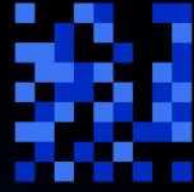


بیانات
BAYANAT



BAYANAT AI PLC

**Review report and condensed consolidated
interim financial
information for the three-month period
ended 31 March 2024**



**Review report and condensed consolidated interim financial information
for the three-month period ended 31 March 2024**

	Pages
Report on review of condensed consolidated interim financial information	1
Condensed consolidated statement of financial position	2
Condensed consolidated statement of profit or loss and other comprehensive income	3
Condensed consolidated statement of changes in equity	4
Condensed consolidated statement of cash flows	5
Notes to the condensed consolidated interim financial information	6 - 24

INDEPENDENT AUDITOR'S REVIEW REPORT ON THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION TO THE SHAREHOLDERS OF BAYANAT AI PLC

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Bayanat AI PLC (the "Company") and its subsidiaries (together referred to as the "Group") as at 31 March 2024, and the related condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the three-month period then ended, and other explanatory notes. Management is responsible for the preparation and fair presentation of this interim financial information in accordance with International Accounting Standard 34 'Interim Financial Reporting' ('IAS 34'). Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with IAS 34.

Deloitte & Touche (M.E.) LLP



Monah Adnan Abou-Zaki
14 May 2024
Abu Dhabi
United Arab Emirates

**Condensed consolidated statement of financial position
as at 31 March 2024**

	Notes	31 March 2024 AFD (unaudited)	31 December 2023 AFD (audited)
ASSETS			
Non-current assets			
Property and equipment	5	210,673,384	220,573,948
Intangible assets	6	1,506,185	1,683,815
Right-of-use assets	7	2,115,727	2,433,085
Total non-current assets		214,295,296	224,690,848
Current assets			
Contract assets	8	607,094,469	662,915,894
Trade and other receivables	10	23,395,827	20,688,617
Due from related parties	11	367,084,282	282,203,291
Contract costs	9	24,982,876	4,646,098
Refundable deposits		-	24,828,420
Cash and bank balances	12	647,709,961	762,061,455
Total current assets		1,670,267,415	1,757,343,775
Total assets		1,884,562,711	1,982,034,623
EQUITY			
Share capital	13	257,142,857	257,142,857
Share premium	13	566,808,172	566,808,172
Other reserves		42,000,483	42,000,483
Retained earnings		459,358,087	449,055,692
Total equity		1,325,309,599	1,315,007,204
LIABILITIES			
Non-current liabilities			
Employees' end of service benefits		8,587,511	7,891,196
Lease liabilities	7	994,060	994,060
Trade and other payables	14	6,120,260	6,685,617
Total non-current liabilities		15,701,831	15,570,873
Current liabilities			
Trade and other payables	14	542,622,138	612,544,836
Due to related parties	11	-	37,685,283
Lease liabilities	7	929,143	1,226,427
Total current liabilities		543,551,281	651,456,546
Total liabilities		559,253,112	667,027,419
Total equity and liabilities		1,884,562,711	1,982,034,623


Hasn Ahmed Al Hosani
Managing Director


H.F. Tareq Abdul Raheem Al Hosani
Board of Directors - Chairman


Remyt Rauf
Chief Financial Officer

The accompanying notes form an integral part of this condensed consolidated interim financial information.

**Condensed consolidated statement of profit or loss and other comprehensive income
for the three-months period ended 31 March 2024**

	Notes	Three-month period ended 31 March	
		2024 AED (unaudited)	2023 AED (unaudited)
Revenue	15	113,272,683	100,971,196
Direct costs	16	(81,561,576)	(49,960,226)
Gross profit		31,711,107	51,010,970
General and administrative expenses	17	(34,645,808)	(36,896,782)
Impairment gain, net of reversals, on financial and contract assets	8, 10, 11	266,379	429,286
Finance expenses		(973,867)	(480,498)
Income from Wakala deposits	12	7,933,151	-
Finance income		-	7,684,505
Other income	18	7,030,351	189,746
Profit before tax for the period		11,321,313	21,937,227
Income tax expenses	19	(1,018,918)	-
Profit for the period		10,302,395	21,937,227
Other comprehensive income for the period		-	-
Total comprehensive income for the period		10,302,395	21,937,227
Earnings per share	20	0.004	0.009

The accompanying notes form an integral part of this condensed consolidated interim financial information.

**Condensed consolidated statement of changes in equity
for the three-month period ended 31 March 2024**

	Share capital AED	Share premium AED	Other reserves AED	Retained earnings AED	Total equity AED
At 1 January 2023 (audited)	257,142,857	566,808,172	21,369,678	236,360,943	1,081,681,650
Total comprehensive income for the period	-	-	-	21,937,227	21,937,227
Transfer to statutory reserve of a subsidiary	-	-	1,546,888	(1,546,888)	-
Waiver of related party interest payable (note 11)	-	-	-	946,690	946,690
	<u>257,142,857</u>	<u>566,808,172</u>	<u>22,916,566</u>	<u>257,697,972</u>	<u>1,104,565,567</u>
At 31 March 2023 (unaudited)	<u>257,142,857</u>	<u>566,808,172</u>	<u>22,916,566</u>	<u>257,697,972</u>	<u>1,104,565,567</u>
At 1 January 2024 (audited)	257,142,857	566,808,172	42,000,483	449,055,692	1,315,007,204
Total comprehensive income for the period	-	-	-	10,302,395	10,302,395
	<u>257,142,857</u>	<u>566,808,172</u>	<u>42,000,483</u>	<u>459,358,087</u>	<u>1,325,309,599</u>
At 31 March 2024 (unaudited)	<u>257,142,857</u>	<u>566,808,172</u>	<u>42,000,483</u>	<u>459,358,087</u>	<u>1,325,309,599</u>

The accompanying notes form an integral part of this condensed consolidated interim financial information.

**Condensed consolidated statement of cash flows
for the three-month period ended 31 March 2024**

	Notes	Three-month period ended 31 March	
		2024 AED (unaudited)	2023 AED (unaudited)
Cash flows from operating activities			
Profit before tax for the period		11,321,313	21,937,227
<i>Adjustments for:</i>			
Depreciation of property and equipment	5	2,641,821	3,034,009
Amortisation of intangible assets	6	277,491	166,832
Depreciation of right-of-use assets	7	317,358	-
Finance expenses		973,867	480,498
Income from Wakala deposits	12	(7,933,151)	-
Finance income		-	(7,684,505)
Impairment gain, net of reversals, on financial and contract assets	8, 10, 11	(266,379)	(429,286)
Provision for employees' end of service benefits		752,814	671,424
Operating cash flows before movements in working capital		8,085,134	18,176,199
Increase in trade and other receivables		(2,395,528)	(10,523,155)
Decrease/(increase) in contract assets		56,011,897	(28,344,822)
Increase in contract costs		(11,767,596)	(3,303,308)
Decrease in refundable deposits		24,828,420	-
(Increase)/decrease in due from related parties		(85,429,099)	37,522,499
Decrease in trade and other payables		(72,067,006)	(50,301,811)
Decrease in due to related parties		(37,685,283)	(217,733)
Cash used in operating activities		(120,419,061)	(36,992,131)
Employees' end of service benefits paid		(56,499)	(125,032)
Finance cost paid		(381,118)	(394,687)
Net cash used in operating activities		(120,856,678)	(37,511,850)
Cash flows from investing activities			
Acquisition of property and equipment	5	(1,310,439)	(99,164)
Acquisition of intangible assets	6	(99,861)	(328,605)
Profit received on Wakala deposits		8,245,484	-
Finance income received		-	2,351,317
Net cash generated from investing activities		6,835,184	1,923,548
Cash flows from financing activity			
Payment of lease liabilities	7	(330,000)	-
Net decrease in cash and cash equivalents		(114,351,494)	(35,588,302)
Cash and cash equivalents at 1 January		762,061,455	319,518,920
Cash and cash equivalents at 31 March	12	647,709,961	283,930,618
Non-cash transactions:			
Depreciation of property and equipment capitalised in contract costs	5	8,569,182	-
Loans from related parties set-off against due from related parties	11	-	49,551,207
Waiver of related party interest payable	11	-	946,690

The accompanying notes form an integral part of this condensed consolidated interim financial information.

**Notes to the condensed consolidated interim financial information
for the three-month period ended 31 March 2024**

1 General information

Bayanat AI 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 Group’s parent company and controlling party is Group 42 Holding Ltd (the “Parent Company”), a private company registered in Abu Dhabi Global Market.

The Company’s ordinary shares are listed on the Abu Dhabi Stock Exchange as from 31 October 2022.

The principal activity of the Company is to act as a holding company for the entities within the Group.

This condensed consolidated financial information includes the financial performance, financial position and cash flows of the Company and its subsidiaries (collectively referred to as the “Group”), details of which are set out below:

<u>Name of subsidiaries</u>	<u>Country of incorporation</u>	<u>Principal activities</u>	<u>Ownership interest</u>	
			<u>31 March 2024</u>	<u>31 December 2023</u>
Bayanat GIQ PJSC	United Arab Emirates	Data classification & analysis services, technological projects management, innovation & artificial intelligence research & consultancies, data collection from one or more sources, data storing and recovering, computer devices and equipment domain consultancy, air photography, survey planning, air photography and information management systems engineering consultancy, work measurement and space, information technology network services, marine survey engineering consultancy, maps and drawings copying services, typing and documents photocopying services, computer systems and software designing, geographical maps drawing, book publication, maps and atlas printing, onshore and offshore oil and gas fields and facilities services.	100%	100%
Mira Aerospace Ltd	United Arab Emirates	Unmanned aerial vehicle (drone) services and research and experimental development on natural sciences and engineering.	100%	100%
Bayanat Investments Ltd*	United Arab Emirates	Proprietary investments.	100%	100%
Mira Aerospace Manufacturing – Sole Proprietorship L.L.C.	United Arab Emirates	Airplanes manufacturing and aircrafts parts and accessories manufacturing	100%	100%

* The subsidiary was dormant as at 31 March 2024 and 31 December 2023.

**Notes to the condensed consolidated interim financial information
for the three-month period ended 31 March 2024**

2 Application of new and revised International Financial Reporting Standards (“IFRS Accounting Standards”) (“IFRSs”) and IFRS Sustainability Disclosure Standards

2.1 New and revised IFRSs applied with no material effect on the condensed consolidated interim financial information

The accounting policies adopted in the preparation of the condensed consolidated interim financial information are consistent with those followed in the preparation of the annual consolidated financial statements of the Group for the year ended 31 December 2023, and the notes attached thereto, except for the taxation accounting policy (refer note 3) and the adoption of certain new and revised standards, that became effective in the current period as set out below.

- Amendments to IAS 1 *Presentation of Financial Statements*—Non-current Liabilities with Covenants
- Amendments to IAS 7 *Statement of Cash Flows* and IFRS 7 *Financial Instruments: Disclosures* — Supplier Finance Arrangements
- Amendment to IFRS 16 *Leases* — Lease Liability in a Sale and Leaseback
- Amendments to IAS 1 *Presentation of Financial Statements* — Classification of Liabilities as Current or Non-current

The application of these new standards and amendments to IFRSs has not had any material impact on the amounts reported in this condensed consolidated interim financial information but may affect the accounting for the Group’s future transactions or arrangements.

2.2 New and revised IFRSs and IFRS Sustainability Disclosure Standards in issue but not yet effective and not early adopted

The Group has not applied the following new and revised IFRSs that have been issued but are not yet effective.

<u>New and revised IFRSs and IFRS Sustainability Disclosure Standards</u>	<u>Effective for annual periods beginning on or after</u>
IFRS S1 <i>General Requirements for Disclosure of Sustainability-related Financial Information</i>	1 January 2024*
IFRS S2 <i>Climate-related Disclosures</i>	1 January 2024*
Amendments to IAS 21 <i>The Effects of Changes in Foreign Exchange Rates</i> — Lack of Exchangeability	1 January 2025
IFRS 18 <i>Presentation and Disclosure in Financial Statements</i>	1 January 2027
Amendments to IFRS 10 <i>Consolidated Financial Statements</i> and IAS 28 <i>Investments in Associates and Joint Ventures</i> — Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Effective date not yet decided.

*Subject to adoption by the local jurisdiction.

Management anticipates that these new standards, interpretations and amendments will be adopted in the Group’s condensed consolidated interim financial information as and when they are applicable and adoption of these new standards and amendments may have no material impact on the condensed consolidated interim financial information of the Group in the period of initial application.

Notes to the condensed consolidated interim financial information for the three-month period ended 31 March 2024 (continued)

3 Material accounting policy information

Statement of compliance

These condensed consolidated interim financial information for the three-month period ended 31 March 2024 have been prepared in accordance with IAS 34 *Interim Financial Reporting* and applicable requirements of Abu Dhabi Global Market (“ADGM”) Companies Regulations 2020 (as amended), and Companies Regulations (International Accounting Standards) Rules 2015.

Basis of preparation

The condensed consolidated interim financial information does not include all the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2023. In addition, results for the three-month period ended 31 March 2024 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2024.

This condensed consolidated interim financial information is presented in United Arab Emirates Dirhams (“AED”), which is the Group’s functional and presentational currency.

The condensed consolidated interim financial information has been prepared on the historical cost basis.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.



Notes to the condensed consolidated interim financial information for the three-month period ended 31 March 2024 (continued)

3 Material accounting policy information (continued)

Income tax (continued)

Deferred tax (continued)

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the reporting date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognised in consolidated statement of profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

4 Critical judgements and key sources of estimation uncertainty

The preparation of the condensed consolidated interim financial information requires management to make judgments, estimates and assumptions that affects the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the Group's annual consolidated financial statements for the year ended 31 December 2023.

**Notes to the condensed consolidated interim financial information
for the three-month period ended 31 March 2024 (continued)**

5 Property and equipment

During the three-month period ended 31 March 2024, the Group purchased AED 1,310,439 (31 December 2023: AED 211,639,591) of property and equipment. Depreciation expense during the period amounted to AED 11,211,003 (31 December 2023: AED 12,238,375), including AED 8,569,182 capitalised in contract costs (31 December 2023: AED nil). No impairment loss on property and equipment was recognised during the period.

6 Intangible assets

Intangible assets comprise of computer software and licenses.

During the three-month period ended 31 March 2024, the Group purchased AED 99,861 (31 December 2023: AED 1,160,414) of intangible assets. Amortisation expense during the period amounted to AED 277,491 (31 December 2023: AED 833,943). No impairment loss on intangible assets was recognised during the period.

7 Leases

The Group leases one warehouse in Al Markaz, Abu Dhabi. The average lease term is 2 years (31 December 2023: 2 years).

Movement of the right-of-use assets and lease liabilities is as follows:

	31 March 2024 AED (unaudited)	31 December 2023 AED (audited)
<i>Right-of-use assets</i>		
At the beginning of the period/year	2,433,085	-
Additions during the period/year	-	2,538,871
Depreciation during the period/year	(317,358)	(105,786)
At the end of the period/year	2,115,727	2,433,085
<i>Lease liabilities</i>		
At the beginning of the period/year	2,220,487	-
Additions during the period/year	-	2,538,871
Accretion of interest for the period/year	32,716	11,616
Payments during the period/year	(330,000)	(330,000)
At the end of the period/year	1,923,203	2,220,487
Current	929,143	1,226,427
Non-current	994,060	994,060
	1,923,203	2,220,487

**Notes to the condensed consolidated interim financial information
for the three-month period ended 31 March 2024 (continued)**

8 Contract assets

Contract assets balances relate to the Group's right on consideration for goods and services provided but not billed at the reporting date. Contract assets are recognised for any work performed in line with a series of performance related milestones under software development, installation and support service contracts in excess of amounts billed to the customer.

Any amount previously recognised as a contract asset is reclassified to trade receivables or due from related parties at the point at which it is invoiced to the customer. Payments that are 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 to represent the entity's right to consideration for the services transferred to date. All the contract assets are expected to be realized within one year hence classified under current assets.

Carrying amount of contract assets is as follows:

	31 March 2024 AED (unaudited)	31 December 2023 AED (audited)
Contract assets	625,368,622	681,380,519
Less: expected credit loss allowance	(18,274,153)	(18,464,625)
	607,094,469	662,915,894

Contract assets of AED 607,019,423(31 December 2023: AED 662,817,449) pertain to related parties (note 11).

Loss allowance on contract assets movement is as follows:

	Government entities AED	Non- government entities AED	Specific provision AED	Total AED
At 1 January 2024 (audited)	5,879,610	497,258	12,087,757	18,464,625
Net re-measurement of ECL	(311,189)	120,717	-	(190,472)
At 31 March 2024 (unaudited)	5,568,421	617,975	12,087,757	18,274,153
At 1 January 2023 (audited)	6,547,025	315,034	12,087,757	18,949,816
Net re-measurement of ECL	(667,415)	182,224	-	(485,191)
At 31 December 2023 (audited)	5,879,610	497,258	12,087,757	18,464,625

**Notes to the condensed consolidated interim financial information
for the three-month period ended 31 March 2024 (continued)**

8 Contract assets (continued)

The following table details the risk profile of amounts due from customers based on the Group's provision matrix. The Group is applying different loss patterns for government and non-government customer segments. The loss rate is further distinguished based on the ageing of contract assets.

	Government entities %	Non-government entities %
Rates applied with due less than 1 year	0.61	0.76
Rates applied with due more than 1 year	2	-

9 Contract costs

	31 March 2024 AED (unaudited)	31 December 2023 AED (audited)
Contract costs	24,982,876	4,646,098

Contract costs represent costs incurred relating to performance obligation on contracts with customers. The revenue related to these performance obligations will be recognised upon completion and acceptance from customers.

10 Trade and other receivables

	31 March 2024 AED (unaudited)	31 December 2023 AED (audited)
Trade receivables	8,152,730	8,675,717
Less: expected credit loss allowance	(877,273)	(1,501,288)
	7,275,457	7,174,429
Advance to suppliers	10,082,542	8,649,979
Prepayments	3,548,951	2,097,939
Accrued profits on Wakala deposits	1,796,117	2,108,450
Security deposits	525,250	525,250
Other receivables	167,510	132,570
	23,395,827	20,688,617

The average payment terms on sales of goods is 30 days (31 December 2023: 30 days). No interest is charged on outstanding trade receivables.

**Notes to the condensed consolidated interim financial information
for the three-month period ended 31 March 2024 (continued)**

10 Trade and other receivables (continued)

The Group measures the loss allowance for trade receivables at an amount equal to lifetime expected credit loss (ECL). The ECL on trade receivables are estimated using a loss rate, with reference to past default experience of the debtor and an 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 both the current as well as the forecast direction of conditions at the reporting date.

The Group has adopted a policy of dealing with only creditworthy counterparties. Adequate credit assessment is made before accepting an order for sale of services or goods from counterparty.

Loss allowance on trade receivables movement is as follows:

	Less than 1 year AED	More than 1 year AED	Total AED
At 1 January 2024 (audited)	24,064	1,477,224	1,501,288
Net re-measurement of ECL	10,523	(634,538)	(624,015)
At 31 March 2024 (unaudited)	34,587	842,686	877,273
At 1 January 2023 (audited)	-	1,912,208	1,912,208
Net re-measurement of ECL	24,064	(434,984)	(410,920)
At 31 December 2023 (audited)	24,064	1,477,224	1,501,288

11 Related party balances and transactions

The Group, in the ordinary course of business, enters into transactions, at agreed terms and conditions, with related parties. Related parties comprise of the Group's shareholders, directors, senior management and businesses controlled by them and their families or over which they exercise significant management influence as well as key management personnel. The Group, in the ordinary course of business, enters into transactions, with other business enterprises or individuals that fall within the definition of related parties contained in International Accounting Standard 24: *Related Party Disclosures*.

The Group has a related party relationship with the Government of Abu Dhabi through partial ownership of Ultimate Shareholder by an entity owned by Government of Abu Dhabi, directors and executive officers (including business entities over which they can exercise significant influence, or which can exercise significant influence over the Group).

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

Balances and transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

**Notes to the condensed consolidated interim financial information
for the three-month period ended 31 March 2024 (continued)**

11 Related party balances and transactions (continued)

(i) Balances with related parties disclosed in the condensed consolidated statement of financial position include the following:

	31 March 2024 AED (unaudited)	31 December 2023 AED (audited)
Due from related parties		
Government entities	186,401,651	143,815,385
Associate	90,891,386	90,891,386
Entities under common control	94,094,164	51,251,331
	371,387,201	285,958,102
Less: expected credit loss allowance	(4,302,919)	(3,754,811)
	367,084,282	282,203,291
Due to related parties		
Government entities	-	6,836,283
Entities under common control	-	30,849,000
	-	37,685,283

Refer to note 12 for details of the Group's cash held with the banks which are related parties. Refer to notes 8 and 14 for details of balances with related parties.

The following table shows the movement in lifetime ECL that has been recognised for due from related parties in accordance with the simplified approach set out in IFRS 9.

	Collectively assessed AED	Individually assessed AED	Total AED
At 1 January 2024 (audited)	3,662,476	92,335	3,754,811
Net re-measurement of ECL	548,108	-	548,108
At 31 March 2024 (unaudited)	4,210,584	92,335	4,302,919
At 1 January 2023 (audited)	3,287,986	13,874,717	17,162,703
Net re-measurement of ECL	374,490	92,335	466,825
ECL written off	-	(13,874,717)	(13,874,717)
At 31 December 2023 (audited)	3,662,476	92,335	3,754,811

**Notes to the condensed consolidated interim financial information
for the three-month period ended 31 March 2024 (continued)**

11 Related party balances and transactions (continued)

The following table details the risk profile of amounts due from customers based on the Group's provision matrix. The Group is applying different loss patterns for government and non-government customer segments. The loss rate is further distinguished based on the ageing of due from related parties.

	Government entities %	Non-government entities %
Rates applied with due less than 1 year	0.61	-
Rates applied with due more than 1 year	2	-

(ii) Transactions with related parties included in the condensed consolidated financial information include the following:

	Three-month period ended 31 March	
	2024	2023
	AED	AED
	(unaudited)	(unaudited)
Revenue (note 15)	109,427,202	98,533,505
Other income (note 18)	6,836,283	-
Purchase of services and materials	3,777,545	4,471,450
Interest expense	-	85,811
Offset of related party loans (including interest accrued) (a), (b)	-	49,551,207
Waiver of related party interest payable (a)	-	946,690

(a) During the three-month period ended 31 March 2023, the Group has entered into a settlement agreement with the borrower (an entity under common control) to offset the loan facility outstanding amount of AED 36,725,000 against a receivable balance due from another entity under common control (a related party). Interest accrued on the loan facility amounting to AED 946,690 has been waived under the same settlement agreement.

(b) During the three-month period ended 31 March 2023, the Group has entered into another settlement agreement with the borrower (a shareholder) to partially offset the loan facility balance amounting to AED 11,985,061 and the interest accrued of AED 841,146 against a receivable balance due from another entity under common control (a related party).

**Notes to the condensed consolidated interim financial information
for the three-month period ended 31 March 2024 (continued)**

11 Related party balances and transactions (continued)

Compensation of key management personnel is as follows:

	Three-month period ended 31 March	
	2024 AED (unaudited)	2023 AED (unaudited)
Short-term benefits	8,360,640	6,123,294
Long-term benefits	168,454	179,048

12 Cash and bank balances

Cash and cash equivalents included in the condensed consolidated statement of cash flows comprise the following condensed consolidated statement of financial position amounts:

	31 March 2024 AED (unaudited)	31 December 2023 AED (audited)
Cash on hand	10,000	10,000
Bank balances	21,621,576	78,163,067
Wakala deposits	626,078,385	683,888,388
Cash and cash equivalents	647,709,961	762,061,455

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 estimates the loss allowance on balances with banks at the end of the reporting period at an amount equal to 12 month ECL. None of the balances with banks at the end of the reporting period are past due, and taking into account the historical default experience and the current credit ratings of the bank, the management of the Group have assessed that there is no impairment, and hence have not recorded any loss allowances on these balances.

Wakala deposits have maturities of 2 weeks to 3 months (31 December 2023: 2 weeks to 3 months) from the date of placement and carry profit rates ranging on average from 4.7% to 5.2% (31 December 2023: 4.7% 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 for the three-month period ended 31 March 2024 amounted to AED 7,933,151 (31 March 2023: AED nil).

Cash at bank of AED 647,699,961 (31 December 2023: AED 762,051,455) pertains to banks which are related parties (note 11). Bank account under the name of a related party amounting to AED 19,633 (31 December 2023: AED 19,633) has been assigned for the beneficial interest of the Group.

**Notes to the condensed consolidated interim financial information
for the three-month period ended 31 March 2024 (continued)**

13 Share capital

	31 March 2024 AED (unaudited)	31 December 2023 AED (audited)
<i>Issued and fully paid:</i>		
2,571,428,572 shares of AED 0.10 each (31 December 2023: 2,571,428,572 shares of AED 0.10 each)	257,142,857	257,142,857

On 13 October 2022, pursuant to the public offering, the share capital of the Company was increased to AED 257,142,857 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 AED 571,428,572. Share issue costs amounted to AED 4,620,400.

14 Trade and other payables

	31 March 2024 AED (unaudited)	31 December 2023 AED (audited)
Trade and other payables	236,300,051	301,480,697
Accrued expenses	190,850,145	179,641,156
Contract liabilities	120,295,610	130,389,495
Corporate tax payable (note 19)	1,018,918	-
VAT payable	116,800	7,558,231
Retention payable	160,874	160,874
	548,742,398	619,230,453
Less: non-current portion	(6,120,260)	(6,685,617)
	542,622,138	612,544,836

The average credit period on the purchase of goods is 30-60 days (31 December 2023: 30-60 days). The Group has financial risk management policies in place to ensure that all payables are paid within credit period. No interest is charged on other payables.

Contract liabilities of AED 106,285,982 (31 December 2023: AED 115,454,642) pertain to related parties (note 11).

**Notes to the condensed consolidated interim financial information
for the three-month period ended 31 March 2024 (continued)**

15 Revenue

The Group derives its revenue from contracts with customers for the transfer of goods and services over time and at a point in time. Refer to note 21 for revenue for major product lines.

	Three-month period ended 31 March	
	2024	2023
	AED	AED
	(unaudited)	(unaudited)
Revenue from contracts with customers		
Products and services transferred at point in time	13,974,760	15,336,713
Products and services transferred over time	99,297,923	85,634,483
	113,272,683	100,971,196
Revenue from contracts with customers		
Government entities	58,370,259	87,296,432
Entities under common control	52,540,067	11,237,073
Other entities	2,362,357	2,437,691
	113,272,683	100,971,196
Geographical concentration		
Within UAE	112,905,433	100,971,196
Outside UAE	367,250	-
	113,272,683	100,971,196

Revenue for three-month period ended 31 March 2024 amounting to AED 109,427,202 (31 March 2023: AED 98,533,505) pertains to related parties (note 11).

The transaction price allocated to (partially) unsatisfied performance obligations at 31 March are as set out below.

	2024	2023
	AED	AED
Revenue from contracts with customers	1,933,936,884	1,746,886,770

Management expects that 33% (31 March 2023: 49%) of the transaction price allocated to the unsatisfied performance obligations as at 31 March 2024 will be recognised as revenue till the end of the year. The remaining 67% (31 March 2023: 71%) will be recognised in the future years. Average duration of the unsatisfied performance obligations as at 31 March 2024 is 4 years (31 March 2023: 4 years).

**Notes to the condensed consolidated interim financial information
for the three-month period ended 31 March 2024 (continued)**

16 Direct costs

	Three-month period ended 31 March	
	2024	2023
	AED	AED
	(unaudited)	(unaudited)
Subcontract costs	72,974,131	32,699,216
Staff costs and allowances	6,326,906	8,807,491
Depreciation of property and equipment (note 5)	1,079,794	669,331
Materials	962,800	7,084,196
Amortisation of intangible assets (note 6)	217,945	107,285
Other expenses	-	592,707
	81,561,576	49,960,226

17 General and administrative expenses

	Three-month period ended 31 March	
	2024	2023
	AED	AED
	(unaudited)	(unaudited)
Staff costs and allowances	20,790,012	22,921,854
Marketing	4,016,603	942,866
Professional fees	3,346,281	5,523,984
Depreciation of property and equipment (note 5)	1,562,027	2,364,678
Insurance	1,468,954	188,334
Office expenses	1,333,442	1,059,715
Depreciation of right-of-use assets (note 7)	317,358	-
Amortisation of intangible assets (note 6)	59,546	59,547
Other expenses	1,751,585	3,835,804
	34,645,808	36,896,782

18 Other income

	Three-month period ended 31 March	
	2024	2023
	AED	AED
	(unaudited)	(unaudited)
Reversal of liability upon completion of the contract	6,836,283	-
Subsidies received	194,068	49,551
Support services	-	140,195
	7,030,351	189,746

**Notes to the condensed consolidated interim financial information
for the three-month period ended 31 March 2024 (continued)**

19 Income tax

On 9 December 2022, the United Arab Emirates (UAE) Ministry of Finance (“MoF”) released Federal Decree-Law No 47 of 2022 on the Taxation of Corporations and Businesses, Corporate Tax Law (“CT Law”) to enact a new CT regime in the UAE. The new CT regime has become effective for accounting periods beginning on or after 1 June 2023. As the Group’s accounting year ends on 31 December, the first tax period will be the period from 1 January 2024 to 31 December 2024, with the respective tax return to be filed on or before 30 September 2025.

The taxable income of the entities that are in scope for UAE CT purposes will be subject to the rate of 9% corporate tax. It is not currently foreseen that the Group’s UAE operations will be subject to the application of the Global Minimum Tax rate of 15% in the financial year ending 31 December 2024. The application is dependent on the implementation of Base Erosion Profit Shifting (BEPS 2) - Pillar Two rules by the countries where the Group operates and the enactment of Pillar Two rules by the UAE MoF.

The tax charge for three-month period ended 31 March 2024 is AED 1,018,918 (31 March 2023: AED nil), representing an Effective Tax Rate (“ETR”) of 9% (31 March 2023: 0%). The ETR is in line with the statutory tax rate in the UAE as there are no foreign operations.

Income tax expense is recognised in each interim period based on a best estimate of the weighted average annual income tax rate expected for the full financial year. Amounts accrued for income tax expense in one interim period may have to be adjusted in a subsequent interim period of that financial year if the estimate of the annual income tax rate changes.

20 Earnings per share

Basic earnings per share amounts are calculated by dividing the profit attributable to shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

The following reflects the profit and share data used in to calculate earnings per share:

	Three-month period ended 31 March	
	2024	2023
	(unaudited)	(unaudited)
Profit attributable to the shareholders of the Company (AED)	10,302,395	21,937,227
Weighted average number of ordinary shares issued	2,571,428,572	2,571,428,572
Basic earnings per share (AED)	0.004	0.009

Diluted earnings per share are not applicable as the Company has not issued any instruments which would have an impact on earnings per share.

Notes to the condensed consolidated interim financial information for the three-month period ended 31 March 2024 (continued)

21 Operating segments

The Group has four reportable segments, as described below. Reportable segments offer different products and services and are managed separately because they require different technology and operational marketing strategies. For each of the strategic business units, the Group's executive management reviews internal management reports on at least a quarterly basis.

The following summary describes the operations in each of the Group's reportable segment:

- **Smart Geospatial Solutions (SGS):** The SGS division is a geospatial one-stop shop offering end-to-end services from data acquisition and processing to artificial intelligence services, to a growing number of sectors such as defense, environment, energy & resources, smart cities, and transportation.
- **Smart Mobility Solutions (SMOS):** The SMOS division is the pioneer of autonomous driving and unmanned systems in MENA with a proven technological capability and know-how including Autonomous Solutions, Cloud Infra, Digital Twins, Charging Infrastructure, Transportation Super Apps, and Testing and Simulation.
- **Smart Operations Solutions (SOPs):** The SOP division is driving the revolution in how entities approach their operations, by providing customers the latest AI-powered innovative technological solutions which deliver both superior efficiency and efficacy.
- **Smart Space Solutions (SPAS):** The SPAS division is a vertical AI-powered information solutions provider, utilizing space-based platforms across Remote Sensing, and Communication to deliver timely, actionable insights to various industries.

The Group does not allocate segment results of the holding Company that performs financing activities and certain other functions. Results of the Company are not significant to be disclosed as operating segment because quantitative thresholds are not met and are presented as *Other*.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit, as included in the internal management reports data reviewed by the Group's executive management. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Segment profit represents the profit earned by each segment without allocation of the income tax expenses.

**Notes to the condensed consolidated interim financial information
for the three-month period ended 31 March 2024 (continued)**

21 Operating segments (continued)

	SGS AED	SMOS AED	SOPs AED	SPAS AED	Other AED	Total AED
Three-month period ended 31 March 2024 (unaudited)						
Revenue	35,713,380	7,676,576	69,882,727	-	-	113,272,683
Direct cost	(22,424,464)	(2,099,442)	(57,037,670)	-	-	(81,561,576)
Gross profit	13,288,916	5,577,134	12,845,057	-	-	31,711,107
Indirect costs (net)	(7,195,729)	(3,861,290)	(15,029,607)	-	5,696,832	(20,389,794)
Reportable segment profit/(loss)	6,093,187	1,715,844	(2,184,550)	-	5,696,832	11,321,313
Three-month period ended 31 March 2023 (unaudited)						
Revenue	21,487,976	16,446,525	5,560,809	57,475,886	-	100,971,196
Direct cost	(17,372,542)	(13,562,287)	(10,384,562)	(8,640,835)	-	(49,960,226)
Gross profit	4,115,434	2,884,238	(4,823,753)	48,835,051	-	51,010,970
Indirect costs (net)	(5,977,876)	(3,867,397)	(2,924,718)	(22,772,096)	6,468,344	(29,073,743)
Reportable segment profit/(loss)	(1,862,442)	(983,159)	(7,748,471)	26,062,955	6,468,344	21,937,227

**Notes to the condensed consolidated interim financial information
for the three-month period ended 31 March 2024 (continued)**

22 Financial instruments

All financial assets and liabilities are measured at amortised cost and the carrying values approximate to the fair value.

23 Contingent liabilities

The Group has the following contingent liabilities and commitments outstanding at:

	31 March 2024 AED (unaudited)	31 December 2023 AED (audited)
Performance guarantees (a)	339,929,672	344,166,231
Letters of credit (a)	54,960,777	54,960,777
Capital commitments (b)	221,767,520	222,572,384

(a) Performance guarantees and letters of credit were issued in the normal course of business.

(b) Contracted capital commitments are mainly related to low earth orbit (LEO) and high-altitude pseudo satellites (HAPS) assets which are under construction.

24 Investment in associate

Details of the Group's associate are as follows:

<u>Associate</u>	<u>Place of incorporation and operations</u>	<u>Percentage of ownership</u>		<u>Principal activities</u>
		31 March 2024	31 December 2023	
Sindan-Additive Manufacturing Center of Excellence L.L.C	Abu Dhabi, UAE	25%	25%	Building engineering consultancy with 3D Printing Technology, decoration design & implementation using 3D Printing Technology, exporting and importing.

As at 31 March 2024, the Group has not contributed to its percentage of ownership in the share capital.

**Notes to the condensed consolidated interim financial information
for the three-month period ended 31 March 2024 (continued)**

25 Seasonality of results

No income of a seasonal nature was recorded in the condensed consolidated statement of profit or loss for the three-month period ended 31 March 2024 and 31 March 2023.

26 Merger of Bayanat AI PLC and AI Yah Satellite Communications Company PJSC

On 18 December 2023, the Board of Directors of Bayanat AI PLC approved the merger between the Company and AI Yah Satellite Communications Company PJSC (Yahsat) and recommended the merger to the Company's shareholders.

On 12 March 2024, the Board of Directors of Bayanat AI PLC approved the change of the Company's legal name from 'Bayanat AI PLC' to 'Space42 PLC' and the amended and restated Articles of Association of the Company, subject to obtaining relevant approvals on the merger and with effect from the merger becoming effective.

On 21 March 2024, a shareholder's circular has been issued calling for the general assembly meetings of the Company and Yahsat to vote on the proposed merger. The general assembly meetings of both the Company and Yahsat were convened on 25 April 2024 and the shareholders of both entities respectively approved the merger.

The merger will be effected by way of issuance of 0.897821 new ordinary shares in the capital of the Company for every one share in Yahsat subject to the terms of the merger agreement between the companies. For this purpose, the share capital of the Company will be increased by an amount of up to AED 219,047,698, corresponding to the issuance and allotment of up to 2,190,476,979 new ordinary shares of the Company to Yahsat shareholders. Following completion of the merger, the share capital of the Company will be set at a maximum of AED 476,190,550 comprising 4,761,905,551 shares of AED 0.10 each. Subsequently, Yahsat will be dissolved and the Company will remain as the sole surviving legal entity.

The merger is subject to receipt of all related governmental approvals, including regulatory approvals by the Securities and Commodities Authority (SCA) and the ADGM Registration Authority.

27 Approval of condensed consolidated interim financial information

The condensed consolidated interim financial information was approved by management and authorised for issue by the Board of Directors on 14 May 2024.