defined benefit obligation is as follows:		
At 1 January	12,253	2,149
Acquisition (note 36)	–	10,178
Current service cost	1,822	792
Past service cost	(1,340)	(430)
Interest cost	568	202
Benefits paid	(4,316)	(795)
Transfers	158	117
Other movements	–	161
Actuarial loss (gain)	1,980	(121)
At 31 December	11,125	12,253

	2025 \$ 000	2024 \$ 000
The amounts recognised in the consolidated statement of profit or loss are as follows:		
Current service cost	1,822	792
Past service cost	(1,340)	(430)
Interest cost	568	202
	1,050	564

	2025 \$ 000	2024 \$ 000
Following are the significant assumptions used in the actuarial valuation:		
Discount rate	4.86%	5.13%
Salary growth rate	2.25%	2.25%

Sensitivity analysis

The calculations of the defined benefit obligations are sensitive to the significant actuarial assumptions set out above. The sensitivity analyses have been determined based on a method that extrapolates the impact on the defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the percentages shown below:

	Impact on defined benefit obligation	
	2025 \$ 000	2024 \$ 000
Discount rate		
0.5% increase	-2.60%	-3.80%
0.5% decrease	2.80%	4.00%
Salary growth rate		
0.5% increase	3.10%	4.30%
0.5% decrease	-2.90%	-4.10%

The sensitivity analyses above may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation from one another.

As at 31 December 2025, the weighted average duration of the defined benefit obligation was 5.7 years (2024: 8.17 years).

30 Share capital

	2025 \$ 000	2024 \$ 000
Issued and fully paid:		
4,761,905,551 shares of \$0.027 each (AED 0.10 each)	129,664	129,664

The movement in the share capital is as follows:

	2025 \$ 000	2024 \$ 000
At 1 January	129,664	70,018
Issue of new shares*	–	59,646
At 31 December	129,664	129,664

* On 1 October 2024, the Company merged with Yahsat and its name was changed to Space42 Plc. Consequently, Yahsat was delisted and its assets and liabilities were transferred to the Company in exchange for the issuance of 2,190,476,979 new ordinary shares of AED 0.1 each to former Yahsat shareholders (note 1 and note 36) resulting into share premium of \$1,359,914 thousand. As at 31 December 2025, the Company's share premium amounts to \$1,514,253 thousand (2024: \$1,514,253 thousand).

On 13 October 2022, pursuant to the public offering, the share capital of the Company was increased to \$70,018 thousand (AED 257,143 thousand divided into 2,571,428,572 shares of AED 0.1 each), with 571,428,572 shares being offered for public subscription. The Company's offer price was set at AED 1.1 per share and was fully subscribed, resulting into share premium of \$154,339 thousand (AED 571,429 thousand). Share issue costs amounted to \$1,258 thousand (AED 4,620 thousand).

31 Other reserve

The UAE Federal Decree-Law No. 32 of 2021 (as amended by Federal Decree-Law No. 20 of 2025) requires that 10% of the Public Companies' profit (5% of the Limited Liability Companies' profit) be transferred to a non-distributable reserve until the amount of the reserve becomes equal to 50% of the paid-up share capital. The consolidated financial statements include statutory reserve of the Company's subsidiaries since the Company is not required by ADGM regulations to transfer its profits to statutory reserve.

Notes to the consolidated financial statements

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32 Capital commitments and contingent liabilities

	2025 \$ 000	2024 \$ 000
Capital commitments – committed and contracted	451,964	639,670
Contingent liabilities – performance bonds and letter of credits provided by banks in the normal course of business	943,019	636,736

Capital commitments mainly relate to AY4/5 Satellite Program, low earth orbit (LEO) satellites and high-altitude platform systems (HAPS) assets under construction. The balances as at 31 December 2024 also include capital commitments related to T4-NGS program.

33 Leases – Group as a Lessor

The future minimum lease rental receivables under non-cancellable operating leases are as follows:

	Note	2025 \$ 000	2024 \$ 000
Satellite capacity leases – related party	20 (i)	1,995,220	2,123,404
Other leases:*			
Satellite capacity leases – third parties		254	254
Gateway hosting – third parties		1,898	3,408
At 31 December		1,997,372	2,127,066
* The future minimum lease rental receivables under non-cancellable operating leases relating to other leases are as follows:			
Year 1		2,152	2,856
Year 2		–	806
At 31 December		2,152	3,662

34 Earnings (loss) per share

	2025	2024
Profit (loss) for the year attributable to the Owners of Space42 Plc (in \$'000)	(83,408)	62,311
Weighted average number of ordinary shares outstanding ('000)	4,761,906	3,119,048
Basic and diluted earnings (loss) per share (cents)	(1.752)	1.998
Basic and diluted earnings (loss) per share (fils)	(6.433)	7.337

On 1 October 2024, the Company issued 2,190,476,979 new ordinary shares of AED 0.1 each (note 30), accordingly the number of shares have been adjusted for the purpose of calculating weightage average number of ordinary shares as at 31 December 2024.

35 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, derivative financial instruments, other financial assets 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	2025 \$ 000	2024 \$ 000
Derivative financial assets	27	13,278	25,736
Other financial assets	18	–	762
Trade receivables	21	147,323	140,017
Other receivables		6,764	22,049
Contract assets	21	205,505	301,028
Cash and short-term deposits	23	995,017	1,162,610
		1,367,887	1,652,202

Trade receivables and contract assets

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. New customers are analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. Outstanding trade receivables and contract assets are regularly monitored.

An impairment analysis is performed at each reporting date using loss rates applied against each customer segment to measure expected credit losses. The provision rates are based on historical patterns of default for groupings of various customer segments with similar loss patterns (i.e., by geographical region, customer type and age profile). 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 for Space Services by business (infrastructure, managed solutions, mobility solutions and data solutions) and for Smart Solutions by customer (Government, others).

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 77% (2024: 70%) are government related entities. Moreover, a substantial portion of the remaining customers are located in several jurisdictions and industries and operate in largely independent markets.

Notes to the consolidated financial statements

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35 Financial risk management (continued)

Credit risk (continued)

Derivative financial instruments and bank balances

The Group has credit risk arising from its derivatives used for hedging, which are settled on a net basis. With respect to these derivatives and 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 operational and capital 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 \$ 000	1 – 2 years \$ 000	2 – 5 years \$ 000	Beyond 5 years \$ 000	Total \$ 000
2025					
Borrowings	99,142	37,147	104,728	63,133	304,150
Lease liabilities	6,556	5,328	12,996	4,671	29,551
Trade and other payables (excluding advances)	293,440	–	–	–	293,440
At 31 December 2025	399,138	42,475	117,724	67,804	627,141
2024					
Borrowings	409,796	101,252	110,517	97,038	718,603
Lease liabilities	5,353	2,210	3,367	2,903	13,833
Trade and other payables (excluding advances)	266,213	–	–	–	266,213
At 31 December 2024	681,362	103,462	113,884	99,941	998,649

The facility amounts relating to the Group's term loans are disclosed in note 26.

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. There are no significant transactions denominated in currency other than USD and AED.

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.

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 (loss) before tax for the year is affected through the impact on floating rate borrowings as follows. Amounts shown represent impact on profit or loss 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.

	2025	2024
Interest expense		
– 25 basis points	76	100
+ 25 basis points	(76)	(100)

Fair values

Derivatives

The fair value of interest rate swaps is based on broker quotes, which are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date. Derivatives fall into Level 2 of the fair value hierarchy.

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date (Level 2 of fair value hierarchy).

The fair values of borrowings and other financial assets and financial liabilities approximate their carrying values.

There were no transfers between Level 1, Level 2 and Level 3 during 2025 and 2024.

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 total equity 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, reserves and retained earnings.

	Note	2025 \$ 000	2024 \$ 000
Interest bearing borrowings (excluding unamortised transaction costs)	26	267,690	657,360
Less: cash and short-term deposits	23	(995,017)	(1,162,610)
Net cash		(727,327)	(505,250)
Total equity		1,780,851	1,873,455
Total equity and net debt		1,053,524	1,368,205
Gearing ratio (%)		N/A	N/A

Since the Group has net cash position as at the end of the current and prior reporting periods, gearing ratio has not been calculated.

Notes to the consolidated financial statements

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36 Business combinations and changes in ownership interests

This note provides information on changes to the group structure in the current and previous years and the material accounting policies followed by the Group.

Material accounting policy information

Business combinations

Business combinations are accounted for using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs. The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in other operating expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree. Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments is measured at fair value with the changes in fair value recognised in the consolidated statement of profit or loss.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interest's proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Other non-controlling interests are initially measured at fair value. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interest's share of subsequent changes in equity.

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.

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:

- Represents a separate major line of business or geographical area of operations
- Is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations, or
- Is a subsidiary acquired exclusively with a view to resale

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the consolidated statement of comprehensive income. When an operation is classified as a discontinued operation, the comparative statement of profit or loss and OCI is re-presented as if the operation had been discontinued from the start of the comparative year.

Dilution of interest without a loss of control during the year

During 2022, the Group entered into a shareholder agreement with another shareholder ("JV Partner") to incorporate a company ("Joint venture" or "JV") to establish a business in respect of the research and development, manufacture, sales (and other required or agreed operations) of products in the high-altitude pseudo satellite ("HAPS") business in the UAE and other territories. It was agreed that the Group will hold 53% ownership interest in the JV while the JV partner will hold 47% ownership interest.

During 2023, the JV was incorporated under the name of Mira Aerospace Ltd ("Mira") by issuing 1,000 shares with 100% ownership by the Group. On 1 July 2025, the Group completed the transfer of its 47% ownership interest in Mira, to the JV partner in accordance with the terms and conditions of the shareholder agreement. The transfer was made for nil consideration. Based on management's assessment of the Board composition and rights conferred by the amended shareholder agreement, the transfer did not result in a loss of control by the Group, hence was accounted for as an equity transaction. The carrying amount of Mira's net assets in the Group's consolidated financial statements on the date of the transfer was \$17,502 thousand of which \$8,226 thousand, representing 47% ownership interest, was recognised as an adjustment between retained earnings and non-controlling interests as a dilution of interest in a subsidiary.

Merger with AI Yah Satellite Communications Company PJSC (Yahsat) during the prior year

On 1 October 2024, the Company and Yahsat, a global satellite operator, merged to create Space 42, a UAE-based AI-powered SpaceTech company with a global reach, integrating satellite communications, geospatial analytics, and artificial intelligence capabilities.

On the date of the merger, Yahsat was dissolved and its shares de-listed from Abu Dhabi Securities Exchange (ADX). All assets and liabilities of Yahsat were transferred to the Company in exchange for newly issued shares of the Company, which were allocated to former Yahsat shareholders at a ratio of 0.897821 new shares in the Company for every one Yahsat share. Following the merger, the legal name of the Company was changed from Bayanat AI PLC to Space42 PLC.

Notes to the consolidated financial statements

for the year ended 31 December 2025

36 Business combinations and changes in ownership interests (continued)

Merger with Al Yah Satellite Communications Company PJSC (Yahsat) during the prior year (continued)

The acquisition of Yahsat's assets and liabilities qualifies as a business combination in accordance with IFRS 3 Business Combinations. The Group has elected to measure the non-controlling interests in the acquiree at their proportionate share of the acquired net identifiable assets. The fair values of the identifiable assets and liabilities of Yahsat, based on the purchase price allocation exercise, as at the date of acquisition were:

	Notes	Fair value recognised on acquisition \$ 000
Assets		
Property, plant and equipment	13	1,258,141
Right-of-use assets	14	6,787
Intangible assets	15	525,312
Equity-accounted investments	17	34,893
Other financial assets	18	2,146
Deferred income tax assets	12	233
Inventories		30,605
Contract costs		2,378
Trade and other receivables (net of allowance for ECL of \$19,294 thousand)		123,692
Contract assets		23,793
Derivative financial instruments		27,603
Income tax assets		182
Cash and short-term deposits		594,359
Non-current assets classified as held for sale		28,390
		2,658,514
Liabilities		
Trade and other payables		477,752
Contract liabilities		166,637
Borrowings	26	662,814
Lease liabilities	14	7,149
Income tax liabilities		9,256
Defined benefit obligations	29	10,178
Deferred income tax liabilities	12	45,636
		1,379,422
Total identifiable net assets at fair value		1,279,092
Less: Non-controlling interests		(32,842)
Goodwill arising on acquisition	15	173,310
Purchase consideration transferred		1,419,560

The goodwill of \$173,310 thousand is attributed to the expected synergies arising from the acquisition. Goodwill has been allocated to the Group's Infrastructure and Managed solutions CGUs (see note 15 for details). None of the goodwill is expected to be deductible for income tax purposes.

The Company issued 2,190,476,979 ordinary shares as consideration for the acquisition of assets and liabilities of Yahsat. The fair value of the shares is calculated with reference to the quoted price of the shares of the Company at the date of acquisition, which was AED 2.38 per share (\$0.65 per share). The fair value of the consideration given was therefore \$1,419,560 thousand (AED 5,213,335 thousand).

From the date of acquisition, the acquired business contributed \$126,948 thousand of revenue and \$50,376 thousand to profit before tax of the Group for the year ended 31 December 2024. If the business combination had taken place at the beginning of the year, consolidated pro forma revenue and profit before tax of the Group for the year ended 31 December 2024 would have been \$629,255 thousand and \$175,319 thousand respectively.

Analysis of cash inflows on acquisition

	2024 \$ 000
Cash and short-term deposits acquired	594,359
Less: Short-term deposits with original maturities of over three months	(347,463)
Net cash and cash equivalents acquired (included in cash flows from investing activities)	246,896

37 Changes in presentation of comparatives

Certain items of the consolidated statement of financial position have been reclassified to conform to the current year presentation in accordance with IAS 1.

	31 December 2024		
	As previously reported \$ 000	Reclassification \$ 000	As presented \$ 000
Liabilities			
Trade and other payables	64,483	240,000	304,483
Contract liabilities	795,721	(240,000)	555,721
Borrowings	257,913	–	257,913
Lease liabilities	15,014	–	15,014
Defined benefit obligations	12,253	–	12,253
Deferred income tax liabilities	47,281	–	47,281
Total non-current liabilities	1,192,665	–	1,192,665

Supplemental information to the consolidated financial statements

for the year ended 31 December 2025

The consolidated financial statements are presented in United States Dollars ("USD" or "\$"), the functional currency of the Company and the presentation currency of the Group. The following selected supplemental information is presented in United Arab Emirates Dirhams (AED) solely for convenience. AED amounts have been translated at the rate of AED 3.6725 to USD 1, except for share capital and additional paid-in capital which are translated using historical rates. For the purpose of this translation, numbers have been rounded where necessary.

i) Consolidated statement of profit or loss

	2025 AED 000	2024 AED 000
Revenue	2,117,810	1,216,365
Cost of revenue – goods and services	(634,579)	(540,030)
Staff costs	(449,848)	(218,415)
Other operating expenses	(736,039)	(152,706)
Other income	31,661	78,419
Adjusted EBITDA	329,005	383,633
Depreciation, amortisation and impairment	(697,033)	(155,057)
Fair value losses	(2,798)	(5,083)
Operating profit (loss)	(370,826)	223,493
Finance income	128,519	49,906
Finance costs	(77,567)	(14,202)
Net finance income	50,952	35,704
Share of results of equity-accounted investments	(7,503)	(4,326)
Profit (loss) before income tax	(327,377)	254,871
Income tax benefit (charge)	11,767	(24,209)
Profit (loss) for the year	(315,610)	230,662
Profit (loss) for the year attributable to non-controlling interests	(9,295)	1,825
Profit (loss) for the year attributable to the Owners of Space42 Plc	(306,315)	228,837
Earnings (loss) per share		
Basic and diluted (fils per share)	(6.434)	7.338

ii) Consolidated statement of comprehensive income

	2025 AED 000	2024 AED 000
Profit (loss) for the year	(315,610)	230,662
Other comprehensive income (loss), net of tax:		
Items that may be reclassified subsequently to profit or loss:		
Cash flow hedge – effective portion of changes in fair value	12,957	25,142
Cash flow hedge – gain reclassified to profit or loss	(39,564)	(14,631)
Foreign operations – currency translation differences	9,402	(10,305)
	(17,205)	206
Items that may not be reclassified subsequently to profit or loss:		
Remeasurement of defined benefit obligations	(7,272)	444
Other comprehensive income (loss) for the year	(24,477)	856
Total comprehensive income (loss) for the year	(340,087)	231,518
Total comprehensive income (loss) attributable to non-controlling interests	(8,976)	1,561
Total comprehensive income (loss) attributable to the Owners of Space42 Plc	(331,111)	229,957

Supplemental information to the consolidated financial statements for the year ended 31 December 2025

iii) Consolidated statement of financial position

	2025 AED 000	2024 AED 000
Assets		
Property, plant and equipment	5,507,667	5,223,742
Right-of-use assets	89,991	68,461
Intangible assets and goodwill	2,545,729	2,545,423
Equity-accounted investments	92,668	103,124
Trade and other receivables	19,736	1,348
Derivative financial instruments	33,313	58,224
Other financial assets	-	2,798
Contract costs	8,733	8,733
Deferred income tax assets	27,518	20,089
Total non-current assets	8,325,355	8,031,942
Inventories	67,647	95,937
Trade and other receivables	600,142	652,394
Contract assets	754,717	1,105,525
Contract costs	10,419	48,315
Derivative financial instruments	15,450	36,292
Income tax assets	264	665
Cash and short-term deposits	3,654,200	4,269,685
Total current assets	5,102,839	6,208,813
Total assets	13,428,194	14,240,755
Liabilities		
Trade and other payables	1,341,380	1,279,089
Contract liabilities	193,787	190,544
Borrowings	323,195	1,427,670
Lease liabilities	22,971	12,123
Income tax liabilities	701	71,004
Total current liabilities	1,882,034	2,980,430
Trade and other payables	1,445,804	1,118,214
Contract liabilities	2,650,377	2,040,885
Borrowings	628,839	947,185
Lease liabilities	74,306	55,139
Defined benefit obligations	40,857	44,999
Deferred income tax liabilities	165,802	173,639
Total non-current liabilities	5,005,985	4,380,061
Total liabilities	6,888,019	7,360,491
Net assets	6,540,175	6,880,264
Equity		
Share capital	476,191	476,191
Share premium	5,561,094	5,561,094
Hedging reserve	(16,096)	10,511
Other reserve	50,266	50,266
Translation reserve	(992)	(10,015)
Remeasurement reserve	(6,794)	419
Retained earnings	333,099	669,625
Equity attributable to the Owners of Space42 Plc	6,396,768	6,758,091
Non-controlling interests	143,407	122,173
Total equity	6,540,175	6,880,264

iv) Consolidated statement of changes in equity

	Attributable to the Owners of Space42 Plc					Non-controlling interests AED 000	Total equity AED 000
	Share capital AED 000	Share premium AED 000	Other reserves ⁽¹⁾ AED 000	Retained earnings AED 000	Total AED 000		
At 1 January 2024	257,141	566,810	41,999	449,055	1,315,005	-	1,315,005
Profit for the year	-	-	-	228,837	228,837	1,825	230,662
Other comprehensive income (loss):							
Currency translation differences	-	-	(10,015)	-	(10,015)	(290)	(10,305)
Cash flow hedge – effective portion of changes in fair value	-	-	25,142	-	25,142	-	25,142
Cash flow hedge – net gain reclassified to profit or loss	-	-	(14,631)	-	(14,631)	-	(14,631)
Remeasurement of defined benefit obligation	-	-	419	-	419	26	445
Other comprehensive income (loss) for the year	-	-	915	-	915	(264)	651
Total comprehensive income for the year	-	-	915	228,837	229,752	1,561	231,313
Transfer to statutory reserve	-	-	8,267	(8,267)	-	-	-
Issuance of new shares	219,050	4,994,284	-	-	5,213,334	-	5,213,334
Non-controlling interests arising on business combination	-	-	-	-	-	120,612	120,612
At 31 December 2024	476,191	5,561,094	51,181	669,625	6,758,091	122,173	6,880,264
At 1 January 2025	476,191	5,561,094	51,181	669,625	6,758,091	122,173	6,880,264
Loss for the year	-	-	-	(306,316)	(306,316)	(9,295)	(315,611)
Other comprehensive income (loss), net of tax:							
Currency translation differences	-	-	9,023	-	9,023	378	9,401
Cash flow hedge – effective portion of changes in fair value	-	-	12,957	-	12,957	-	12,957
Cash flow hedge – net gain reclassified to profit or loss	-	-	(39,564)	-	(39,564)	-	(39,564)
Remeasurement of defined benefit obligation	-	-	(7,213)	-	(7,213)	(59)	(7,272)
Other comprehensive income (loss) for the year	-	-	(24,797)	-	(24,797)	319	(24,478)
Total comprehensive loss for the year	-	-	(24,797)	(306,316)	(331,113)	(8,976)	(340,089)
Transfer to statutory reserve	-	-	-	-	-	-	-
Dilution of interest without a loss of control (note 36)	-	-	-	(30,210)	(30,210)	30,210	-
At 31 December 2025	476,191	5,561,094	26,384	333,099	6,396,768	143,407	6,540,175

Supplemental information to the consolidated financial statements for the year ended 31 December 2025

v) Consolidated statement of cash flows

	2025 AED 000	2024 AED 000
Operating activities		
Profit before income tax	(327,377)	254,871
Adjustments for:		
Share of results of equity-accounted investments	7,503	4,326
Depreciation and amortisation	697,033	155,057
Allowance for expected credit losses	485,269	29,703
Allowance for inventories	15,237	2,751
Write-off of contract costs	26,192	-
Fair value losses	2,798	5,083
Finance income	(128,519)	(49,906)
Finance costs	77,567	14,202
Gain on disposal of non-current assets classified as held for sale	-	(46,193)
Current service cost	1,770	1,329
Write-off of property, plant and equipment	1,315	-
Loss on termination of a lease	944	-
Gain on disposal of property, plant and equipment	(70)	-
Operating profit before working capital changes	859,662	371,223
Working capital changes:		
Trade and other receivables	(67,600)	107,204
Contract assets	(44,364)	(367,551)
Contract costs	11,704	(9,427)
Inventories	13,228	13,845
Trade and other payables	382,153	(858,788)
Contract liabilities	612,735	2,370,467
Cash generated from operations	1,767,518	1,626,973
Payments for defined benefit obligations	(15,851)	(2,920)
Income tax paid	(71,706)	(459)
Net cash from operating activities	1,679,961	1,623,594
Investing activities		
Purchases of property, plant and equipment	(926,072)	(418,092)
Purchases of intangible assets	(63,127)	(8,807)
Proceeds on disposal of non current assets classified as held for sale	-	151,652
Proceeds on disposal of property, plant and equipment	437	-
Proceeds of term deposits with original maturities more than three months	2,222,101	817,131
Term deposits placed with original maturities more than three months	(642,688)	(1,120,487)
Return of investment in an associate	10,742	11,936
Business acquisition, net of cash acquired	-	906,726
Receipt of government grant towards purchase of equipment and software	27,213	-
Interest received	139,570	53,615
Net cash from investing activities	768,176	393,674
Financing activities		
Proceeds from term loans	-	84,857
Repayment of term loans	(1,431,063)	(146,294)
Payment of lease liabilities	(15,292)	(7,999)
Interest paid including derivative settlements	(39,211)	(18,726)
Net cash used in financing activities	(1,485,566)	(88,162)
Net increase in cash and cash equivalents	962,571	1,929,106
Net foreign exchange difference	1,357	(896)
Cash and cash equivalents at 1 January	2,690,272	762,062
Cash and cash equivalents as at 31 December	3,654,200	2,690,272



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