



NMDC Group: Directors' Report

For the year ended 31 December 2024



The Board of Directors of NMDC Group PJSC (“NMDC” or “Group”) have the pleasure of presenting the 2024 Directors’ Report along with the audited financial statements as at and for the year ended 31 December 2024.

Financial Performance:

NMDC Group has reported exceptional results for the financial year 2024, concluding a historic year marked by strategic international expansion, a healthy project pipeline, and the successful completion of an Initial Public Offering (IPO) of one its subsidiaries, NMDC Energy PJSC.

The Group achieved a 58% year-on-year growth in net profit before tax to AED 3.46 bn and 44% year-on-year growth in net profit after tax to AED 3.11 bn. Revenues amounted to an exceptional AED 26.3 bn with a year-on-year increase of 57%, driven by consistent progress in ongoing projects and healthy project order books. 76% (2023: 77%) of the revenues were generated from the UAE and 24% (2023: 23%) from international markets (Saudi Arabia, Egypt and India).

The Group’s total assets reached a value of AED 33.2 bn in 2024 from AED 20.8 bn in 2023, coupled with an extensive order backlog valued at AED 71 bn. These figures are a testament to the Group’s robust development initiatives and strategic geographic expansion, further enhancing its leadership in dredging, marine construction and engineering, procurement and construction. Furthermore, the Group’s total equity increased by 47% to AED 12.6 bn from AED 8.6 bn at the end of 2023.

During 2024, NMDC Group listed 23% of NMDC Energy through an IPO which generated AED 2.8 billion of cash proceeds; of which the Group returned AED 2 billion to its shareholders through a special interim dividend distribution. Moreover, following the Group’s outstanding performance during the year, the board of directors proposed a final cash dividend of AED 701 million for the financial year ending 31 December 2024, representing a cash dividend per share of 83 fils, which is subject to shareholders’ approval at the Group’s upcoming General Assembly Meeting. This would take the Group’s dividend yield to 12.9% and dividend payout ratio to 91%.

Landmark Listing

NMDC Energy began trading on the Abu Dhabi Securities Exchange (ADX) following an Initial Public Offering (IPO) that was oversubscribed by 31.3 times. The offering of 1.15 billion shares in NMDC Energy, representing 23% of the total share capital, was made available to eligible investors at AED 2.8 per share. Final allocations were approximately 0.17% to Retail investors and 6% to Institutional investors. NMDC Energy’s listing served as an exceptional achievement that will define the pace for the sector’s engineering, procurement and construction business in Abu Dhabi and beyond.

Fleet

NMDC Group currently owns a marine fleet of more than 170 vessels consisting of:

- THIRTY-THREE dredgers & THREE floating booster stations
- FOUR* Dynamic Positioning (DP2/DP3) Derrick / Pipelaying barges (with 4,200t -2,000t lifting capacity & more than 300 pax accommodation each)
Note1: DLS4200, DELMA2000, SHUJAA2000**, SAFEEN3000
**Note2: DELMA and SHUJAA are 1600 tons
- THREE towed Derrick / Pipelaying barges
- FOUR self-elevating platforms & self-propelled work barges
- ONE DP3 cable lay and hook up floating vessel: UmmShaif
- TWO as anchor handling tugs: YAS and SAADIYAT
- ONE diving support vessel: AL MARYAH
- THREE cargo barges & TWO launching/float over barges
- 116+ other support crafts (including tugs, barges, multcats, accommodation barge) out of which FOUR multcats and TEN Barges are new built vessels
- An extensive range of land -based equipment (including excavators, cranes, generators)

Following the merger, cross utilization of the fleet between the main business units is a key element of the Group's fleet management strategy to ensure the maximization of utilization and cost-effective work execution on the portfolio of projects. To further progress this strategy, the group has registered a new entity during the year, NMDC LTS, which will focus on streamlining the Groups fleet management and resource procurement activities.

Information Technology

In 2024, NMDC Group's IT Department achieved several key milestones, where the initial phase of ERTIQAA was launched and became operational for end users. The team also introduced numerous AI-driven solutions to drive innovation and efficiency across its operations.

Strategic projects undertaken throughout 2024 include:

1. Domain Migration and Unification: NMDC Dredging & Marine and NMDC Energy users now operate under a unified domain and email system.
2. Predictive Maintenance System: Beyond its function as a maintenance tool, this technology is essential for achieving operational efficiency and safety. It helps extend equipment lifespan, maximize return on investment, and minimize costly failures.



Information Technology (continued)

The IT Department has also begun implementing AI-powered software across various departments:

- **AI-Powered Structured Database Q&A Systems:** This system offers seamless information retrieval with NMDC GPT, harnessing the power of artificial intelligence to significantly reduce the time spent reviewing and searching through documents such as client standards, contracts, material specifications, and client tender scopes of work.
- **HR Agent:** This tool intelligently assesses candidates based on CVs, job descriptions, and specific criteria, representing a major advancement in talent acquisition. It provides rapid, accurate, and precise analysis of a candidate's suitability.
- **NMDC Meeting Mate:** An advanced AI-powered application that automatically generates Minutes of Meetings (MOM), key points, and actionable items for Teams meetings. This tool is specifically designed to address common challenges encountered during and after meetings.
- **AI-Powered Virtual Agents (Wadeema & Salem):** These intelligent virtual agents convert voice commands and queries into actionable insights, exclusively utilizing NMDC's internal data systems. They offer real-time data access and interactive querying for NMDC staff, partners, and stakeholders.

NMDC Energy was also officially recognized and certified as an Industry 4.0 Digital Leader by the Ministry of Industry and Advanced Technology (MoIAT).

Sustainability

With NMDC Group recently receiving an AA 'leader' rating from MSCI, it continues to make significant strides in its business to build robust ESG considerations across its operations. NMDC Energy plays a prominent role in the renewable energy sector, particularly wind power, where it actively participates in the development, construction, and maintenance of wind power facilities, and facilitates the transition of energy companies to clean and renewable sources. Furthermore, the company continuously evaluates activities and programs to restore operational areas and protect natural ecosystems.

Achievements:

- NMDC Group built its first comprehensive GHG Inventory for 2023 (baseline) and 2024 including Scopes 1, 2 & 3 in accordance with the GHG protocol.
- The Group partnered with Byrne Equipment Rental to implement solar energy systems at the Sir Bani Yas Island residential camp, cutting CO₂ emissions by 475 tons annually and improving air quality for workers.
- **Artificial Reef Deployment:** NMDC Group coordinated with EAD to deploy 100 artificial reef domes as part of the Al Nouf Artificial Island Project, enhancing marine biodiversity and sustainability.
- NMDC Energy has planted 20,001 mangrove seedlings, which can capture 246 tons of CO₂ annually.

Sustainability (continued)

Achievements: (continued)

- The company launched a “Turtle Nesting” awareness campaign, where potential turtle nesting areas are identified and demarcated with appropriate signage for the protection of turtles during nesting and hatchling periods.
- NMDC Energy collaborated with many government and private entities such as the Environment Agency of Abu Dhabi (EAD) and Abu Dhabi National Oil Company (ADNOC) to promote a sustainable environment within the UAE.
- NMDC Energy was awarded a prestigious EPC contract by Taiwan Power Company (Taipower) for pipeline installation, shore approach works and dredging for the Tung-Hsiao Power Plant 2nd Stage Renewal Project. This strategic involvement is expected to significantly boost revenue while solidifying NMDC’s leadership in sustainable energy solutions.
- NMDC Energy’s involvement in NT Energies: a joint venture created by Technip Energies and NMDC Energy, represents a strategic approach to the energy transition.

Awards & Recognitions

- Environmental Recognition: Won the 2024 IPLOCA Environmental Award for planting 20,001 mangroves under the Blue Carbon Initiative, capturing 246 tons of CO2 annually.
- Forbes: ‘Top’ Companies in Arab World –No.1 in Service Category
- Forbes: Top 100 CEOs in the Middle East 2024 - Yasser Zaghloul

Operational Efficiencies & Economic Contributions

- Thirty improvement initiatives piloted across the Group in 2024, aiming to bring down costs, promote sustainability and wellness, and increase efficiency.
- The Group invested over AED 4 million during 2024 to enhance IT systems, with a focus on digitalization, clean technology, innovation, and adaptive learning .
- The Group continues to leverage its Digital Twin platform, an integrated design and engineering platform, to streamline processes, reduce resource allocation, and eliminate inefficiencies throughout projects.
- The Group also continues to advance its in-house fabrication processes such as Computer Numerical Control (CNC) machining, sheet metal fabrication, and module fabrication to increase self-sufficiency, reduce project lead time, and lower procurement-related emissions
- HSE Training: 554,279 HSE in-house and external training hours.
- Economic Contributions: Reinvested AED 17 billion into the UAE’s local economy and achieved a high ICV score, emphasizing support for local suppliers and economic diversification
- Employment Creation: Signed a 50-year agreement with KEZAD Group to establish a USD 100 million manufacturing facility, creating 3,000 jobs and enhancing industrial capacity.



Competitive Strengths

NMDC Group's business strategy is driven by strategic operational and geographical expansion, group-wide diversification, and an active project pipeline.

Vertical and horizontal expansion

NMDC Group expanded further into East & Southeast Asia with a preliminary agreement for large-scale coastal protection projects with Vietnam's Vingroup, in addition to being awarded a large EPC contract for a subsea pipeline in Taiwan. In KSA, NMDC Energy inaugurated an advanced fabrication yard in Ras Al Khair, Saudi Arabia.

Furthermore, the Group launched NMDC LTS to focus on the regional demand in logistics and services. This was closely followed by the strategic announcement that NMDC Group would acquire a controlling stake in Emdad LLC, making the first entry into oilfield services.

Future proofing the business

NMDC Group has worked hard to implement several organizational initiatives to future proof its business. The Group has introduced AI-powered initiatives throughout its operations to enhance safety and efficiency, as well as boost its environmental performance.

Key projects

NMDC Group won a contract worth more than \$200 million from the Abu Dhabi National Oil Company (ADNOC) for LNG Growth Project Marine Dredging Works T2. Furthermore, NMDC Energy continued to maintain its leadership role in driving key EPC projects, accelerating innovation and achieving significant progress that underscores its commitment to excellence. The Group has been strategically focused on major projects including Hail & Ghasha, Estidama, MERAM, and Aramco CRPOs. NMDC Group's backlog of projects are worth AED 71 billion.

Strategic Objectives

The mission of the NMDC Group is to leverage the talent and experience of our people and provide opportunities to build successful and rewarding careers, while serving our clients through delivering sustainable solutions and beyond, and always maintain to focus on generating exceptional returns.

Our strategy is underpinned by strategic objectives which consequently are each supported by many underlying initiatives:

- Cherish current markets
- Diversify vertically, horizontally, and geographically
- Strengthen government, clients, investors, partners and suppliers
- Improve core operations
- Manage portfolio
- Commit to sustainability
- Focus on Safety



Strategic Objectives (continued)

These strategic objectives can only be accomplished when we assure that our internal operations are state-of-the-art from all aspects, therefore we will focus for the coming year on the following strategic enablers:

1. Motivated and skilled people
2. Best practice processes
3. AI-enabled technology and systems
4. Fit-for-purpose assets
5. Open and collective culture

Internal control systems and their adequacy

NMDC Group's internal control system is established to ensure that the Board and Management are able to achieve their business objectives in a prudent manner, safeguarding interests of the Company's shareholders and other stakeholders, whilst at the same time minimizing key risks such as fraud, unauthorized business activity, misleading financial statements, un-informed risk-taking, or breach of legal or contractual obligations, and also ensuring highest quality achieved in a safe and sustainable environment.

The guidelines for design and implementation of the internal control systems is provided by the Group's approved Corporate Governance Manual and applicable regulations. The Board and its Committees provide oversight on the systems, and the Management is responsible for ensuring that adequate internal controls (both financial and operational) are in place and applied to safeguard and manage the assets of the Group, in an effective and efficient manner.

The Group's internal control is designed to mitigate, not eliminate, significant risks faced. It is recognized that such a system provides reasonable, but not absolute, assurance against material error, omission, misstatement or loss.

This is achieved within the Group through a combination of risk identification, evaluation and monitoring processes, appropriate decision and oversight forums, assurance and control functions such as External Audit, Internal Audit, Ethics & Compliance, Risk Management, Quality and HSE. These ongoing processes, which comply with leading practices and the Corporate Governance Guide, were in place throughout the year under review and up to the date of approval of the annual report and financial statements.

During the year 2024, the Group was subject to the following independent assessments and improvement initiatives on its internal control system:

- ✓ Annual external audit and interim reviews of NMDC Group consolidated financial statements through Deloitte, a professional services firm. The external audit work covers assessment of internal controls over financial reporting, although the same does not entail expressing an opinion on the effectiveness of the Company's internal controls.

Internal control systems and their adequacy (continued)

- ✓ Process reviews of NMDC Group business processes and projects through the Internal Audit Function, according to an Internal Audit Plan approved by the Audit Committee. The scope of internal audit for the year 2024 covered both core and support processes, and were prioritized in accordance with Risk Analysis Methodology.
- ✓ Compliance program was further strengthened by adopting revised code of conduct and related policies in line with best practices, conducting fraud awareness workshops for employees across the company and via internal communications on code of business conduct and whistleblowing awareness.
- ✓ Enterprise Risk Management practice is a crucial pillar for achieving NMDC Group's desired business objectives, maintaining sustainability, and protecting all stakeholders interests efficiently and effectively, and therefore Risk Management practice is applied at the strategic level, corporate level and project levels across the entity. While global risks are intensifying with geopolitical tensions combined with technology driving new security risks, NMDC Group Risk Management Practice aims to enforce business sustainability and continuity by providing the means and mechanism to proactively manage and control threats and opportunities.

The Board met its internal control responsibilities in 2024 by reviewing presentations on independent assessments that were conducted, discussing control issues at Board meetings and reviewing the detailed reports from Board Committees, and found that the internal control environment was satisfactory for 2024. During 2024, the Company did not face any major issue requiring disclosure in any report or to the market.

Emiratization

NMDC Group is committed to nurturing national talent and fostering future Emirati leaders. It has launched a number of programs that were instrumental in promoting Emiratization within one of its most strategic sectors. In 2024, NMDC Group encompassed 607 Emiratis, with an Emiratization rate of 10.2%.



ACKNOWLEDGMENT

On behalf of the Board, I wish to express our appreciation for the support and cooperation of the financial institutions, suppliers, subcontractors, business associates and government authorities and expect the same in future for sustaining the Group's growth rate. The Board would like to place on record its appreciation of the hard work, commitment and unstinting efforts put in by the Group's employees at all levels.

A handwritten signature in blue ink, consisting of a long, sweeping horizontal line with a small loop at the end and some illegible characters above it.

Mohamed Thani Murshed Alrumaithi
Chairman

A handwritten signature in blue ink, appearing to be 'Shura' followed by a stylized flourish.