

NMDC Group PJSC

**(formerly National Marine Dredging Company
PJSC)**

Report and condensed consolidated
interim financial statements
for the nine-month period
ended 30 September 2024 (unaudited)

NMDC Group PJSC (formerly National Marine Dredging Company PJSC)

Report and condensed consolidated interim financial statements for the nine-month period ended 30 September 2024 (Unaudited)

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REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE BOARD OF DIRECTORS OF NMDC GROUP PJSC (FORMERLY NATIONAL MARINE DREDGING COMPANY PJSC)

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of NMDC Group PJSC (Formerly National Marine Dredging Company PJSC) (the “Company”) and its subsidiaries (together referred to as the “Group”) as of 30 September 2024 and the related condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the nine-month period then ended and other explanatory notes. Management is responsible for the preparation and fair presentation of these interim consolidated financial information in accordance with International Accounting Standard 34, “*Interim Financial Reporting*”. Our responsibility is to express a conclusion on this interim condensed consolidated 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 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 condensed consolidated financial information does not prepared, in all material respects in accordance with IAS 34, “*Interim Financial Reporting*”.

Deloitte & Touche (M.E.)



Mohammad Khamees Al Tah
Registration Number 717
29 October 2024
Abu Dhabi
United Arab Emirates

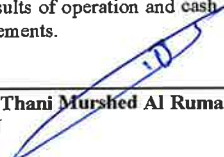
NMDC Group PJSC (formerly National Marine Dredging Company PJSC)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

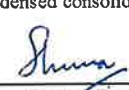
As at 30 September 2024

| | Notes | 30 September 2024 AED'000 (unaudited) | 31 December 2023 AED'000 (audited) |
|---|-------|--|---|
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 3 | 6,323,977 | 5,137,916 |
| Investment properties | 4 | 439,000 | 40,000 |
| Right-of-use assets | 5 | 411,056 | 330,097 |
| Goodwill | | 5,057 | 5,057 |
| Investments in equity accounted investees | 6 | 488,149 | 282,389 |
| Deferred tax assets | | 4,135 | 6,465 |
| Retentions receivable | | 890,788 | 222,548 |
| Total non-current assets | | 8,562,162 | 6,024,472 |
| Current assets | | | |
| Inventories | | 749,326 | 598,679 |
| Trade and other receivables | 7 | 12,292,905 | 5,315,075 |
| Contract assets | 8 | 4,542,017 | 4,691,691 |
| Financial assets at fair value through profit or loss | | 631,679 | 461,750 |
| Derivative financial assets | | 12,852 | 24,602 |
| Cash and bank balances | 9 | 4,997,858 | 3,730,932 |
| Total current assets | | 23,226,637 | 14,822,729 |
| Total assets | | 31,788,799 | 20,847,201 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Share capital | 18 | 844,379 | 825,000 |
| Share premium | 18 | 605,421 | - |
| Merger reserve | | 765,000 | 765,000 |
| Other reserves | 19 | (112,516) | 33,303 |
| Retained earnings | | 10,672,133 | 6,976,897 |
| Equity attributable to the shareholders of the Company | | 12,774,417 | 8,600,200 |
| Non-controlling interests | | 1,097,622 | 3,915 |
| Total equity | | 13,872,039 | 8,604,115 |
| Liabilities | | | |
| Non-current liabilities | | | |
| Provision for employees' end of service benefit | | 504,798 | 441,352 |
| Long term borrowings | 10 | 821,286 | 1,078,046 |
| Deferred tax liabilities | 12 | 15,294 | - |
| Long term lease liabilities | 5 | 364,133 | 330,266 |
| Total non-current liabilities | | 1,705,511 | 1,849,664 |
| Current liabilities | | | |
| Trade and other payables | 11 | 13,658,788 | 9,457,067 |
| Contract liabilities | | 1,856,019 | 479,830 |
| Derivative financial liabilities | | - | 9,790 |
| Income tax payable | 12 | 303,132 | 93,718 |
| Short term borrowings | 10 | 342,346 | 342,346 |
| Short term lease liabilities | 5 | 50,964 | 10,671 |
| Total current liabilities | | 16,211,249 | 10,393,422 |
| Total liabilities | | 17,916,760 | 12,243,086 |
| Total equity and liabilities | | 31,788,799 | 20,847,201 |

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


Mohammed Thani Murshed Al Rumaithi
 CHAIRMAN


Yasser Nasr Zaghloul
 GROUP CHIEF EXECUTIVE
 OFFICER


Sreemont Prasad Barua
 GROUP CHIEF FINANCIAL
 OFFICER

The attached notes 1 to 24 form part of these condensed consolidated financial statements.

NMDC Group PJSC (formerly National Marine Dredging Company PJSC)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the nine-month period ended 30 September 2024

| | Notes | 3 months period ended 30 September | | 9 months period ended 30 September | |
|---|-------|---------------------------------------|-------------------------|---------------------------------------|-------------------------|
| | | 2024 | 2023 | 2024 | 2023 |
| | | AED '000 (unaudited) | AED '000 (unaudited) | AED '000 (unaudited) | AED '000 (unaudited) |
| Revenue from contracts with customers | 13 | 6,391,734 | 4,274,015 | 18,518,034 | 11,038,683 |
| Contract costs | | (5,590,546) | (3,658,637) | (15,985,644) | (9,594,608) |
| GROSS PROFIT | | 801,188 | 615,378 | 2,532,390 | 1,444,075 |
| Share of net results of equity accounted investees | 6 | (27,137) | 8,162 | 16,789 | 43,054 |
| General and administrative expenses | | (56,803) | (55,644) | (198,297) | (159,485) |
| Finance costs | | (77,607) | (29,685) | (200,364) | (89,907) |
| Finance income | | 43,066 | 29,089 | 120,279 | 92,515 |
| Foreign currency exchange loss | | (11,205) | (7,206) | (37,700) | (26,322) |
| Fair value gain on financial assets at fair value through profit or loss | | 131,143 | 65,142 | 169,928 | 178,899 |
| Other income, net | | 5,846 | 11,422 | 59,994 | 34,435 |
| Profit before tax | | 808,491 | 636,658 | 2,463,019 | 1,517,264 |
| Income tax expense | 12 | (77,538) | (4,950) | (270,789) | (4,392) |
| PROFIT FOR THE PERIOD | 14 | 730,953 | 631,708 | 2,192,230 | 1,512,872 |
| PROFIT ATTRIBUTABLE TO: | | | | | |
| Shareholders of the Company | | 699,624 | 631,704 | 2,159,377 | 1,511,882 |
| Non-controlling interests | | 31,329 | 4 | 32,853 | 990 |
| PROFIT FOR THE PERIOD | | 730,953 | 631,708 | 2,192,230 | 1,512,872 |
| Basic and diluted earnings per share attributable to equity holders of the Company | 16 | 0.83 | 0.77 | 2.60 | 1.83 |

The attached notes 1 to 25 form part of these condensed consolidated financial statements.

NMDC Group PJSC (formerly National Marine Dredging Company PJSC)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the nine-month period ended 30 September 2024

| | <i>3 months period ended 30 September</i> | | <i>9 months period ended 30 September</i> | |
|--|---|--|---|--|
| | <i>2024 AED '000 (unaudited)</i> | <i>2023 AED '000 (unaudited)</i> | <i>2024 AED '000 (unaudited)</i> | <i>2023 AED '000 (unaudited)</i> |
| PROFIT FOR THE PERIOD | 730,953 | 631,708 | 2,192,230 | 1,512,872 |
| Other comprehensive (loss)/income | | | | |
| <i>Items that may be subsequently reclassified to condensed consolidated statement of profit or loss in subsequent periods</i> | | | | |
| Fair value (loss)/gain arising on hedging instruments during the period | (7,365) | (7,000) | (1,960) | 10,159 |
| Exchange differences arising on translation of foreign operations | (25,105) | 181 | (144,222) | (110,104) |
| OTHER COMPREHENSIVE LOSS FOR THE PERIOD | (32,470) | (6,819) | (146,182) | (99,945) |
| TOTAL COMPREHENSIVE INCOME FOR THE PERIOD | 698,483 | 624,889 | 2,046,048 | 1,412,927 |
| TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO: | | | | |
| Shareholders of the Company | 668,269 | 624,885 | 2,014,311 | 1,411,937 |
| Non-controlling interests | 30,214 | 4 | 31,737 | 990 |
| TOTAL COMPREHENSIVE INCOME FOR THE PERIOD | 698,483 | 624,889 | 2,046,048 | 1,412,927 |

The attached notes 1 to 25 form part of these condensed consolidated financial statements.

NMDC Group PJSC (formerly National Marine Dredging Company PJSC)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine-month period ended 30 September 2024

| | Share capital AED'000 | Share premium AED'000 | Merger reserve AED'000 | Other reserves AED'000 | Retained earnings AED'000 | Equity attributable to the Shareholders of the Company AED'000 | Non-controlling interests AED'000 | Total AED'000 |
|---|-----------------------------|-----------------------------|------------------------------|------------------------------|---------------------------------|---|---|-------------------|
| Balance at 1 January 2023 (<i>Audited</i>) | 825,000 | - | 765,000 | (7,786) | 4,955,312 | 6,537,526 | 3,080 | 6,540,606 |
| Profit for the period | - | - | - | - | 1,511,882 | 1,511,882 | 990 | 1,512,872 |
| Other comprehensive loss for the period | - | - | - | (99,945) | - | (99,945) | - | (99,945) |
| Total comprehensive (loss)/income for the period | - | - | - | (99,945) | 1,511,882 | 1,411,937 | 990 | 1,412,927 |
| Balance at 30 September 2023 (<i>Unaudited</i>) | 825,000 | - | 765,000 | (107,731) | 6,467,194 | 7,949,463 | 4,070 | 7,953,533 |
| Balance at 1 January 2024 (<i>Audited</i>) | 825,000 | - | 765,000 | 33,303 | 6,976,897 | 8,600,200 | 3,915 | 8,604,115 |
| Profit for the period | - | - | - | - | 2,159,377 | 2,159,377 | 32,853 | 2,192,230 |
| Other comprehensive loss for the period | - | - | - | (145,066) | - | (145,066) | (1,116) | (146,182) |
| Total comprehensive (loss)/income for the period | - | - | - | (145,066) | 2,159,377 | 2,014,311 | 31,737 | 2,046,048 |
| Dividend paid (note 17) | - | - | - | - | (618,750) | (618,750) | - | (618,750) |
| Addition during the period (note 18) | 19,379 | 605,421 | - | - | - | 624,800 | - | 624,800 |
| Partial disposal of investment in subsidiary (note 1) | - | - | - | (753) | 2,154,609 | 2,153,856 | 1,061,970 | 3,215,826 |
| Balance at 30 September 2024 (<i>Unaudited</i>) | 844,379 | 605,421 | 765,000 | (112,516) | 10,672,133 | 12,774,417 | 1,097,622 | 13,872,039 |

The attached notes 1 to 25 form part of these condensed consolidated financial statements.

NMDC Group PJSC (formerly National Marine Dredging Company PJSC)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the nine-month period ended 30 September 2024

| | Notes | 2024 AED'000 (unaudited) | 2023 AED'000 (unaudited) |
|--|--------|--------------------------------|--------------------------------|
| Cash flows from operating activities | | | |
| Profit before tax | | 2,463,019 | 1,517,264 |
| <i>Adjustments for:</i> | | | |
| Depreciation of property, plant and equipment | 3 | 394,439 | 315,812 |
| Depreciation of right-of-use assets | 5 | 31,538 | 10,425 |
| Gain on disposal of property, plant and equipment | | 1,399 | (2,328) |
| Fair value gain on financial assets at fair value through profit or loss | | (169,929) | (178,899) |
| Allowance for slow moving and obsolete inventories | | 885 | 643 |
| Share of net results of equity accounted investees | 6 | (16,789) | (43,054) |
| Allowance for/(reversal of) expected credit losses | | 34,370 | (16,175) |
| Provision for onerous contracts | | 58,512 | 75,000 |
| Finance costs/(income), net | | 82,343 | (2,608) |
| Provision for employees' end of service benefits | | 73,821 | 46,722 |
| | | <u>2,953,608</u> | <u>1,722,802</u> |
| Income tax paid | | (46,072) | (11,204) |
| Employees' end of service benefit paid | | (10,375) | (19,231) |
| | | <u>2,897,161</u> | <u>1,692,367</u> |
| Operating cash flows before movement in working capital | | | |
| Change in inventories | | (151,532) | (145,221) |
| Change in trade and other receivables | | (7,752,903) | 32,226 |
| Change in contract assets | | 94,290 | (516,377) |
| Change in contract liabilities | | 1,376,189 | 479,830 |
| Change in trade and other payables | | 4,071,646 | 221,663 |
| | | <u>534,851</u> | <u>1,764,488</u> |
| Net cash generated from operating activities | | | |
| Cash flows from investing activities | | | |
| Purchase of property, plant and equipment | 5 | (958,166) | (835,510) |
| Proceeds from disposal of property, plant and equipment | | 1,048 | 3,687 |
| Proceeds from partial disposal of interest in subsidiary | | 2,819,531 | - |
| Additional investment in an associate | 6 | - | (49,000) |
| Investment in financial assets at fair value through profit or loss | | - | (221,499) |
| Movement in deposit with original maturity more than three months | 9 | 494,860 | (499,406) |
| Interest received | | 120,278 | 92,513 |
| Dividend received from equity accounted investees | 6 | 2,645 | 1,337 |
| | | <u>2,480,196</u> | <u>(1,507,878)</u> |
| Net cash generated from/(used in) investing activities | | | |
| Cash flows from financing activities | | | |
| Repayment of term loans | | (256,760) | (256,760) |
| Repayment of lease liabilities | | (50,940) | (24,845) |
| Dividend paid | 17 | (618,750) | - |
| Interest paid | | (190,017) | (80,378) |
| | | <u>(1,116,467)</u> | <u>(361,983)</u> |
| Net cash used in financing activities | | | |
| Net increase/(decrease) in cash and cash equivalents | | | |
| | | <u>1,898,580</u> | <u>(105,373)</u> |
| Cash and cash equivalents at 1 January | | 3,215,394 | 2,783,732 |
| Effect of foreign exchange rate changes | | (136,794) | (99,563) |
| | | <u>4,977,180</u> | <u>2,578,797</u> |
| Cash and cash equivalents at 30 September | | | |
| Non-cash transactions | | | |
| Issuance of new shares | 18 | 19,379 | - |
| Acquisition of investment property (land) | 4 & 15 | 399,000 | - |
| Acquisition of property, plant and equipment | 3 & 18 | 624,800 | - |
| Additional contribution in equity accounted investee | 6 | 199,026 | - |

The attached notes 1 to 25 form part of these condensed consolidated financial statements.

NMDC Group PJSC (formerly National Marine Dredging Company PJSC)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine-month period ended 30 September 2024

1 GENERAL INFORMATION

NMDC Group PJSC (“NMDC” or the “Company”) is a public shareholding company incorporated in the Emirate of Abu Dhabi. The Company was incorporated by Law No. (10) of 1979, as amended by Decree No. (3) and (9) of 1985 issued by His Highness Sheikh Khalifa Bin Zayed Al Nahyan, who was then the Deputy Ruler of the Emirate of Abu Dhabi. The registered address of the Company is P.O. Box 3649, Abu Dhabi, United Arab Emirates.

At the Annual General Meeting of the Company held on 8 March 2024, the Shareholders approved an amendment to Article No. (2) of the Articles of Association of the Company, relating to the Company’s name. By virtue of this amendment the Company’s name changed to “NMDC Group PJSC” from National Marine Dredging Company PJSC. The legal procedures relating to this change in name were completed on 27 August 2024.

These condensed consolidated financial statements include the financial performance and position of the Company and its subsidiaries, joint ventures, and branches (collectively referred to as the “Group”), details of which are set out below.

The Company is primarily engaged in the execution of engineering, procurement and construction contracts, dredging contracts and associated land reclamation works in the territorial waters of the UAE. The Group also operates in other jurisdictions in the region including Bahrain, Egypt, Saudi Arabia and India through its subsidiaries, branches and joint operations.

| <i>Name</i> | <i>Country of incorporation</i> | <i>Percentage holding</i> | | <i>Principal activities</i> |
|---|---------------------------------|---------------------------|-------------|---|
| | | <i>2024</i> | <i>2023</i> | |
| <i>Subsidiaries of NMDC</i> | | | | |
| NMDC Energy PJSC (Formerly “National Petroleum Construction Company PJSC”) | UAE | 77%** | 100% | Engineering Procurement and Construction |
| Emarat Europe Fast Building Technology System Factory L.L.C. (Emarat Europe) | UAE | 100% | 100% | Manufacturing and supply of precast concrete |
| National Marine Dredging Company (Industrial) | UAE | 100% | 100% | Manufacturing of steel pipes and steel pipe fittings and holding 1% investment in the Group’s subsidiaries to comply with local regulations |
| ADEC Engineering Consultancy L.L.C. | UAE | 100% | 100% | Consultancy services in the fields of civil, architectural, drilling and marine engineering along with related laboratory services |
| Abu Dhabi Marine Dredging Co S.P.C. | Bahrain | 100% | 100% | Offshore reclamation contracts, services for fixing water installation for marine facilities and excavation contracts |
| National Marine and Infrastructure India Private Limited | India | 100% | 100% | Dredging and associated land reclamation works, civil engineering, port contracting and marine construction |
| <i>Subsidiaries of NMDC Energy Formerly “National Petroleum Construction Company PJSC”</i> | | | | |
| National Petroleum Construction Co. (Saudi) LTD. | Saudi Arabia | 100% | 100% | Engineering Procurement and Construction |
| NPCC Engineering Limited | India | 100% | 100% | Engineering |
| ANEWA Engineering Pvt. Ltd. | India | 80% | 80% | Engineering |
| NPCC Service Malaysia SDN* | Malaysia | 100% | 100% | Engineering Procurement and Construction |
| Abu Dhabi for Construction Projects* | Iraq | 100% | 100% | Engineering Procurement and Construction |
| NMDC Marine Services L.L.C. S.P.C.* | UAE | 100% | 100% | Marine Logistics Services |
| <i>Subsidiary of Emarat Europe</i> | | | | |
| Emarat Europe General Contracting - L.L.C - O.P.C | UAE | 100% | - | General contracting and construction |

*dormant entities

NMDC Group PJSC (formerly National Marine Dredging Company PJSC)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine-month period ended 30 September 2024

1 GENERAL INFORMATION (continued)

| Name | Country of incorporation | Percentage holding | | Principal activities |
|---|--------------------------|--------------------|--------|---|
| | | 2024 | 2023 | |
| Branches of NMDC | | | | |
| National Marine Dredging Company | Saudi Arabia | Branch | Branch | Dredging and associated land reclamation works, civil engineering, port contracting and marine construction |
| National Marine Dredging Company | Egypt | Branch | Branch | Dredging and associated land reclamation works, civil engineering, port contracting and marine construction |
| National Marine Dredging Company | Maldives | Branch | Branch | Dredging and associated land reclamation works, civil engineering, port contracting and marine construction |
| National Marine Dredging Company | Abu Dhabi | Branch | Branch | Dredging and associated land reclamation works, civil engineering, port contracting and marine construction |
| National Marine Dredging Company | Dubai | Branch | Branch | Dredging and associated land reclamation works, civil engineering, port contracting and marine construction |
| Joint Venture of NMDC | | | | |
| The Challenge Egyptian Marine Dredging Company | Egypt | 49% | 49% | Dredging and associated land reclamation works, civil engineering, port contracting and marine construction |
| Associate of NMDC | | | | |
| Safeen Survey and Subsea Services LLC | UAE | 49% | 49% | Marine services related to oil industries. |
| Associate of NMDC Energy PJSC (Formerly "National Petroleum Construction Company PJSC") | | | | |
| Principia SAS | France | 33.33% | 33.33% | Engineering and consultancy |
| Joint Operations of NMDC Energy PJSC (Formerly "National Petroleum Construction Company PJSC") | | | | |
| Technip – NPCC-Satah Full Field | UAE | 50% | 50% | Engineering, Procurement and Construction |
| NPCC – Technip –UZ-750 (EPC-1) | UAE | 40% | 40% | Engineering, Procurement and Construction |
| NPCC – Technip UL -2 | UAE | 50% | 50% | Engineering, Procurement and Construction |
| NPCC – Technip AGFA | UAE | 50% | 50% | Engineering, Procurement and Construction |
| NPCC – Technip JV – US GAS CAP FEED | UAE | 50% | 50% | Engineering, Procurement and Construction |
| TJN JV- Ruwais LNG | UAE | 20% | - | Engineering, Procurement and Construction. |

** During the period, the Group has diluted 23% of the shareholding of its subsidiary, NMDC Energy, through an Initial Public Offering (IPO). The shares were allotted and the listing procedures completed, on 11 September 2024.

In accordance with the International Financial Reporting Standards ("IFRS"), the transaction was accounted for as change in ownership interest in a subsidiary without a loss of control, and treated as an equity transaction. Thus, the Group will continue to consolidate NMDC Energy, and the changes in ownership interest have been reflected in equity through the transfer of a corresponding value of net assets value to Non-controlling interests.

| | |
|---|-----------------------------|
| Reduction in shareholding (%) | 23% |
| Consideration received * | AED'000 3,220,000 |
| Less: proportionate carrying value of the shareholding disposed-off | (1,061,970) |
| Less: transaction costs paid | (4,174) |
| Difference recognised in retained earnings and other reserve | 2,153,856 |

*Consideration includes certain plots of land located in Abu Dhabi, United Arab Emirates fair valued at AED 399 million.. The legal procedures for the transfer of ownership of the land were on-going as of 30 September 2024.

NMDC Group PJSC (formerly National Marine Dredging Company PJSC)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine-month period ended 30 September 2024

2 BASIS OF PREPARATION AND CRITICAL ACCOUNTING JUDGEMENTS

2.1 Basis of preparation

The condensed consolidated financial statements of the Group are prepared in accordance with International Accounting Standard 34, Interim Financial Reporting.

These condensed consolidated financial statements are presented in UAE Dirham (“AED”) which is the currency of the primary economic environment in which the Group operates. Each entity in the Group determines its own functional currency. All financial information presented in AED has been rounded to the nearest thousand except otherwise stated.

The condensed consolidated financial statements do not include all information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2023. In addition, results for the nine-month period ended 30 September 2024 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2024.

2.2.1 New and revised IFRSs applied with no material effect on the condensed consolidated interim financial statements

The following new and revised IFRSs, which became effective for annual periods beginning on or after 1 January 2024, have been adopted in these condensed consolidated interim financial statements. The application of these revised IFRSs has not had any material impact on the amounts reported for the current and prior periods but may affect the accounting for future transactions or arrangements.

- Amendments to IAS 1 Presentation of Financial Statements - Classification of Liabilities as Current or Non-current
- Amendment to IFRS 16 Leases - Lease Liability in a Sale and Leaseback
- 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

2.2.2 New and revised IFRS in issue but not yet effective

| <u>New and revised IFRSs</u> | <u>Effective for annual periods beginning on or after</u> |
|--|--|
| IFRS 18 Presentation and Disclosures in Financial Statements | 1 January 2027 |
| IFRS 19 Subsidiaries without Public Accountability: Disclosures | 1 January 2027 |
| IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information | Effective date not yet decided by the regulator in the United Arab Emirates) |
| IFRS S2 Climate-related Disclosures | Effective date not yet decided by the regulator in the United Arab Emirates) |
| Amendment to IAS 27 - Lack of Exchangeability | 1 January 2025 |
| Amendments IFRS 9 and IFRS 7 regarding the classification and measurement of financial instruments | 1 January 2026 |

NMDC Group PJSC (formerly National Marine Dredging Company PJSC)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine-month period ended 30 September 2024

2 BASIS OF PREPARATION AND CRITICAL ACCOUNTING JUDGEMENTS (continued)

2.2 Application of new and revised International Financial Reporting Standards (IFRS) (continued)

2.2.2 New and revised IFRS in issue but not yet effective (continued)

New and revised IFRSs

Annual Improvements to IFRS Accounting Standards — Volume 11.

**Effective for
annual periods
beginning on or after
1 January 2026**

The pronouncement comprises the following amendments:

- IFRS 1: Hedge accounting by a first-time adopter
- IFRS 7: Gain or loss on derecognition
- IFRS 7: Disclosure of deferred difference between fair value and transaction price
- IFRS 7: Introduction and credit risk disclosures
- IFRS 9: Lessee derecognition of lease liabilities
- IFRS 9: Transaction price
- IFRS 10: Determination of a ‘de facto agent’
- IAS 7: Cost method

The above stated new standards and amendments are not expected to have any significant impact on these condensed consolidated interim financial statements of the Group.

There are no other applicable new standards and amendments to published standards or IFRIC interpretations that have been issued that would be expected to have a material impact on these condensed consolidated interim financial statements of the Group.

2.3 Summary of Significant Accounting Policies

The Group has consistently applied the accounting policies as applied by the Group in the annual consolidated financial statements for the year ended 31 December 2023, except for the adoption of the following new accounting policy.

Equity-settled share-based payments

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

2.4 Critical accounting judgments and key sources of estimation uncertainty

The preparation of condensed consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed consolidated financial statements, 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 in the consolidated financial statements for the year ended 31 December 2023.

NMDC Group PJSC (formerly National Marine Dredging Company PJSC)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine-month period ended 30 September 2024

3 PROPERTY, PLANT AND EQUIPMENT

| | Building and base facilities AED'000 | Dredgers AED '000 | Barges support vessels, plant pipelines and vehicles AED '000 | Office equipment and furniture AED '000 | Capital work in progress AED '000 | Total AED '000 |
|----------------------------------|--|----------------------|--|--|---|-------------------|
| 2024 (Unaudited) | | | | | | |
| Cost | | | | | | |
| At 1 January 2024 (Audited) | 653,174 | 1,449,310 | 6,794,555 | 142,600 | 407,822 | 9,447,461 |
| Additions | 3,315 | 592,597 | 486,975 | 6,522 | 493,557 | 1,582,966 |
| Transfers | 136 | 3,925 | 169,691 | 125 | (173,877) | - |
| Disposals | (12,115) | (38) | (17,874) | (975) | - | (31,002) |
| Exchange differences | - | - | - | (99) | - | (99) |
| At 30 September 2024 (Unaudited) | 644,510 | 2,045,794 | 7,433,347 | 148,173 | 727,502 | 10,999,326 |
| Accumulated depreciation | | | | | | |
| 1 January 2024 (Audited) | 419,756 | 261,827 | 3,507,245 | 120,717 | - | 4,309,545 |
| Charge for the period | 17,625 | 75,731 | 293,676 | 7,407 | - | 394,439 |
| Disposals | (10,609) | (23) | (17,403) | (520) | - | (28,555) |
| Exchange differences | - | - | - | (80) | - | (80) |
| At 30 September 2024 (Unaudited) | 426,772 | 337,535 | 3,783,518 | 127,524 | - | 4,675,349 |
| Net carrying amount | | | | | | |
| At 30 September 2024 (Unaudited) | 217,738 | 1,708,259 | 3,649,829 | 20,649 | 727,502 | 6,323,977 |
| 2023 (Audited) | | | | | | |
| Cost | | | | | | |
| At 1 January 2023 | 611,425 | 1,440,025 | 5,822,084 | 131,615 | 260,279 | 8,265,428 |
| Additions | 1,598 | 10,457 | 432,605 | 11,390 | 740,568 | 1,196,618 |
| Transfers | 40,151 | (1,066) | 553,212 | 728 | (593,025) | - |
| Disposals | - | (106) | (11,864) | (922) | - | (12,892) |
| Exchange differences | - | - | (1,482) | (211) | - | (1,693) |
| At 31 December 2023 | 653,174 | 1,449,310 | 6,794,555 | 142,600 | 407,822 | 9,447,461 |
| Accumulated depreciation | | | | | | |
| 1 January 2023 | 395,233 | 162,402 | 3,259,477 | 109,701 | - | 3,926,813 |
| Charge for the period | 24,523 | 99,794 | 258,535 | 11,308 | - | 394,160 |
| Disposals | - | - | (10,529) | (214) | - | (10,743) |
| Exchange differences | - | (369) | (238) | (78) | - | (685) |
| At 31 December 2023 | 419,756 | 261,827 | 3,507,245 | 120,717 | - | 4,309,545 |
| Net carrying amount | | | | | | |
| At 31 December 2023 | 233,418 | 1,187,483 | 3,287,310 | 21,883 | 407,822 | 5,137,916 |

NMDC Group PJSC (formerly National Marine Dredging Company PJSC)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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3 PROPERTY, PLANT AND EQUIPMENT (continued)

- a. Certain items of property, plant and equipment with a carrying value of AED 2,038 million (2023: AED 2,143 million) have been pledged to secure the borrowings of the Group. The Group is not allowed to pledge these assets as security for other borrowings or to sell them to another entity.
- b. Property, plant and equipment includes fully depreciated assets of AED 2,386 million (2023: AED 2,247 million)
- c. Buildings and base facilities are located in Mussafah, Abu Dhabi, UAE on leased land.
- d. Additions during the period included AED 624.8 million of property, plant and equipment acquired through issuance of mandatory convertible bonds (note 18)

4 INVESTMENT PROPERTIES

| | 30 September 2024 AED'000 (Unaudited) | 31 December 2023 AED'000 (Audited) |
|--|--|---|
| At 1 January | 40,000 | - |
| Additions during the period/year (note 4.1 & 15) | 399,000 | 40,000 |
| | <hr/> | <hr/> |
| At reporting date | 439,000 | 40,000 |
| | <hr/> <hr/> | <hr/> <hr/> |

4.1 As further explained in note 1, under the IPO process, the Group acquired certain plots of land, located in Abu Dhabi, United Arab Emirates, from a related party, fair valued at AED 399 million, in exchange for equity shares of NMDC Energy PJSC (note 15). The legal procedures for the transfer of ownership of the land were still on-going as at 30 September 2024.

5 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

| | Right-of-use Assets (land) AED'000 (Unaudited) | Lease Liabilities AED'000 (Audited) |
|-------------------------------------|---|--|
| At 1 January 2023 (Audited) | 340,127 | 349,054 |
| Acquisition during the year | 4,636 | 4,638 |
| Depreciation expense | (14,666) | - |
| Interest expense | - | 12,749 |
| Payments | - | (25,504) |
| | <hr/> | <hr/> |
| As at 1 January 2024 (Audited) | 330,097 | 340,937 |
| Acquisition during the period | 112,497 | 112,497 |
| Depreciation expense | (31,538) | - |
| Interest expense | - | 12,603 |
| Payments | - | (50,940) |
| | <hr/> | <hr/> |
| As at 30 September 2024 (Unaudited) | 411,056 | 415,097 |
| | <hr/> <hr/> | <hr/> <hr/> |

The interest and depreciation are charged to profit and loss for the period ended 30 September 2024 as follows:

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine-month period ended 30 September 2024

5 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

| | Depreciation expense AED'000 (Unaudited) | Interest Expense AED'000 (Unaudited) |
|-------------------------------------|---|---|
| Cost of sales | 21,760 | 2,257 |
| General and administrative expenses | 9,778 | 10,346 |
| | 31,538 | 12,603 |
| | 31,538 | 12,603 |

The interest and depreciation are charged to profit and loss for the period ended 30 September 2023 as follows:

| | Depreciation expense AED'000 (Unaudited) | Interest Expense AED'000 (Unaudited) |
|-------------------------------------|---|---|
| General and administrative expenses | 10,425 | 9,529 |
| | 10,425 | 9,529 |
| | 10,425 | 9,529 |

Lease liabilities is disclosed in the consolidated statement of financial position as follows:

| | 30 September 2024 AED'000 (Unaudited) | 31 December 2023 AED'000 (Audited) |
|-------------------------|--|---|
| Current liabilities | 50,964 | 10,671 |
| Non-current liabilities | 364,133 | 330,266 |
| | 415,097 | 340,937 |
| | 415,097 | 340,937 |

6 INVESTMENTS IN EQUITY ACCOUNTED INVESTEEES

The carrying amounts of the Group's investments in equity accounted investees at are as follows:

| | 30 September 2024 AED'000 (Unaudited) | 31 December 2023 AED'000 (Audited) |
|---|--|---|
| Safeen Survey and Subsea Services LLC | 450,271 | 236,642 |
| The Challenge Egyptian Emirates Marine Dredging Company | 16,389 | 21,613 |
| Principia SAS | 21,412 | 24,057 |
| NT Energies L.L.C | 77 | 77 |
| | 488,149 | 282,389 |
| At reporting date | 488,149 | 282,389 |

NMDC Group PJSC (formerly National Marine Dredging Company PJSC)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine-month period ended 30 September 2024

6 INVESTMENTS IN EQUITY ACCOUNTED INVESTEEES (continued)

The movements in investment in equity accounted investees are as follows:

| | 30 September 2024 AED'000 (Unaudited) | 31 December 2023 AED'000 (Audited) |
|---|--|---|
| At 1 January | 282,389 | 191,933 |
| Additional contribution during the period /year (note 6.1 & 6.2) | 199,026 | 49,077 |
| Dividend received during the period/year | (2,645) | (1,337) |
| Foreign exchange movement | (7,410) | (9,931) |
| Share of profit for the period/year, net | 16,789 | 52,647 |
| | <hr/> | <hr/> |
| At reporting date | 488,149 | 282,389 |
| | <hr/> <hr/> | <hr/> <hr/> |

6.1 During the period, the Group made a contribution to the joint venture, Safeen Survey and Subsea Services LLC (Safeen) with an amount of AED 199 million for a vessel (the contribution represents 49% of the value of the vessel).

6.2 During the prior year, the Group made an additional cash contribution of AED 49 million to Safeen.

7 TRADE AND OTHER RECEIVABLES

| | 30 September 2024 AED'000 (Unaudited) | 31 December 2023 AED'000 (Audited) |
|--|--|---|
| Trade receivables | 8,021,681 | 2,534,329 |
| Retention receivables | 459,023 | 310,584 |
| Less: allowance for expected credit losses | (65,245) | (27,747) |
| | <hr/> | <hr/> |
| | 8,415,459 | 2,817,166 |
| Deposits and prepayments | 508,075 | 587,002 |
| Advances paid to suppliers | 2,804,910 | 1,195,606 |
| ICV retention receivables | 345,297 | 214,924 |
| VAT and GST receivables | 25,114 | 38,682 |
| Advances paid to employees | 30,590 | 31,852 |
| Development work in progress | - | 147,329 |
| Other receivables | 163,460 | 282,514 |
| | <hr/> | <hr/> |
| At reporting date | 12,292,905 | 5,315,075 |
| | <hr/> <hr/> | <hr/> <hr/> |

Receivables, net are expected, on the basis of past experience, to be fully recoverable. It is not the practice of the Group to obtain collateral over receivables and the vast majority are, therefore, unsecured.

NMDC Group PJSC (formerly National Marine Dredging Company PJSC)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine-month period ended 30 September 2024

7 TRADE AND OTHER RECEIVABLES (continued)

Allowance for expected credit losses

The Group recognises lifetime expected credit loss (ECL) for trade receivables, retention receivables and contract assets using the simplified approach. To determine the expected credit losses all debtors are classified into four categories:

- Category I – billed receivables and unbilled receivables from governments and related companies;
- Category II – private companies with low credit risk;
- Category III – private companies with high credit risk; and
- Category IV – debtors at default.

These are 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, including time value of money, where appropriate.

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date the credit was initially granted up to the reporting date. Trade receivables are considered past due once they have passed their contracted due date. Management has not recognised an expected credit loss in respect of delays in recovery of receivables expected to be recovered in full in the future as these are expected to be recovered in the short term and therefore no discounting adjustment is required.

Movement in the provision for expected credit losses on trade and retention receivables is as follows:

| | 30 September 2024 AED'000 (Unaudited) | 31 December 2023 AED'000 (Audited) |
|--|--|---|
| At 1 January | 27,747 | 45,823 |
| Charge/(reversal) during the period/year | 37,498 | (18,076) |
| | <hr/> | <hr/> |
| At reporting date | 65,245 | 27,747 |
| | <hr/> <hr/> | <hr/> <hr/> |

8 CONTRACT ASSETS

| | 30 September 2024 AED'000 (Unaudited) | 31 December 2023 AED'000 (Audited) |
|--|--|---|
| Construction contracts | 4,537,407 | 4,492,198 |
| Less: allowance for expected credit losses | (20,251) | (23,379) |
| | <hr/> | <hr/> |
| Work in progress | 24,861 | 222,872 |
| | <hr/> | <hr/> |
| At reporting date | 4,542,017 | 4,691,691 |
| | <hr/> <hr/> | <hr/> <hr/> |

NMDC Group PJSC (formerly National Marine Dredging Company PJSC)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine-month period ended 30 September 2024

8 CONTRACT ASSETS (continued)

8.1 Construction contracts, net of allowance for expected credit losses

Construction contracts, net of allowance for expected credit losses and discount, are analysed as follows:

| | 30 September 2024 AED'000 (Unaudited) | 31 December 2023 AED'000 (Audited) |
|--|--|---|
| <i>Unsigned contracts</i> | | |
| Government of Abu Dhabi and its related entities | 531,044 | 444,813 |
| Equity accounted investees | 51,741 | 27,698 |
| Other entities | 7,735 | 27,954 |
| | 590,520 | 500,465 |
| <i>Signed contracts</i> | | |
| Government of Abu Dhabi and its related entities | 2,564,507 | 1,531,952 |
| Equity accounted investees | 1,191,756 | 115,335 |
| Other entities | 170,373 | 2,321,067 |
| | 3,926,636 | 3,968,354 |
| At reporting date | 4,517,156 | 4,468,819 |

Movement in the provision for expected credit losses on construction contracts (unbilled receivables) is as follows:

| | 30 September 2024 AED'000 (Unaudited) | 31 December 2023 AED'000 (Audited) |
|--|--|---|
| At 1 January | 23,379 | 27,558 |
| Reversal during the period / year, net | (3,128) | (4,179) |
| At reporting date | 20,251 | 23,379 |

8.2 Work in progress

Work in progress represents costs incurred on projects for which the Group is required to meet specific contractual obligations such as joint inspections, milestone completion and customer acceptance/handover, prior to billing the customer. Those obligations are expected to progressively be met over time, resulting in a winding down of the balance throughout the remaining contractual period.

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine-month period ended 30 September 2024

9 CASH AND CASH EQUIVALENTS

| | 30 September 2024 AED'000 (Unaudited) | 31 December 2023 AED'000 (Audited) |
|--|--|---|
| Cash in hand | 3,075 | 3,283 |
| Cash at banks: | | |
| Current accounts | 2,403,622 | 919,321 |
| Short term deposits | 2,591,161 | 2,808,328 |
| | <hr/> | <hr/> |
| Cash and bank balances | 4,997,858 | 3,730,932 |
| Less: short-term deposit with original maturity more than three months | (20,678) | (515,538) |
| | <hr/> | <hr/> |
| Cash and cash equivalents | 4,977,180 | 3,215,394 |
| | <hr/> <hr/> | <hr/> <hr/> |

Cash and bank balances comprise of short-term deposits which carry interest at prevailing market rates.

10 BORROWINGS

| | 30 September 2024 AED'000 (Unaudited) | 31 December 2023 AED'000 (Audited) |
|-----------------------------------|--|---|
| <i>Long term borrowings</i> | | |
| Non-current portion of term loans | 821,286 | 1,078,046 |
| | <hr/> <hr/> | <hr/> <hr/> |
| <i>Short term borrowings</i> | | |
| Current portion of term loans | 342,346 | 342,346 |
| | <hr/> <hr/> | <hr/> <hr/> |

11 TRADE AND OTHER PAYABLES

| | 30 September 2024 AED'000 (Unaudited) | 31 December 2023 AED'000 (Audited) |
|----------------------------|--|---|
| Trade payables | 2,331,105 | 1,890,540 |
| Project and other accruals | 6,519,983 | 4,166,625 |
| Advances from customers | 3,798,059 | 2,576,831 |
| Provisions | 435,189 | 444,910 |
| Retentions payable | 238,891 | 177,448 |
| VAT payables | 203,944 | 67,354 |
| Other payables | 131,617 | 133,359 |
| | <hr/> | <hr/> |
| | 13,658,788 | 9,457,067 |
| | <hr/> <hr/> | <hr/> <hr/> |

NMDC Group PJSC (formerly National Marine Dredging Company PJSC)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine-month period ended 30 September 2024

12 Taxation

| | 30 September 2024 AED'000 (Unaudited) | 30 September 2023 AED'000 (Unaudited) |
|--|--|--|
| Current income tax charge | | |
| Current income tax charge - net | 255,495 | 4,392 |
| Deferred income tax | | |
| Relating to origination of temporary differences | 15,294 | - |
| Income tax expense | 270,789 | 4,392 |

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. The application of the Global Minimum Tax rate of 15% in FY2024 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 period ended 30 September 2024 is AED 270.8 million (30 September 2023: AED 4.4 million), representing an Effective Tax Rate (“ETR”) of 11% (30 September 2023: 0.3%). The ETR difference compared to prior period is due to the introduction of UAE CT in FY24.

The movement in income tax payable is as follows:

| | 30 September 2024 AED'000 (Unaudited) | 31 December 2023 AED'000 (Audited) |
|--|--|---|
| At 1 January | 93,718 | 84,784 |
| Charge for the period/year | 270,789 | 33,640 |
| Refund received during the period/year | - | 11,838 |
| Movement in deferred tax asset | - | (2,003) |
| Exchange difference | (15,303) | (3,774) |
| Payments during the period/year | (46,072) | (30,767) |
| At reporting date | 303,132 | 93,718 |

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine-month period ended 30 September 2024

13 REVENUE FROM CONTRACTS WITH CUSTOMERS

13.1 Revenue by activity

Nine months period ended 30 September 2024 (Unaudited)

| | UAE AED'000 | International AED'000 | Group AED'000 |
|---|-------------------|--------------------------|-------------------|
| Engineering, procurement and construction | 6,088,385 | 3,694,991 | 9,783,376 |
| Dredging, reclamation and marine construction | 8,467,047 | 267,611 | 8,734,658 |
| Total | 14,555,432 | 3,962,602 | 18,518,034 |

Nine months period ended 30 September 2023 (Unaudited)

| | UAE AED'000 | International AED'000 | Group AED'000 |
|---|------------------|--------------------------|-------------------|
| Engineering, procurement and construction | 3,539,128 | 1,936,676 | 5,475,804 |
| Dredging, reclamation and marine construction | 5,222,428 | 340,451 | 5,562,879 |
| Total | 8,761,556 | 2,277,127 | 11,038,683 |

Three months period ended 30 September 2024 (Unaudited)

| | UAE AED'000 | International AED'000 | Group AED'000 |
|---|------------------|--------------------------|------------------|
| Engineering, procurement and construction | 2,290,284 | 126,238 | 2,416,522 |
| Dredging, reclamation and marine construction | 2,508,396 | 1,466,816 | 3,975,212 |
| Total | 4,798,680 | 1,593,054 | 6,391,734 |

Three months period ended 30 September 2023 (Unaudited)

| | UAE AED'000 | International AED'000 | Group AED'000 |
|---|------------------|--------------------------|------------------|
| Engineering, procurement and construction | 1,269,590 | 759,000 | 2,028,590 |
| Dredging, reclamation and marine construction | 2,136,381 | 109,044 | 2,245,425 |
| Total | 3,405,971 | 868,044 | 4,274,015 |

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine-month period ended 30 September 2024

13 REVENUE FROM CONTRACTS WITH CUSTOMERS (continued)

13.2 Timing of Revenue Recognition

| | <i>3 month period ended 30 September</i> | | <i>9 month period ended 30 September</i> | |
|--------------------------------|--|--------------------|--|--------------------|
| | 2024 | 2023 | 2024 | 2023 |
| | AED'000 | AED'000 | AED'000 | AED'000 |
| | <i>(Unaudited)</i> | <i>(Unaudited)</i> | <i>(Unaudited)</i> | <i>(Unaudited)</i> |
| Services transferred over time | 6,391,734 | 4,274,015 | 18,518,034 | 11,038,683 |

14 PROFIT FOR THE PERIOD

Profit for the period is stated after:

| | <i>3 month period ended 30 September</i> | | <i>9 month period ended 30 September</i> | |
|--|--|--------------------|--|--------------------|
| | 2024 | 2023 | 2024 | 2023 |
| | AED'000 | AED'000 | AED'000 | AED'000 |
| | <i>(Unaudited)</i> | <i>(Unaudited)</i> | <i>(Unaudited)</i> | <i>(Unaudited)</i> |
| Salaries | 762,155 | 541,451 | 2,069,893 | 1,564,345 |
| Depreciation of property, plant and equipment (note 3) | 137,993 | 111,669 | 394,439 | 315,812 |
| Depreciation of right-of-use assets (note 5) | 23,430 | 3,475 | 31,538 | 10,425 |

15 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties include majority Shareholders, equity accounted investees, Directors and key management personnel, management entities engaged by the Group and those enterprises over which majority Shareholders, Directors, the Group or its affiliates can exercise significant influence, or which can exercise significant influence over the Group. In the ordinary course of business, the Group provides services to, and receives services from, such enterprises on terms agreed by management.

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine-month period ended 30 September 2024

15 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

Balances with related parties included in the condensed consolidated statement of financial position are as follows:

| | 30 September 2024 AED'000 (Unaudited) | 31 December 2023 AED'000 (Audited) |
|---|--|---|
| <i>Due from equity accounted investee for project related work:</i> | | |
| Trade and other receivables | 73,964 | 499,864 |
| Trade and other payables | 233,861 | 429,900 |
| Contract assets | 101,197 | 147,803 |
| <i>Due from/to other related parties:</i> | | |
| Trade and other receivables | 4,022,110 | 63,429 |
| Contract assets | 570,931 | 38,143 |
| Trade and other payables | 910,760 | 33,010 |
| Bank balances | 4,407,547 | 2,793,662 |
| Borrowings | 517,237 | 575,671 |

Transactions with related parties included in the condensed consolidated statement of profit or loss are as follows:

| | 3 month period ended 30 September | | 9 month period ended 30 September | |
|---|--|--------------------------------|--|--------------------------------|
| | 2024 AED'000 (Unaudited) | 2023 AED'000 (Unaudited) | 2024 AED'000 (Unaudited) | 2023 AED'000 (Unaudited) |
| <i>Other related parties</i> | | | | |
| Revenue earned during the period | 1,335,886 | 42 | 4,219,774 | 42 |
| Material and services purchased / received | 27,404 | 106,112 | 84,516 | 150,324 |
| Acquisition of investment properties (note 4) | 399,000 | - | 399,000 | - |
| Net interest income (cost) | (2,596) | 4,339 | 18,888 | 15,612 |
| <i>Equity accounted investee</i> | | | | |
| Revenue earned during the period | 126,255 | 86,301 | 238,246 | 292,553 |
| Sub-contract costs | 126,587 | 113,658 | 499,325 | 319,910 |

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16 EARNINGS PER SHARE

Basic earnings per share has been computed by dividing the profit for the period attributable to the ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

| | <i>3 month period ended 30</i> | | <i>9 month period ended 30</i> | |
|--|--------------------------------|--------------------|--------------------------------|--------------------|
| | <i>September</i> | | <i>September</i> | |
| | 2024 | 2023 | 2024 | 2023 |
| | AED'000 | AED'000 | AED'000 | AED'000 |
| | <i>(Unaudited)</i> | <i>(Unaudited)</i> | <i>(Unaudited)</i> | <i>(Unaudited)</i> |
| Profit attributable to the shareholders of the Company (AED'000) | 699,624 | 631,704 | 2,159,377 | 1,511,882 |
| Weighted average number of ordinary shares ('000) | 837,919 | 825,000 | 829,306 | 825,000 |
| Earnings per share attributable to the shareholders of the Company (AED) | 0.83 | 0.77 | 2.60 | 1.83 |

Diluted earnings per share as of 30 September 2024 and 30 September 2023 are equivalent to basic earnings per share.

17 DIVIDEND

At the annual general meeting held on 8 March 2024, the shareholders approved a dividend of AED 0.75 per share for a total dividend amounting to AED 618,750 thousand, relating to the year ended 31 December 2023 (2022: nil).

18 SHARE CAPITAL

| | 30 September | 31 December |
|---|---------------------|------------------|
| | 2024 | 2023 |
| | AED'000 | AED'000 |
| | <i>(Unaudited)</i> | <i>(Audited)</i> |
| <i>Authorised, issued and fully paid</i> | | |
| 844,379,653 (31 December 2023: 825,000,000) | | |
| ordinary shares of AED 1 each | 844,379 | 825,000 |

At the Annual General Meeting of the Company held on 28 April 2023, the Shareholders approved the purchase of certain assets, valued at AED 624.8 million, in exchange for mandatory convertible bonds, convertible into 19,379,653 new equity shares of the Company, at AED 32.24 per share. Upon the issuance of these new shares, the total issued share capital of the Company increased to AED 844,379,653. The amendment to the Articles of Association of the Company was approved by Securities and Commodities Authority on 16 July 2024.

The 19,379,653 new shares are recorded in the books at the nominal value of AED 1 per share with the difference between the nominal value (AED 1 per share) and the agreed value (AED 32.24 per share) accounted for as share premium of AED 605,421 thousand.

NMDC Group PJSC (formerly National Marine Dredging Company PJSC)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine-month period ended 30 September 2024

19 OTHER RESERVES

| | Legal reserve AED'000 | Restricted reserve AED'000 | Hedging reserve AED'000 | Foreign currency translation reserve AED'000 | Net other reserve AED'000 |
|---|-----------------------------|----------------------------------|-------------------------------|--|---------------------------------|
| At 1 January 2023 (<i>Audited</i>) | 280,572 | 1,291 | (5,489) | (284,160) | (7,786) |
| Transfer of 10% of current year profit | 131,928 | - | - | - | 131,928 |
| Fair value gain on revaluation of hedging instruments | - | - | 20,301 | - | 20,301 |
| Cumulative translation adjustment on foreign operations | - | - | - | (111,140) | (111,140) |
| | <u>412,500</u> | <u>1,291</u> | <u>14,812</u> | <u>(395,300)</u> | <u>33,303</u> |
| At 1 January 2024 (<i>Audited</i>) | 412,500 | 1,291 | 14,812 | (395,300) | 33,303 |
| Fair value gain on revaluation of hedging instruments | - | - | (810) | - | (810) |
| Cumulative translation adjustment on foreign operations | - | - | - | (144,256) | (144,256) |
| Transfer to non-controlling interests | - | - | (4,106) | 3,353 | (753) |
| | <u>412,500</u> | <u>1,291</u> | <u>9,896</u> | <u>(536,203)</u> | <u>(112,516)</u> |
| At 30 September 2024 (<i>Unaudited</i>) | <u>412,500</u> | <u>1,291</u> | <u>9,896</u> | <u>(536,203)</u> | <u>(112,516)</u> |

20 CONTINGENCIES AND COMMITMENTS

| | 30 September 2024 AED'000 (<i>Unaudited</i>) | 31 December 2023 AED'000 (<i>Audited</i>) |
|----------------------|---|--|
| Bank guarantees | 16,513,330 | 13,350,209 |
| Letters of credit | 241,447 | 289,220 |
| Capital commitments | 410,115 | 188,303 |
| Purchase commitments | 6,812,768 | 5,378,558 |

The above letters of credit and bank guarantees issued in the normal course of business.

NMDC Group PJSC (formerly National Marine Dredging Company PJSC)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine-month period ended 30 September 2024

21 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value measurement recognized in the consolidated statement of financial position

The fair values of the Group's financial assets and liabilities as at 30 September 2024 and 31 December 2023 are not materially different from their carrying values at that reporting date.

The following table provides the fair value measurement hierarchy of the Group's financial assets and liabilities which are measured at fair value as at 30 September 2024 and 31 December 2023:

| | Total AED'000 | Fair value measurement | | |
|--|------------------|---|---|---|
| | | Quoted prices in active markets (Level 1) AED'000 | Significant observable inputs (Level 2) AED'000 | Significant unobservable inputs (Level 3) AED'000 |
| As at 30 September 2024 (Unaudited) | | | | |
| Derivative financial asset | 12,852 | - | 12,852 | - |
| Investment properties | 439,000 | - | - | 439,000 |
| Financial assets at fair value through profit or loss (FVTPL) | 631,679 | 631,679 | - | - |
| As at 31 December 2023 (Audited) | | | | |
| Derivative financial asset | 24,602 | - | 24,602 | - |
| Derivative financial liability | (9,790) | - | (9,790) | - |
| Investment Properties | 40,000 | - | - | 40,000 |
| Financial assets at fair value through profit or loss (FVTPL) | 461,750 | 461,750 | - | - |

The fair value of the quoted UAE equity securities at the reporting date is based on quoted market prices at 30 September 2024 as per Level 1 valuation. There were no transfers between levels during the current or prior period.

NMDC Group PJSC (formerly National Marine Dredging Company PJSC)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine-month period ended 30 September 2024

22 SEGMENT INFORMATION

Geographical segment information

The Group has aggregated its segments into Dredging & Marine and Energy.

The following table shows the Group's segment analysis:

| | Dredging & Marine AED'000 | Energy AED'000 | 30 September 2024 (Unaudited) Group AED'000 |
|---|--|---------------------------|--|
| Segment revenue | 8,829,916 | 9,783,376 | 18,613,292 |
| Intersegment revenue | (95,258) | | (95,258) |
| | <hr/> | <hr/> | <hr/> |
| Revenue | - | - | 18,518,034 |
| | <hr/> | <hr/> | <hr/> |
| Segment gross profit | 1,529,427 | 1,002,963 | 2,532,390 |
| | <hr/> | <hr/> | <hr/> |
| Share of net results of equity accounted investees | 16,789 | - | 16,789 |
| General and administrative expenses | (111,439) | (86,858) | (198,297) |
| Finance cost | (151,279) | (49,085) | (200,364) |
| Finance income | 37,235 | 83,044 | 120,279 |
| Foreign currency exchange loss | (32,523) | (5,177) | (37,700) |
| Fair value gain on financial assets at fair value through profit or loss | 169,928 | - | 169,928 |
| Other income (expense), net | (45,998) | 105,992 | 59,994 |
| | <hr/> | <hr/> | <hr/> |
| Profit before tax for the period | 1,412,140 | 1,050,879 | 2,463,019 |
| Income tax charge | (123,932) | (146,857) | (270,789) |
| | <hr/> | <hr/> | <hr/> |
| Profit after tax | 1,288,208 | 904,022 | 2,192,230 |
| | <hr/> | <hr/> | <hr/> |
| Total assets | 16,329,677 | 15,459,122 | 31,788,799 |
| | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |
| Total liabilities | 7,226,288 | 10,690,472 | 17,916,760 |
| | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |

NMDC Group PJSC (formerly National Marine Dredging Company PJSC)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine-month period ended 30 September 2024

22 SEGMENT INFORMATION (continued)

| | 30 September 2023 (Unaudited) | | |
|--|----------------------------------|-------------------|-------------------------------|
| | Dredging & Marine AED'000 | Energy AED'000 | Group AED'000 |
| Segment revenue | 6,116,688 | 4,980,633 | 11,097,321 |
| Intersegment revenue | (48,535) | (10,103) | (58,638) |
| | <hr/> | <hr/> | <hr/> |
| Revenue | - | - | 11,038,683 |
| | <hr/> | <hr/> | <hr/> |
| Segment gross profit | 952,682 | 491,393 | 1,444,075 |
| | <hr/> | <hr/> | <hr/> |
| Share of net results of equity accounted investees | 42,564 | 490 | 43,054 |
| General and administrative expenses | (80,120) | (79,365) | (159,485) |
| Finance cost | (57,976) | (31,931) | (89,907) |
| Finance income | 65,132 | 27,383 | 92,515 |
| Foreign currency exchange loss | (7,995) | (18,327) | (26,322) |
| Fair value gain on financial assets at fair value through profit or loss | 178,899 | - | 178,899 |
| Other income, net | 24,300 | 10,135 | 34,435 |
| | <hr/> | <hr/> | <hr/> |
| Profit before tax for the period | 1,105,782 | 411,482 | 1,517,264 |
| Income tax charge | (1) | (4,391) | (4,392) |
| | <hr/> | <hr/> | <hr/> |
| Profit after tax | 1,105,781 | 407,091 | 1,512,872 |
| | <hr/> | <hr/> | <hr/> |
| | | | 31 December 2023 (Audited) |
| | Dredging & Marine AED'000 | Energy AED'000 | Group AED'000 |
| Total assets | 8,842,732 | 12,004,469 | 20,847,201 |
| | <hr/> | <hr/> | <hr/> |
| Total liabilities | 4,598,212 | 7,644,874 | 12,243,086 |
| | <hr/> | <hr/> | <hr/> |

NMDC Group PJSC (formerly National Marine Dredging Company PJSC)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine-month period ended 30 September 2024

23 SEASONABILITY OF RESULTS

No income of seasonal nature was recorded in the condensed statement of comprehensive income for the nine-month period ended 30 September 2024.

24 SUBSEQUENT EVENT

At the meeting of the Board of Directors of the Company held on 25 October 2024, the Board approved the distribution of special interim dividends of AED 2 billion (AED 2.37 per share).

25 APPROVAL OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

The condensed interim consolidated financial statements were approved by the Board of Directors and authorised for issue on 25 October 2024.