# Al Yah Satellite Communications Company PJSC

## Condensed consolidated interim financial statements

For the six months ended 30 June 2021

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# Al Yah Satellite Communications Company PJSC

## Board of Directors' Report

30 June 2021

The Directors have pleasure in presenting their report, together with the reviewed condensed consolidated interim financial statements of Al Yah Satellite Communications Company PJSC (the "Company") and its subsidiaries (collectively referred to as the "Group") for the six months ended 30 June 2021.

**Principal activity**

The Group's principal activities include leasing of satellite communication capacity, end-to-end integrated satellite communication and managed services, and providing fixed and mobile telecommunication services via satellites to customers.

**Results for the period**

For the six months ended 30 June 2021, the Group reported revenue of USD 190,183 thousand (30 June 2020: USD 197,914 thousand) and profit of USD 26,525 thousand (30 June 2020: USD 27,072 thousand).

**Going concern basis**

The Board of Directors has reasonable expectation that the Group has adequate resources and support to continue its operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the condensed consolidated interim financial statements for the period ended 30 June 2021.

**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 16 of the condensed consolidated interim financial statements.

**Directors**

Musabbeh Al Kaabi
H.E. Tareq Abdul Raheem Al Hosani
H. E. Rashed Al Ghafri
Badr Alolama
Masood M. Sharif Mahmood
H.E. Maryam Eid Khamis AlMheiri (from 12 July 2021)
Peng Xiao (from 12 July 2021)
Gaston Urda (from 12 July 2021)
Adrian Georges Steckel (from 12 July 2021)
H.E. Dr. Mohammed Al Ahbabi (until 12 July 2021)
H.E. Sara Musallam (until 12 July 2021)
H.E. Hisham Malak (until 12 July 2021)
Amal Al Ameri (until 12 July 2021)
Mounir Barakat (until 12 July 2021)

**Auditors**

The condensed consolidated interim financial statements for the six months ended 30 June 2021 have been reviewed by KPMG Lower Gulf Limited.

**On behalf of the Board of Directors**

DocuSigned by:
Musabbeh Al Kaabi
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**Chairman of the Board**
**Musabbeh Al Kaabi**

**Date:** 10 August 2021



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KPMG Lower Gulf Limited
Level 19, Nation Tower 2
Corniche Road, P.O. Box 7613
Abu Dhabi, United Arab Emirates
Tel. +971 (2) 401 4800, www.kpmg.com/ae

## Independent Auditors' Report on Review of Condensed Consolidated Interim Financial Information

To the Shareholder of Al Yah Satellite Communication Company PJSC

Introduction

We have reviewed the accompanying 30 June 2021 condensed consolidated interim financial information of Al Yah Satellite Communication Company PJSC ("the Company") and its subsidiaries (together referred to as "the Group"), which comprises:

- the condensed consolidated interim statement of financial position as at 30 June 2021;
- the condensed consolidated interim statement of profit or loss for the three-month and six-month periods ended 30 June 2021;
- the condensed consolidated interim statement of comprehensive income for the three-month and six-month periods ended 30 June 2021;
- the condensed consolidated interim statements of changes in equity for the six-month period ended 30 June 2021;
- the condensed consolidated interim statements of cash flows for the six-month period ended 30 June 2021; and
- notes to the condensed consolidated interim financial information.

Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

*Scope of Review*

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

*Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 30 June 2021 condensed consolidated interim financial information is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

*Other matter – comparative information*

The consolidated financial statements of the Group as at and for the year ended 31 December 2020 were audited by another auditor, who expressed an unmodified audit opinion on those consolidated financial statements dated 4 April 2021 and that the condensed consolidated interim financial information for the three-month and six-month periods ended 30 June 2020 was neither reviewed nor audited.

KPMG Lower Gulf Limited

Richard Ackland
Registration No.: 1015
Abu Dhabi, United Arab Emirates
Date: 10 August 2021

## Al Yah Satellite Communications Company PJSC

### Condensed consolidated interim statement of profit or loss

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| | | Three months ended 30 June | | Six months ended 30 June | |
|---|---|---|---|---|---|
| | | 2021 | 2020 | 2021 | 2020 |
| | Notes | $ 000 | $ 000 | $ 000 | $ 000 |
| **Revenue** | 4 | 99,968 | 100,599 | 190,183 | 197,914 |
| Cost of revenue | | (8,505) | (6,743) | (13,416) | (12,853) |
| Staff costs | | (20,776) | (21,024) | (40,768) | (44,793) |
| Other operating expenses (1) | | (9,915) | (10,698) | (21,245) | (21,553) |
| Other income | | 709 | 1,896 | 1,137 | 2,310 |
| **Adjusted EBITDA (2)** | | **61,481** | **64,030** | **115,891** | **121,025** |
| Depreciation, amortisation and impairment | | (36,473) | (37,233) | (73,484) | (74,454) |
| Fair value adjustments on investment property | | (209) | - | (209) | - |
| **Operating profit** | | **24,799** | **26,797** | **42,198** | **46,571** |
| Finance income | | 35 | 1,047 | 200 | 2,515 |
| Finance costs | | (9,767) | (5,196) | (12,904) | (11,444) |
| **Net Finance costs** | | **(9,732)** | **(4,149)** | **(12,704)** | **(8,929)** |
| Share of results of equity-accounted investments | 7 | (2,543) | (4,920) | (2,849) | (10,457) |
| **Profit before income tax** | | **12,524** | **17,728** | **26,645** | **27,185** |
| Income tax expense | | (72) | (61) | (120) | (113) |
| **Profit for the period** | | **12,452** | **17,667** | **26,525** | **27,072** |
| Loss for the period attributable to non-controlling interests | | (1,750) | (1,672) | (3,575) | (3,460) |
| **Profit for the period attributable to the Shareholder** | | **14,202** | **19,339** | **30,100** | **30,532** |
| **Earnings per share** | | | | | |
| Basic and diluted ($ per share) | 19 | 0.006 | 0.008 | 0.012 | 0.013 |

(1) Other operating expenses include impairment loss on trade receivables and contract assets of $847 thousand and $2,227 thousand for three-month and six-month periods ended 30 June 2021, respectively ($389 thousand and $954 thousand for the three-month and six-month periods ended 30 June 2020, respectively).

(2) Earnings before interest, tax, depreciation, amortisation, impairment, fair value adjustments on investment property and share of results of equity-accounted investments. Refer to note 3 for a reconciliation of Adjusted EBITDA to profit for the period. Adjusted EBITDA is a non-GAAP measure.

### Condensed consolidated interim statement of comprehensive income

| | Three months ended 30 June | | Six months ended 30 June | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| | $ 000 | $ 000 | $ 000 | $ 000 |
| **Profit for the period** | **12,452** | **17,667** | **26,525** | **27,072** |
| **Other comprehensive income:** | | | | |
| **Items that may be reclassified to profit or loss:** | | | | |
| Cash flow hedge - effective portion of changes in fair value | 2,312 | 1,745 | (49) | (4,818) |
| Cash flow hedge - loss reclassified to profit or loss | 7,326 | 2,467 | 9,706 | 4,989 |
| Foreign operations - currency translation differences | 13,685 | (5,394) | 4,231 | (33,614) |
| **Total comprehensive income for the period** | **35,775** | **16,485** | **40,413** | **(6,371)** |
| Total comprehensive loss attributable to non-controlling interests | (1,748) | (1,665) | (3,565) | (3,496) |
| **Total comprehensive income attributable to the Shareholder** | **37,523** | **18,150** | **43,978** | **(2,875)** |

The results for the period ended 30 June 2021 are reviewed. The comparatives for the period ended 30 June 2020 are neither reviewed nor audited.

The notes on pages 8 to 19 form part of these condensed consolidated interim financial statements.

The independent auditor's report is set out on pages 2 to 3.



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## Al Yah Satellite Communications Company PJSC

### Condensed consolidated interim statement of financial position

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| | Notes | 30 June 2021 $ 000 | 31 December 2020 $ 000 |
|---|---|---|---|
| **Assets** | | | |
| Property, plant and equipment | 5 | 958,423 | 1,018,003 |
| Capital work in progress | 6 | 168,064 | 98,531 |
| Investment property | | 21,928 | 22,137 |
| Right-of-use assets | | 17,957 | 20,645 |
| Intangible assets | | 11,215 | 13,083 |
| Equity-accounted investments | 7 | 134,673 | 125,574 |
| Trade and other receivables | 8 | 11,389 | 11,227 |
| Deferred income tax assets | | 107 | 94 |
| **Total non-current assets** | | **1,323,756** | **1,309,294** |
| Inventories | | 8,632 | 13,291 |
| Trade and other receivables | 8 | 159,233 | 127,296 |
| Income tax assets | | 182 | 182 |
| Cash and short-term deposits* | 9 | 325,335 | 224,915 |
| **Total current assets** | | **493,382** | **365,684** |
| **Total assets** | | **1,817,138** | **1,674,978** |
| **Liabilities** | | | |
| Trade and other payables | 10 | 90,664 | 88,539 |
| Borrowings | 11 | 6,684 | 129,114 |
| Derivative financial instruments | 12 | 596 | 8,016 |
| Deferred revenue | 13 | 24,010 | 22,095 |
| Income tax liabilities | | 210 | 288 |
| **Total current liabilities** | | **122,164** | **248,052** |
| Trade and other payables | 10 | 291,000 | 291,000 |
| Borrowings | 11 | 408,604 | 143,655 |
| Derivative financial instruments | 12 | - | 1,641 |
| Provision for employees' end of service benefits | | 10,842 | 10,515 |
| **Total non-current liabilities** | | **710,446** | **446,811** |
| **Total liabilities** | | **832,610** | **694,863** |
| **Net assets** | | **984,528** | **980,115** |
| **Equity** | | | |
| Share capital | 14 | 664,334 | 2,722 |
| Additional paid-in capital | 14 | - | 661,612 |
| Hedging reserve | 12 | - | (9,657) |
| Statutory reserve | | 4,103 | 4,103 |
| Translation reserve | | (17,981) | (22,202) |
| Retained earnings | | 254,046 | 259,946 |
| **Equity attributable to the Shareholder** | | **904,502** | **896,524** |
| Non-controlling interests | | 80,026 | 83,591 |
| **Total equity** | | **984,528** | **980,115** |

*Cash and short term deposits include cash and cash equivalents of $305,335 thousand (31 December 2020: US$ 104,915 thousand).

To the best of our knowledge, the financial information included in these condensed consolidated interim financial statements presents fairly, in all material respects, the financial position, results of operations and cash flows of the Group as of, and for, the periods presented therein.

These condensed consolidated interim financial statements were authorised for issue by the Board of Directors on 9 August 2021 and approved on their behalf by:

| DocuSigned by: Musabbeh Al Kaabi 700A64D757D7407... | DocuSigned by: 13AA0BE7E75B451... | DocuSigned by: Andrew Francis Cole A6BF0B65FED14B7... |
|---|---|---|
| **Chairman of the Board** | **Chief Executive Officer** | **Chief Financial Officer** |
| **Musabbeh Al Kaabi** | **Ali Hashem Al Hashemi** | **Andrew Francis Cole** |

The financial position as of 30 June 2021 is reviewed. The comparative financial position of as of 31 December 2020 is audited.

The notes on pages 8 to 19 form part of these condensed consolidated interim financial statements.

The independent auditor's report is set out on pages 2 to 3.



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## Al Yah Satellite Communications Company PJSC
### Condensed consolidated interim statement of changes in equity
for the six months ended 30 June

| | Attributable to the Shareholder | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Share capital | Additional paid-in capital | Hedging reserve | Other Reserves [1] | Retained earnings | Total | Non-controlling interests | Total equity |
| | $ 000 | $ 000 | $ 000 | $ 000 | $ 000 | $ 000 | $ 000 | $ 000 |
| **At 1 January 2020** | **2,722** | **661,612** | **(15,839)** | **9,903** | **246,044** | **904,442** | **91,104** | **995,546** |
| Profit for the period | - | - | - | - | 30,532 | 30,532 | (3,460) | 27,072 |
| Other comprehensive income: | | | | | | | | |
| Currency translation differences | - | - | - | (33,578) | - | (33,578) | (36) | (33,614) |
| Cash flow hedge - effective portion of changes in fair value | - | - | (4,818) | - | - | (4,818) | - | (4,818) |
| Cash flow hedge - loss reclassified to profit or loss | - | - | 4,989 | - | - | 4,989 | - | 4,989 |
| **Other comprehensive income for the period** | **-** | **-** | **171** | **(33,578)** | **-** | **(33,407)** | **(36)** | **(33,443)** |
| **Total comprehensive income for the period** | **-** | **-** | **171** | **(33,578)** | **30,532** | **(2,875)** | **(3,496)** | **(6,371)** |
| Transactions with the Shareholder: | | | | | | | | |
| Dividends (Note 18) | - | - | - | - | (15,000) | (15,000) | - | (15,000) |
| **At 30 June 2020** | **2,722** | **661,612** | **(15,668)** | **(23,675)** | **261,576** | **886,567** | **87,608** | **974,175** |
| | | | | | | | | |
| **At 1 January 2021** | **2,722** | **661,612** | **(9,657)** | **(18,099)** | **259,946** | **896,524** | **83,591** | **980,115** |
| Profit for the period | - | - | - | - | 30,100 | 30,100 | (3,575) | 26,525 |
| Other comprehensive income: | | | | | | | | |
| Currency translation differences | - | - | - | 4,221 | - | 4,221 | 10 | 4,231 |
| Cash flow hedge - effective portion of changes in fair value | - | - | (49) | - | - | (49) | - | (49) |
| Cash flow hedge - loss reclassified to profit or loss [2] | - | - | 9,706 | - | - | 9,706 | - | 9,706 |
| **Other comprehensive income for the period** | **-** | **-** | **9,657** | **4,221** | **-** | **13,878** | **10** | **13,888** |
| **Total comprehensive income for the period** | **-** | **-** | **9,657** | **4,221** | **30,100** | **43,978** | **(3,565)** | **40,413** |
| Conversion of additional paid-in capital to share capital (Note 14) | 661,612 | (661,612) | - | - | - | - | - | - |
| Transactions with Yahsat Owner: | | | | | | | | |
| Dividends (Note 18) | - | - | - | - | (36,000) | (36,000) | - | (36,000) |
| **At 30 June 2021** | **664,334** | **-** | **-** | **(13,878)** | **254,046** | **904,502** | **80,026** | **984,528** |

[1] Other reserves include translation reserve and statutory reserve.

[2] The amount includes $5,156 thousand on account of discontinuance of hedge accounting (Note 12) and $4,550 thousand relating to periodic reclassifications to profit or loss.

The changes in equity for the period ended 30 June 2021 are reviewed. The comparatives for the period ended 30 June 2020 are neither reviewed nor audited.

The notes on pages 8 to 19 form part of these condensed consolidated interim financial statements.

The independent auditor's report is set out on pages 2 to 3.

# Al Yah Satellite Communications Company PJSC

## Condensed consolidated interim statement of cash flows

for the six months ended 30 June

| | Notes | 2021 $ 000 | 2020 $ 000 |
|---|---|---|---|
| **Operating activities** | | | |
| Profit before income tax | | 26,645 | 27,185 |
| Adjustments for: | | | |
| Share of results of equity-accounted investments | | 2,849 | 10,457 |
| Depreciation, amortisation and impairment | | 73,484 | 74,454 |
| Allowance for expected credit losses | | 2,227 | 954 |
| Loss allowance for inventories | | 260 | 320 |
| Fair value adjustment to investment property | | 209 | - |
| Finance income | | (200) | (2,515) |
| Finance costs | | 12,904 | 11,444 |
| Gain on disposal of property, plant and equipment | | (31) | - |
| Provision for employees' end of service benefits | | 972 | 946 |
| **Operating profit before working capital changes** | | **119,319** | **123,245** |
| Working capital changes: | | | |
| Trade and other receivables | | (34,325) | 7,607 |
| Inventories | | 4,399 | (1,682) |
| Trade and other payables | | (9,453) | (19,269) |
| Deferred revenue | | 1,915 | (3,742) |
| Employee end of service payments | | (654) | (837) |
| Income tax paid | | (211) | (125) |
| **Net cash from operating activities** | | **80,990** | **105,197** |
| **Investing activities** | | | |
| Purchases of property, plant and equipment | | (4,658) | (2,649) |
| Purchases of capital work in progress | | (62,277) | (7,996) |
| Additions to intangible assets | | (57) | (391) |
| Return of investment in an associate | | 2,080 | - |
| Investment in an associate | | (9,880) | (10,000) |
| Receipt of short-term deposits with original maturity of over three months | | 100,000 | - |
| Proceeds on disposal of property, plant and equipment | | 49 | - |
| Interest received | | 200 | 2,515 |
| **Net cash from/(used in) investing activities** | | **25,457** | **(18,521)** |
| **Financing activities** | | | |
| Proceeds from borrowings, net of transaction costs paid | | 397,000 | - |
| Repayment of borrowings | | (256,137) | (65,380) |
| Interest paid | | (2,397) | (9,878) |
| Settlement of derivative contract liabilities | | (8,555) | - |
| Dividend paid to the Shareholder | 18 | (36,000) | (15,000) |
| **Net cash from/(used in) financing activities** | | **93,911** | **(90,258)** |
| **Net increase/(decrease) in cash and cash equivalents** | | **200,358** | **(3,582)** |
| Net foreign exchange difference | | 62 | (239) |
| Cash and cash equivalents at the beginning of the period | | 104,915 | 147,432 |
| **Cash and cash equivalents as at the end of the period** | | **305,335** | **143,611** |

The cash flows for the period ended 30 June 2021 are reviewed. The comparatives for the period ended 30 June 2020 are neither reviewed nor audited.

The notes on pages 8 to 19 form part of these condensed consolidated interim financial statements.
The independent auditor's report is set out on pages 2 to 3.

## 1 General information

Al Yah Satellite Communications Company (the "Company") was incorporated on 23 January 2007 as a private joint stock company in Abu Dhabi, United Arab Emirates (UAE). UAE Federal Law No. 2 of 2015 (Companies Law) is applicable to the Company and has come into effect on 1 July 2015. On 16 June 2021, the Company was converted into a public joint stock company and on 14 July 2021, the Company's shares were listed on the Abu Dhabi Securities Exchange (refer to Note 22).

The Company is a subsidiary of Mubadala Investment Company PJSC (the "Parent Company" or the "Shareholder"), an entity wholly owned by the Government of Abu Dhabi.

This condensed consolidated interim financial statements include the financial performance and position of the Company, its subsidiaries (collectively referred to as the "Group") and the Group's interest in its equity-accounted investees.

The Group's principal activity is the leasing of satellite communication capacity and providing telecommunication services via satellite to customers.

## 2 Significant accounting policies

### 2.1 Basis of preparation

**Statement of compliance**
These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting, and comply where appropriate, with the Articles of Association and applicable requirements of the laws of the UAE and should be read in conjunction with the Group's last annual consolidated financial statements as at and for the year ended 31 December 2020 ('last annual financial statements'). They do not include all of the information required for a complete set of financial statements prepared in accordance with IFRS Standards. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements.

The same accounting policies and methods of computation are followed in the condensed interim financial statements as compared with the most recent annual financial statements.

**Basis of measurement**
These condensed consolidated interim financial statements have been prepared on the historical cost basis, except for derivative financial instruments and investment property, which are measured at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

**Functional and presentation currency**
These condensed consolidated interim financial statements are presented in United States Dollars ("USD" or "$"), the functional currency of the Company and the presentation currency of the Group. Subsidiaries and its equity-accounted investees determine their own functional currency and items included in the financial statements of these companies are measured using that functional currency. All financial information presented in USD has been rounded to the nearest thousand ("$ 000"), unless stated otherwise.

**Use of judgements and estimates**
In preparing these condensed consolidated interim financial statements, management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements.

### 2.2 New and amended standards and interpretations

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2021. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

**Interest Rate Benchmark Reform — Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)**
The amendments require additional disclosures that allow users to understand the nature and extent of risks arising from the IBOR reform to which the entity is exposed and how the entity manages those risks.

The amendments will have an impact on the existing term loan and interest rate swap (IRS) contracts (derivative used for hedging) after 30 June 2023, the date when the USD LIBOR rates are expected to be discontinued. The term loan and IRS agreements provide for a mechanism for transition from LIBOR to an agreed replacement benchmark. The Group will be in a position to assess the potential impact of the transition on the consolidated financial statements when the replacement benchmark is notified by the lenders and the hedge counterparty.

## 2 Significant accounting policies (continued)

### 2.2 New and amended standards and interpretations (continued)

**Amendments to IFRS 16 Covid-19 Related Rent Concessions**
On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. In March 2021, the IASB has extended, by one year, the May 2020 amendment. The amendment is effective for annual reporting periods beginning on or after 1 April 2021 with earlier adoption permitted. The amendments did not have a material impact on the Group.

### 2.3 Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's condensed consolidated interim financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

***IFRS 17 Insurance Contracts***
The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. IFRS 17 is effective for reporting periods beginning on or after 1 January 2023, with comparative figures required. This standard is not applicable to the Group.

***Amendments to IAS 1: Classification of Liabilities as Current or Non-Current***
The amendments provide a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and are to be applied retrospectively. The Group is assessing the potential impact of this amendment.

***Reference to the Conceptual Framework – Amendments to IFRS 3***
The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The IASB also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies, if incurred separately. At the same time, the IASB decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements. The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively. The Group is assessing the potential impact of these amendments.

***Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16***
The amendment prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss. The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment. The amendments are not expected to have a material impact on the Group.

***Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37***
The amendment specifies which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The Group will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments. The amendment is not expected to have a material impact on the Group.

***IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter***
The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1. The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The amendment is not expected to have a material impact on the Group.

***IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities***
The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The Group will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendments are not expected to have a material impact on the Group.

***Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12***
The amendment clarifies how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendment is effective for annual periods beginning on or after 1 January 2023 with earlier adoption permitted. The amendment is not expected to have a material impact on the Group.

### 3 Segment information

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

**Accounting policies**

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

**Information on segments**

The CODM monitors the operating results of the segments for the purpose of making decisions, allocating resources and assessing performance. The segments are based on lines of business as follows:

- Infrastructure segment, which primarily provides long-term satellite capacity leases, and satellite operation services. This is the largest operating segment.
- Managed Solutions segment includes end-to-end managed solutions provided mainly to government customers (Yahsat Government Solutions) and other industry solutions.
- Data Solutions (BCS) segment represents the group's Yahclick business providing broadband satellite solutions in Africa, Middle East and Asia.
- Mobility Solutions segment provides narrow-band satellite solutions under the trade name Thuraya.
- 'Others' include two segments: a) Data Solutions - Brazil representing the Group's Brazilian associate HPE and b) Broadcast segment representing the Group's associate Al Maisan.

Segment revenue is measured in a manner consistent with that in the condensed consolidated interim statement of profit or loss. The performance of the segments are evaluated on the following basis:

- Infrastructure and Managed Solutions segments are evaluated based on segment Adjusted EBITDA, a measure broadly consistent with Group Adjusted EBITDA.
- Data Solutions (BCS) and Mobility Solutions segments are evaluated based on segment Adjusted EBITDA and segment profit or loss which is measured consistently with profit for the year in the consolidated financial statements.
- Data solutions (Brazil) and Broadcast segments are evaluated based on the Group's share of results in the respective equity accounted investments (associates).

Elimination of inter-segment revenue and other consolidation adjustments, if any, are presented under the column 'reconciliations'.

Capital expenditure includes additions during the period to property, plant and equipment, capital work in progress, right-of-use assets and intangible assets.

The breakdown of revenue from external customers by nature of business activity is provided in Note 4.

The segment information for the six months ended 30 June 2021 is as follows:

| | Infra-structure | Managed solutions | Data solutions (BCS) | Mobility solutions | Other | Recon-ciliation | Total |
|---|---|---|---|---|---|---|---|
| | $ 000 | $ 000 | $ 000 | $ 000 | $ 000 | $ 000 | $ 000 |
| External revenue | 119,928 | 29,050 | 11,839 | 29,366 | - | - | 190,183 |
| Inter-segment revenue | 539 | - | 455 | - | - | (994) | 0 |
| **Total revenue** | **120,467** | **29,050** | **12,294** | **29,366** | **-** | **(994)** | **190,183** |
| **Adjusted EBITDA** | **92,418** | **15,672** | **(842)** | **8,643** | **-** | **-** | **115,891** |
| Depreciation, amortisation and impairment | (45,640) | (51) | (16,380) | (11,413) | - | - | (73,484) |
| Fair value losses on investment property | - | - | - | (209) | - | - | (209) |
| Finance income | 225 | - | 1,305 | 3 | - | (1,333) | 200 |
| Finance costs | (13,616) | - | (102) | (519) | - | 1,333 | (12,904) |
| Share of results - HPE | - | - | - | - | (3,526) | - | (3,526) |
| Share of results - Al Maisan | - | - | - | - | 677 | - | 677 |
| Income tax expense | (31) | - | (76) | (13) | - | - | (120) |
| **Profit/(loss) for the period** | **33,356** | **15,621** | **(16,095)** | **(3,508)** | **(2,849)** | **-** | **26,525** |
| Capital expenditure | 72,148 | 130 | 3,698 | 2,898 | - | - | 78,874 |

### 3 Segment information (continued)

The segment information for the six months ended 30 June 2020 is as follows:

| | Infra-structure | Managed solutions | Data solutions (BCS) | Mobility solutions | Other | Recon-ciliation | Total |
|---|---|---|---|---|---|---|---|
| | $ 000 | $ 000 | $ 000 | $ 000 | $ 000 | $ 000 | $ 000 |
| External revenue | 118,586 | 32,499 | 13,390 | 33,439 | - | - | 197,914 |
| Inter-segment revenue | 650 | - | 299 | - | - | (949) | - |
| **Total revenue** | **119,236** | **32,499** | **13,689** | **33,439** | **-** | **(949)** | **197,914** |
| **Adjusted EBITDA** | **93,214** | **17,927** | **(2,568)** | **12,452** | **-** | **-** | **121,025** |
| Depreciation, amortisation and impairment | (45,357) | (69) | (15,713) | (13,315) | - | - | (74,454) |
| Finance income | 412 | - | 2,099 | 4 | - | - | 2,515 |
| Finance costs | (10,562) | - | (245) | (637) | - | - | (11,444) |
| Share of results - HPE | - | - | - | - | (8,616) | - | (8,616) |
| Share of results - Al Maisan | - | - | - | - | (1,841) | - | (1,841) |
| Income tax expense | - | - | (112) | (1) | - | - | (113) |
| **Profit/(loss) for the period** | **37,707** | **17,858** | **(16,539)** | **(1,497)** | **(10,457)** | **-** | **27,072** |
| Capital expenditure | 7,548 | 340 | 2,030 | 1,117 | - | - | 11,035 |

**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 16.

| | Six months ended 30 June | |
|---|---|---|
| | 2021 | 2020 |
| | $ 000 | $ 000 |
| United Arab Emirates | 159,139 | 162,506 |
| Europe | 12,126 | 15,667 |
| Asia | 9,940 | 11,241 |
| Africa | 5,801 | 3,941 |
| North America | 2,728 | 4,012 |
| Others | 449 | 547 |
| **Revenue** | **190,183** | **197,914** |

## 4 Revenue

| | Notes | Three months ended 30 June 2021 $ 000 | Three months ended 30 June 2020 $ 000 | Six months ended 30 June 2021 $ 000 | Six months ended 30 June 2020 $ 000 |
|---|---|---|---|---|---|
| Services rendered | | 94,746 | 95,612 | 184,004 | 190,523 |
| Sale of equipment and accessories | | 5,222 | 4,987 | 6,179 | 7,391 |
| | 3 | **99,968** | **100,599** | **190,183** | **197,914** |
| Revenue from related parties is disclosed in Note 16. | | | | | |
| **Revenue includes:** | | | | | |
| Revenue from contracts with customers (IFRS 15) | | 67,473 | 67,201 | 124,253 | 131,081 |
| Income from operating leases (IFRS 16) | | 32,495 | 33,398 | 65,930 | 66,833 |
| | | **99,968** | **100,599** | **190,183** | **197,914** |
| **Disaggregation of revenue by operating segment:** | | | | | |
| Services rendered: | | | | | |
| Infrastructure | | 59,972 | 59,247 | 119,928 | 118,586 |
| Managed solutions | | 16,997 | 16,773 | 29,050 | 32,499 |
| Data solutions - BCS | | 6,181 | 6,687 | 11,644 | 13,075 |
| Mobility solutions | | 11,596 | 12,905 | 23,382 | 26,363 |
| Sale of equipment and accessories (recognised at a point in time) | | | | | |
| Data solutions - BCS | | 154 | - | 195 | 315 |
| Mobility solutions | | 5,068 | 4,987 | 5,984 | 7,076 |
| | | **99,968** | **100,599** | **190,183** | **197,914** |
| **Timing of recognition of revenue from contracts with customers:** | | | | | |
| Over time | | 61,646 | 61,810 | 117,469 | 122,769 |
| At a point in time | | 5,827 | 5,391 | 6,784 | 8,312 |
| | | **67,473** | **67,201** | **124,253** | **131,081** |

Revenue by geography is disclosed in note 3.

| **Contract balances:** | Notes | 30 June 2021 $ 000 | 31 December 2020 $ 000 |
|---|---|---|---|
| Trade receivables, net of loss allowance | 8 | 116,222 | 94,448 |
| Contract assets | 8 | 19,005 | 19,827 |
| Contract liabilities: | | | |
| Advances from a related party | | 128,040 | 128,040 |
| Advances from other customers | 10 | 5,070 | 5,999 |
| Deferred revenue | 13 | 24,010 | 22,095 |

## 5 Property, plant and equipment

| | Notes | 30 June 2021 $ 000 | 31 December 2020 $ 000 |
|---|---|---|---|
| At the beginning of the period/year | | 1,018,003 | 1,146,331 |
| Additions | | 4,658 | 8,644 |
| Depreciation | | (68,780) | (139,286) |
| Disposal/write-off | | (18) | (7) |
| Exchange differences | | 28 | 132 |
| Transfer from capital work in progress | 6 | 4,621 | 2,665 |
| Impairment | | - | (213) |
| Other movements | | (89) | (263) |
| **At the end of the period/year** | | **958,423** | **1,018,003** |

Additions to property, plant and equipment during the six-month period ended 30 June 2020 amounted to $2.6 million.

## 6 Capital work in progress

| | Notes | 30 June 2021 $ 000 | 31 December 2020 $ 000 |
|---|---|---|---|
| At the beginning of the period/year | | 98,531 | 19,180 |
| Additions | | 74,154 | 82,016 |
| Transfers to property, plant and equipment | 5 | (4,621) | (2,665) |
| **At the end of the period/year** | | **168,064** | **98,531** |

Additions during the period mainly relate to the Thuraya 4 satellite (T4-NGS) under construction. The cumulative cost of T4-NGS as of 30 June 2021 amounted to $145 million (31 December 2020: $76.8 million). Additions to capital work in progress during the period ended 30 June 2020 amounted to $8 million.

## 7 Equity-accounted investments

| | 30 June 2021 $ 000 | 31 December 2020 $ 000 |
|---|---|---|
| At the beginning of the period/year | 125,574 | 151,285 |
| Contributions made during the period/year | 9,880 | 18,558 |
| Return of investment | (2,080) | - |
| Share of results for the period/year | (2,849) | (16,360) |
| Exchange differences | 4,148 | (27,909) |
| **At the end of the period/year** | **134,673** | **125,574** |
| of which Investment in HPE | 115,707 | 105,205 |
| of which Investment in Al Maisan | 18,966 | 20,369 |

During the period, Al Maisan repaid $2,080 thousand of the total $89,826 thousand shareholder loan which Star contributed in the previous years in proportion to its share of ownership. The shareholder loan is repayable at the discretion of Al Maisan hence is akin to an equity contribution and is accounted for as investment in associate rather than a loan receivable. The remaining amount of such loan as at 30 June 2021 is $87,746 thousand (31 December 2020: $89,826 thousand).

## 8 Trade and other receivables

| | Notes | 30 June 2021 $ 000 | 31 December 2020 $ 000 |
|---|---|---|---|
| Trade receivables | | 143,169 | 119,312 |
| Allowance for expected credit losses | | (26,947) | (24,864) |
| **Trade receivables, net of allowance** | | **116,222** | **94,448** |
| Contract assets - accrued income | | 19,005 | 19,827 |
| Prepayments - orbital services | | 10,000 | 10,000 |
| Prepayments - others | | 10,023 | 2,647 |
| Advances | | 8,911 | 5,348 |
| Other receivables | | 6,461 | 6,253 |
| **Total trade and other receivables** | | **170,622** | **138,523** |
| of which non-current | | 11,389 | 11,227 |
| of which current | | 159,233 | 127,296 |

## 9 Cash and short term deposits

| | Notes | 30 June 2021 $ 000 | 31 December 2020 $ 000 |
|---|---|---|---|
| Cash on hand and in banks | | 295,332 | 94,912 |
| Short-term deposits with banks | | 3 | 3 |
| Short-term deposits with related parties | | 30,000 | 130,000 |
| **Cash and short-term deposits** | | **325,335** | **224,915** |
| Less: Short-term deposits with original maturities of over three months | | (20,000) | (120,000) |
| **Cash and cash equivalents** | | **305,335** | **104,915** |

During the period, the Group withdrew an amount of $100 million from the $130 million short-term deposits placed with related parties in the previous year.

## 10 Trade and other payables

| | Notes | 30 June 2021 $ 000 | 31 December 2020 $ 000 |
|---|---|---|---|
| Trade payables | | 45,679 | 40,287 |
| Accruals | | 29,982 | 32,197 |
| Advance from a related party | | 291,000 | 291,000 |
| Advances from other customers | | 5,070 | 5,999 |
| Other payables | | 9,933 | 10,056 |
| **Total trade and other payables** | | **381,664** | **379,539** |
| of which non-current | | 291,000 | 291,000 |
| of which current | | 90,664 | 88,539 |

## 11 Borrowings

| | 30 June 2021 $ 000 | 31 December 2020 $ 000 |
|---|---|---|
| **The carrying amount of borrowings are as follows:** | | |
| A) Term loans: | | |
| Principal amounts | 402,128 | 255,716 |
| Unamortised transaction costs | (4,606) | (2,744) |
| Term loans - net of unamortised transaction costs | **397,522** | **252,972** |
| B) Lease liabilities | 17,766 | 19,797 |
| **Total borrowings** | **415,288** | **272,769** |
| of which current | 6,684 | 129,114 |
| of which non-current | 408,604 | 143,655 |

**A) Term loans**

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

| | Repayment tenor Year | Principal amount $ 000 | Unamortised transaction costs $ 000 | Carrying amount $ 000 |
|---|---|---|---|---|
| **At 30 June 2021** | | | | |
| Term loan 4 | 2015-2021 | 2,128 | (9) | 2,119 |
| Term loan 5 | 2022-2026 | 400,000 | (4,597) | 395,403 |
| | | **402,128** | **(4,606)** | **397,522** |
| **At 31 December 2020** | | | | |
| Term loan 1 | 2012-2022 | 251,461 | (2,726) | 248,735 |
| Term loan 4 | 2015-2021 | 4,255 | (18) | 4,237 |
| | | **255,716** | **(2,744)** | **252,972** |

| | 30 June 2021 $ 000 | 31 December 2020 $ 000 |
|---|---|---|
| **The movements in term loans are as follows:** | | |
| At the beginning of the period/year | 252,972 | 367,736 |
| Additions | 400,000 | - |
| Transaction costs | (4,620) | - |
| Amortisation of transaction costs | 2,759 | 1,837 |
| Payments | (253,589) | (116,601) |
| **At the end of the period/year** | **397,522** | **252,972** |
| The principal amounts of the term loans are repayable as follows: | | |
| Within one year | 2,128 | 125,484 |
| 1 - 2 years | 205,000 | 130,232 |
| 2 - 5 years | 195,000 | - |
| | **402,128** | **255,716** |

## 11 Borrowings (continued)

### A) Term loans (continued)

On 14 June 2021, the Group entered into a new Term Facility Agreement for a facility amount of $400 million (Term loan 5 or New Term Loan Facility). Term loan 5 has a tenor of five years and is repayable in eight semi-annual installments starting from 14 December 2022. Term loan 5 bears interest at LIBOR plus margin of 1.30% per annum.

On 22 June 2021, the Term loan 5 was drawn in full and was partially used to acquire the outstanding borrowings of Term Loan 1 amounting to $251,461 thousand on the same date. Upon acquisition of Term loan 1, the remaining unamortised transaction cost of $1,858 thousand was charged to profit or loss under finance costs and is included in the line item 'Amortisation of transaction costs' above.

On 14 June 2021, the Group entered into an export credit agency facility through a BPIFAE Facility Agreement (ECA Facility). The ECA Facility will be used to partly fund the capital expenditure relating to the T4-NGS. The amount of the ECA Facility is up to $300.5 million with a tenor of 8.5 years and an availability period starting 14 June 2021 for the ECA Facility until the date falling 5 months after the starting point of credit. The ECA Facility bears interest at LIBOR plus margin of 0.60% per annum. As of 30 June 2021, no amounts have been drawn out of this facility.

Both Term loan 5 and ECA Facility contain customary representations, warranties, covenants and undertakings including limitations on incurrence of financial indebtedness, mergers, acquisitions, disposals and negative pledge in relation to certain assets of the Group save, in each case, as permitted under the terms of the facility documents. In both facilities, the Group is required to maintain an interest cover ratio of not less than 4.00:1 and a net leverage ratio of no more than 3.00:1, in each case on a calculation date (which occurs on 30 June and 31 December in each financial year).

Additions and repayments of term loans during the six-month period ended 30 June 2020 amounted to $Nil and $56.8 million, respectively.

### B) Lease liabilities

| | 30 June 2021 $ 000 | 31 December 2020 $ 000 |
|---|---|---|
| **The movements in lease liabilities are as follows:** | | |
| At the beginning of the period/year | 19,797 | 31,502 |
| Accretion of interest | 517 | 1,216 |
| Payments | (2,548) | (10,945) |
| Additions | - | 446 |
| Modification | - | (2,384) |
| Retirement | - | (38) |
| **At the end of the period/year** | **17,766** | **19,797** |

## 12 Derivative financial instruments

On 15 June 2021, the Group entered into interest rate swap (IRS) agreements to hedge the variability in interest rates with respect to Term loan 5 and the ECA Facility. The effective date for both IRS agreements is 14 July 2021.

On 22 June 2021, the Group terminated all, but one, IRS agreements relating to Term Loan 1 resulting in a total settlement of $8.6 million. Consequently, the Group discontinued hedge accounting which resulted in the reclassification of the related balance in the accumulated hedging reserve to profit or loss amounting to $5.2 million. The remaining IRS would form part of the new hedging arrangement relating to Term loan 5.

## 13 Deferred revenue

| | 30 June 2021 $ 000 | 31 December 2020 $ 000 |
|---|---|---|
| Unutilized airtime balances from prepaid scratch cards | 14,747 | 12,469 |
| Others | 9,263 | 9,626 |
| **Total deferred revenue** | **24,010** | **22,095** |

## 14 Share capital

| | 30 June 2021 | | 31 December 2020 | |
|---|---|---|---|---|
| | Shares (000) | $ 000 | Shares (000) | $ 000 |
| At the beginning of the period/year | 10,000 | 2,722 | 10,000 | 2,722 |
| Conversion of additional paid-in capital | 2,429,770 | 661,612 | - | - |
| **At the end of the period/year** | **2,439,770** | **664,334** | **10,000** | **2,722** |

On 17 June 2021, the Company's share capital increased from AED 10,000,000 to AED 2,439,770,265 by conversion of additional paid-in capital into share capital. Share capital is converted into USD at the rate of AED 3.6725 to USD 1.

## 15 Capital commitments and contingent liabilities

| | 30 June 2021 $ 000 | 31 December 2020 $ 000 |
|---|---|---|
| Capital commitments - committed and contracted | 204,012 | 267,440 |
| Contingent liabilities - performance bonds provided by banks in the normal course of business | 33,259 | 31,479 |

During 2020, the Group entered into a contract for procurement of a next generation satellite known as Thuraya 4 (T4-NGS), with an option to procure an additional satellite known as Thuraya 5 (T5-NGS).

As at the reporting date the costs relating to T4-NGS satellite are committed, hence included under capital commitments - committed and contracted.

## 16 Related party transactions

| | | Six months ended 30 June | |
|---|---|---|---|
| | | 2021 | 2020 |
| **Transaction with related parties** | **Notes** | **$ 000** | **$ 000** |
| **Revenue** | | | |
| Entities under common control* | | 142,627 | 142,498 |
| Associate | | 686 | 660 |
| Total | | **143,313** | **143,158** |
| **Interest income on short term deposits** | | | |
| Entities under common control | | 184 | 2,784 |
| **Interest expense on term loans** | | | |
| Entities under common control | | 1,607 | 2,534 |
| **Outsourced expenses, office lease rent, systems support** | | | |
| Entities under common control | | 524 | 451 |
| Parent Company | | - | 16 |
| Total | | **524** | **467** |
| **Cost of sales** | | | |
| Entities under common control | | 275 | 773 |
| Associate | | 1,259 | 72 |
| Total | | **1,534** | **845** |
| **Key management personnel compensation** | | | |
| Short term employment benefits | | 2,031 | 1,940 |
| Post-employment benefits | | 151 | 143 |

## 16 Related party transactions (continued)

* Revenue from entities under common control includes $137.8 million (six months ended 30 June 2020: $139.8 million) from a single customer. Revenue from such customer is recorded under infrastructure, managed solutions and mobility solutions segments. On 17 June 2021, the Company signed the T4-NGS capacity services agreement with such customer (T4-NGSA) for a total contract value of $708.4 million (AED 2.6 billion). The term of the T4-NGSA is 15 years from the date of commencement of commercial services of T4-NGS which is expected in the second half of 2024.

There are no revenues from an individual customer, except as disclosed above, that represent 10 percent or more of the Group's total revenue.

## 17 Fair value disclosures

A number of the Group's accounting policies and disclosures require the determination of fair values, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes as explained below.

The fair value of the derivative financial instruments is based on broker quotes, which are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date. Derivatives fall into Level 2 of the fair value hierarchy.

The fair value measurement for the investment property is classified as Level 2. The fair value has been determined by an external valuer based on transactions observable in the market.

There were no transfers between Level 1 and Level 2 during current and previous periods.

The fair values of the Group's current financial assets and liabilities are equal to their carrying amounts. The fair values of the Group's borrowings, which bear interest at variable rates, approximate their carrying amounts. These are determined using discounted cash flows.

## 18 Dividends

During the period ended 30 June 2021, the Company paid a dividend of $36 million representing $3.6 per fully paid share. Such dividend was paid prior to the increase in the Company's share capital (refer to Note 14). During the period ended 30 June 2020, the Company paid a dividend $15 million representing $1.50 per fully paid share.

## 19 Earnings per share

| | Three months ended 30 June | | Six months ended 30 June | |
|---|---|---|---|---|
| | **2021** | **2020** | **2021** | **2020** |
| Profit for the period attributable to the Shareholder (in $'000) | 14,202 | 19,339 | 30,100 | 30,532 |
| Weighted average number of ordinary shares outstanding ('000) | 2,439,770 | 2,439,770 | 2,439,770 | 2,439,770 |
| Basic and diluted earnings per share ($) | 0.006 | 0.008 | 0.012 | 0.013 |
| Basic and diluted earnings per share (AED) | 0.021 | 0.029 | 0.045 | 0.046 |

On 17 June 2021, the Company's share capital increased from AED 10,000,000 to AED 2,439,770,265 by conversion of additional paid-in capital into share capital (Note 14). As the increase in the number of shares outstanding did not have a corresponding change in resources, the number of shares for 2020 have been adjusted for the purpose of calculating the weighted average number of ordinary shares.

## 20 Seasonality and cyclicality of interim operations

There are no items of seasonal or cyclical nature in the interim operations during the period ended 30 June 2021 and 2020.

## 21 Impact of COVID-19 pandemic

The outbreak of the novel coronavirus (COVID-19) pandemic continues to evolve and, to date, has resulted in the implementation of significant measures by governments globally, including lockdowns, closures, quarantines and travel bans intended to control the spread of the virus.

The Group's activity has demonstrated a certain resilience compared to other industries. The Group's major source of revenue is secured through long term contracts with governments. However, some of the Group's operations relating to Mobility, Data and Managed Solutions were slightly affected mainly due to supply chain disruption. While COVID-19 does have an indirect exposure to customer segments on these operations, there is no evidence that there is a pervasive impact on the ability of the Group's customers to pay. On another note, the pandemic resulted in reduced business travel, marketing and other operating expenses.

Based on the overall assessment, the Group's business remains largely unaffected and significant changes are not required as of 30 June 2021 in its key accounting judgements and estimates from those applied in the last annual consolidated financial statements as of 31 December 2020.

The extent and duration of the impact of these conditions remain uncertain and depend on future developments that cannot be accurately predicted at this stage. Notwithstanding, these developments could impact future financial results, cash flows and financial position.

## 22 Events after the reporting period

i) On 6 July 2021, the Company declared a final dividend of $44 million relating to the financial year 2020 and an interim dividend of $52.5 million relating to the financial year 2021, both payable to the Parent Company. The total dividend of $ 96.5 million was paid on 7 July 2021.

ii) On 14 July 2021, the Parent Company completed the secondary offering to the public of 975,908,106 shares representing 40% of the Company's share capital, upon which all of the Company's shares were listed on the Abu Dhabi Securities Exchange. Subsequent to the listing, the Parent Company continues to own 60% of the Company's share capital.