

**ADC Acquisition Corporation P.J.S.C.**

**Reports and financial statements**

**For the period from 13 April 2022 to 31 December 2022**

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## ADC Acquisition Corporation P.J.S.C.

### Directors' report

**For the period from 13 April 2022 to 31 December 2022**

The Directors submit their report in relation to ADC Acquisition Corporation P.J.S.C. (the "Company") for the period from 13 April 2022 to 31 December 2022.

### Legal status

The Company was incorporated on 13 April 2022 as a public joint stock company (P.J.S.C.) in the Emirate of Abu Dhabi, United Arab Emirates and is approved by the Securities and Commodities Authority to be classified as a Special Purpose Acquisition Company ("SPAC"). The Company is registered in the Commercial Register with commercial license number CN-4443596 issued by the Department of Economic Development in the Emirate of Abu Dhabi. Its registered office is at Office 615, Royal Group Headquarters Building, Khalifa Park, P.O. Box: 3190, Abu Dhabi, United Arab Emirates.

### Principal activities

The principal activities of the Company are to offer and list its shares and warrants, seek a target for the purposes of consummating a business combination and any other business related to achieving the objectives of the Company.

### Results

The results of the Company set out in these financial statements are for the period from 13 April 2022 to 31 December 2022.

### Loss per share

The loss per share of the Company is AED 3.92 based on the weighted average number of shares of 9,175,000 as on 31 December 2022.

### Financial reporting framework

The Directors of the Company, to the best of their knowledge, believe that:

- The financial statements, prepared by the management of the Company, fairly present its state of affairs, the results of its operations, cash flows and changes in equity;
- The Company has maintained proper books of accounts;
- Followed the International Financial Reporting Standards (IFRS), as applicable, in preparation of these financial statement; and
- Prepared the financial statements on the going concern basis.

**ADC Acquisition Corporation P.J.S.C**

Abu Dhabi, UAE

Tel: +971 2 885 6666 / +971 2 204 0000

E-mail: [contact@chimerainvestment.com](mailto:contact@chimerainvestment.com) / [media@adq.ae](mailto:media@adq.ae)

[www.adcspac.com](http://www.adcspac.com)

اي دي سي كوربوريشن للاستحواذ ش.م.ع

أبوظبي، الإمارات العربية المتحدة

هاتف: +971 2 885 6666 / +971 2 204 0000

بريد إلكتروني: [media@adq.ae](mailto:media@adq.ae) [contact@chimerainvestment.com](mailto:contact@chimerainvestment.com)

[www.adcspac.com](http://www.adcspac.com)



#### Directors

The Directors of the Company are as follows:

- H.E. Mohamed Hassan Al Suwaidi
- Syed Basar Shueb
- Seifallah Mohamed Amin Mahmoud Fikry
- Eng. Hamad Salem Al Ameri
- Murtaza Hussain
- Saeed Al Awar
- Huda Al Lawati

#### Auditors

The financial statements of the Company for the period from 13 April 2022 to 31 December 2022 were audited by KPMG.

#### For and on behalf of the Board

Murtaza Hussain Bilal Malik  
Director

Seifallah Mohamed Amin Mahmoud Fikry  
Chief Executive Officer and Board Member

#### ADC Acquisition Corporation P.J.S.C

Abu Dhabi, UAE

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[www.adcspac.com](http://www.adcspac.com)





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](http://www.kpmg.com/ae)

## Independent auditors' report

### To the Shareholders of ADC Acquisition Corporation P.J.S.C.

#### Report on the Audit of the Financial Statements

##### Opinion

We have audited the financial statements of ADC Acquisition Corporation P.J.S.C. ("the Company"), which comprise the statement of financial position as at 31 December 2022, the statement of profit or loss and other comprehensive income, changes in equity and cash flows for the period from 13 April 2022 to 31 December 2022, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2022, and its financial performance and its cash flows for the period from 13 April 2022 to 31 December 2022 in accordance with IFRS Standards as issued by the International Accounting Standards Board (IFRS Standards).

##### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in the United Arab Emirates, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### Key Audit Matters

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

## Key Audit Matters (continued)

### Classification of founder shares and founder warrants and determination of grant date

See Note 10 to the financial statements

The key audit matter	How the matter was addressed in our audit
<p>The Company has issued founders shares and private warrants to Chimera Investment LLC and Alpha Oryx Limited ("the Founders") (refer note 10 to the financial statements).</p> <p>The assessment whether the founder shares and private warrants issued by the Company are in scope of financial instruments (IAS 32) or share based payments (IFRS 2) is considered a key audit matter as it involves significant judgment.</p> <p>The determination that business combination is the grant date is considered a key audit matter, as determining the date on which there is shared understanding of the terms and conditions of the share-based payment between the Company and the founders involves significant judgment.</p>	<p>Our audit procedures in this area include the following, among others:</p> <ul style="list-style-type: none"> <li>• We obtained an understanding of the Company's control environment and tested the design and implementation of the relevant internal controls over management's assessment of classification of the founder shares and private warrants and determination of grant date;</li> <li>• We inspected the terms and conditions of the share and warrants, as specified in the underlying documents including the prospectus and obtained an understanding of relevant terms and conditions of founder shares and private warrants;</li> <li>• We have reviewed the accounting position paper prepared by the management and reconciled the information included in the position paper to the underlying documents and evaluated the conclusion against the principles of IAS 32 and IFRS 2;</li> <li>• We evaluated the appropriateness of accounting policies adopted based on the requirements of IFRS Standards;</li> <li>• We evaluated the significant management judgement applied in determining the Business Combination date as grant date based on the principles of IFRS 2; and</li> <li>• We evaluated the adequacy of the financial statement disclosures, including disclosures of key judgements and estimates.</li> </ul>

### Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditors' report thereon ('Annual Report'). We obtained the Board of Directors' report prior to the date of our auditors' report, and the remaining sections of the Annual Report are expected to be made available to us after that date.

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

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

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

## **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Standards and their preparation in compliance with the applicable provisions of UAE Federal Decree Law No. 32 of 2021 and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with Governance are responsible for overseeing the Company's financial reporting process.

## **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

## **Auditors' Responsibilities for the Audit of the Financial Statements (continued)**

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

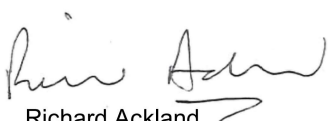
From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation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

## **Report on Other Legal and Regulatory Requirements**

Further, as required by the UAE Federal Decree Law No. 32 of 2021, we report that for the period from 13 April 2022 to 31 December 2022:

- i) we have obtained all the information and explanations we considered necessary for the purposes of our audit;
- ii) the financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Decree Law No. 32 of 2021;
- iii) the Company has maintained proper books of account;
- iv) the financial information included in the Director's report is consistent with the books of account of the Company;
- v) The Company has not purchased any shares during the period from 13 April 2022 to 31 December 2022;
- vi) note 18 to the financial statements discloses material related party transactions and the terms under which they were conducted;
- vii) based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Company has contravened during the period from 13 April 2022 to 31 December 2022 any of the applicable provisions of the UAE Federal Decree Law No. 32 of 2021 or in respect of the Company, its Articles of Association, which would materially affect its activities or its financial position as at 31 December 2022; and
- viii) There are no social contributions made during the period from 13 April 2022 to 31 December 2022.

KPMG Lower Gulf Limited



Richard Ackland  
Registration No.: 1015  
Abu Dhabi, United Arab Emirates

24 February 2023

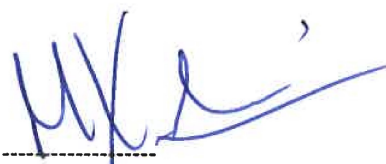
# ADC Acquisition Corporation P.J.S.C.

## Statement of financial position As at 31 December 2022

		31 December 2022 AED
	<i>Note</i>	
<b>ASSETS</b>		
<b>Current assets</b>		
Prepayments	18	969,299
Other financial assets	8	367,222,361
Cash and cash equivalents	9	937,500
<b>Total current assets</b>		<b>369,129,160</b>
<b>TOTAL ASSETS</b>		<b>369,129,160</b>
<b>EQUITY &amp; LIABILITIES</b>		
<b>EQUITY</b>		
Equity share capital	10	5,783,392
Accumulated losses		(35,935,116)
<b>TOTAL EQUITY</b>		<b>(30,151,724)</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Class A shares	11	365,333,384
Public warrants	12	33,947,500
<b>Total non-current liabilities</b>		<b>399,280,884</b>
<b>TOTAL LIABILITIES</b>		<b>399,280,884</b>
<b>TOTAL EQUITY &amp; LIABILITIES</b>		<b>369,129,160</b>

To the best of our knowledge, the financial statements present fairly in all material respects the financial condition, financial performance and cash flows of the Company as of, and for, the period presented therein.

These financial statements were approved by the Board of Directors on 24 February 2023 and signed on its behalf by:



Murtaza Hussain Bilal Malik  
Director



Seifallah Mohamed Amin Mahmoud Fikry  
Chief Executive Officer and Board Member

The accompanying notes are an integral part of these financial statements.

# ADC Acquisition Corporation P.J.S.C.

## Statement of profit or loss and other comprehensive income For the period from 13 April 2022 to 31 December 2022

		For the period from 13 April 2022 to 31 December 2022 AED
	<i>Note</i>	
Other expenses	13	<u>(1,092,160)</u>
<b>Operating expenses</b>		<u><b>(1,092,160)</b></u>
<b>Operating loss</b>		<b>(1,092,160)</b>
Finance cost	14	<u>(34,842,956)</u>
<b>Loss for the period</b>		<u><b>(35,935,116)</b></u>
<i>Other comprehensive income</i>		-
<b>Total comprehensive loss for the period</b>		<u><u><b>(35,935,116)</b></u></u>
<b>Loss per share (LPS):</b>		
Basic	17	<b>(3.92)</b>
Diluted	17	<b>(3.92)</b>

The accompanying notes are an integral part of these financial statements.

# ADC Acquisition Corporation P.J.S.C.

## Statement of changes in equity

For the period from 13 April 2022 to 31 December 2022

	Paid up share capital AED	Accumulated losses AED	Total equity AED
At 13 April 2022	-	-	-
<i>Transactions with owners of the Company, recorded directly in equity</i>			
Paid up share capital (Note 10)	5,783,392	-	5,783,392
<i>Total transactions with owners of the Company, recorded directly in equity</i>	<b>5,783,392</b>	<b>-</b>	<b>5,783,392</b>
<i>Total comprehensive loss for the period</i>			
Loss for the period	-	(35,935,116)	(35,935,116)
Other comprehensive income for the period	-	-	-
<i>Total comprehensive loss for the period</i>	<b>-</b>	<b>(35,935,116)</b>	<b>(35,935,116)</b>
<b>At 31 December 2022</b>	<b>5,783,392</b>	<b>(35,935,116)</b>	<b>(30,151,724)</b>

The accompanying notes are an integral part of these financial statements.

# ADC Acquisition Corporation P.J.S.C.

## Statement of cashflows

For the period from 13 April 2022 to 31 December 2022

	<i>Note</i>	For the period from 13 April 2022 to 31 December 2022 AED
<b>Cash flows from operating activities</b>		
Loss for the period		(35,935,116)
<i>Adjustment for:</i>		
Other expenses <sup>1</sup>	13	1,092,160
Finance cost	14	34,842,956
<i>Net cash used in operating activities</i>		-
<b>Cash flows from investing activity</b>		
Amount deposited in escrow account	8	(367,000,000)
<i>Net cash used in investing activity</i>		(367,000,000)
<b>Cash flows from financing activities</b>		
Proceeds from issuance of paid-up share capital	10	937,500
Proceeds from issuance of class A shares	11	367,000,000
<i>Net cash generated from financing activities</i>		367,937,500
<b>Net increase in cash and cash equivalents</b>		937,500
Cash and cash equivalents at the beginning of the period	9	-
<b>Cash and cash equivalents at the end of the period</b>	9	937,500

Note:

- Other expenses include expenses incurred by the Founders that are associated with the Company (note 18) and are recognized in the statement of profit or loss and other comprehensive income with corresponding effect in equity as equity share capital for the period ended 31 December 2022.

The accompanying notes are an integral part of these financial statements.



# **ADC Acquisition Corporation P.J.S.C.**

## **Notes to the financial statements**

**For the period from 13 April 2022 to 31 December 2022**

### **1 Incorporation and principal activities**

ADC Acquisition Corporation P.J.S.C. (the "Company") is incorporated on 13 April 2022 as a Public Joint Stock Company (P.J.S.C.) in the Emirate of Abu Dhabi, United Arab Emirates and is approved by the Securities and Commodities Authority to be classified as a Special Purpose Acquisition Company ("SPAC"). The Company is registered in the Commercial Register with commercial license number CN-4443596 issued by the Department of Economic Development in the Emirate of Abu Dhabi. Its registered office is at Office 410, Royal Group Headquarters Building, Khalifa Park, P.O. Box: 3190, Abu Dhabi, United Arab Emirates.

The principal activities of the Company are to offer and list its shares and warrants, seek a target for the purposes of consummating a business combination and any other business related to achieving the objectives of the Company.

On incorporation as a public joint stock company on 13 April 2022, the Company's share capital was AED 22,937,500 divided into 9,175,000 Class B Shares. Prior to the public subscription, Chimera Investment LLC and Alpha Oryx Limited (the "Founders") have subscribed to:

- (a) an aggregate of 9,175,000 Class B Shares ("Founder Shares") at a nominal value of AED 2.5 per Class B Share which resulted in the Founders holding 20% of the issued share capital of the Company on the Listing Date of 27 May 2022; and
- (b) an aggregate of 4,587,500 private warrants on the basis of one private warrant for every two class B shares issued to the Founders, with each private warrant entitling the holder thereof to purchase one class A share at a price of AED 11.50 per class A share.

The consideration for the issue of class B shares and private warrants will be satisfied through: (i) cash payment of AED 937,500 to the Company, to be deposited in the Company's bank account; and (ii) AED 22,000,000 in return for the founders funding the Company's expenses until the completion of a business combination and for the technical services which the founders will provide to the Company to enable it to achieve its objects.

The Company launched an Initial Public Offering ("IPO") on 12 May 2022 pursuant to which the Company issued:

- (a) 36,700,000 class A shares ("Offer Shares" or "Public Shares"), with a nominal value of AED 2.5 per share, for an offer price of AED 10 per share representing 80% of the Company's issued share capital upon completion of the public subscription; and
- (b) 18,350,000 public warrants on the basis of one public warrant for every two class A shares subscribed by an investor. Each public warrant entitles the holder to purchase one class A share at a price of AED 11.50 per class A share. The public warrants were issued at nil consideration to the class A shareholders and no fractional warrants were issued.

Both the Offer Shares and public warrants are listed on the Abu Dhabi Securities Exchange ("ADX").

# ADC Acquisition Corporation P.J.S.C.

## Notes to the financial statements

For the period from 13 April 2022 to 31 December 2022 (continued)

### 1 Incorporation and principal activities (continued)

Following table summarises the Company's current ownership structure:

Name	Nationality	Type of shares	Number of shares	Total nominal value of shares owned	Ownership proportion
Chimera Investment LLC	UAE	Class B shares	4,587,500	11,468,750	10%
Alpha Oryx Limited	ADGM	Class B shares	4,587,500	11,468,750	10%
Investors	Open to all nationalities	Class A shares	36,700,000	91,750,000	80%
<b>Total</b>			<b>45,875,000</b>	<b>114,687,500</b>	<b>100%</b>

These are Company's first set of annual financial statements for the period from 13 April 2022 (date of incorporation) to 31 December 2022. Hence, no comparative figures are presented in these financial statements.

### 2 Basis of preparation

#### 2.1 Statement of compliance

These financial statements have been prepared in accordance with and comply with International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standards Board ("IASB") and also comply with the applicable requirements of UAE laws and regulations.

#### 2.2 Going concern

The Company has 24 months from closure of the public offering (i.e., 20 May 2022) to complete a business combination. The Company may, with the approval of the Securities and Commodities Authority and a resolution adopted by a majority vote of the Class A Shares represented at a General Assembly, extend this time period, provided that such time period may not be extended to longer than 36 months from the date of Listing (i.e. 27 May 2022). Management has reasonable expectation to successfully complete the business combination within 9 months from the end of the reporting period.

If the Company is unable to complete a business combination within such 24-month period (or extended period, as the case may be), it will: (i) cease all operations except for the purpose of winding up; (ii) as promptly as reasonably possible but not more than ten business days thereafter, redeem the Class A Shares, at a per-share price, payable in cash, equal to the aggregate amount then on deposit in the escrow account, including interest or profit earned on the escrow account (net of any taxes payable on any interest or profit earned on the escrow account), divided by the number of then outstanding Class A Shares, which redemption will completely extinguish Class A Shareholders' rights as Shareholders (including the right to receive further liquidation distributions, if any); and (iii) as promptly as reasonably possible but not more than ten business days thereafter, appoint one or more liquidators to effect a voluntary liquidation of the Company in accordance with the Companies Law. There will be no redemption rights or liquidating distributions with respect to public and private warrants, which will expire worthless if the Company fails to complete a business combination within the relevant time period.

Until the completion of business combination, the Founders will fund the Company to enable it to meet all costs and expenses associated with the Company including any costs of dissolution. There is a reasonable expectation that the Company will be able to continue its operations and meet its liabilities for at least twelve months, therefore, it is appropriate to adopt the going concern basis in preparing these financial statements.

# ADC Acquisition Corporation P.J.S.C.

## Notes to the financial statements

For the period from 13 April 2022 to 31 December 2022 (continued)

### 2 Basis of preparation (continued)

#### 2.3 Basis of measurement

These financial statements have been prepared under the historical cost basis, except for the fair value measurement of public warrants that are measured at Fair Value Through Profit and Loss ("FVTPL").

#### 2.4 Functional and presentation currency

These financial statements are presented in United Arab Emirates Dirham ("AED"), which is the Company's functional and reporting currency, being the currency of primary economic environment in which the Company operates. Except as indicated, all financial information reported in these financial statements have been rounded to the nearest AED.

#### 2.5 Use of estimates and judgements

The preparation of these financial statements in conformity with International Financial Reporting Standards (IFRS) requires the management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these accounting estimates.

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognised in these financial statements are included in the following notes:

- Classification of class A shares
- Classification of public warrants
- Classification of cash held in escrow account
- Founder shares and private warrants

##### *Classification of class A shares*

Management has assessed whether class A shares should be recognised as equity or financial liabilities. Since the holders of these shares may seek to redeem their shareholding upon extension of time for completion of a business combination and upon the completion of business combination, the class A shares have been classified as financial liability. Holders of class A shares will not be entitled to vote on any election of directors held prior to the vote on a business combination. Accordingly, class A shareholders may not have any say in the management of the Company until at least following the completion of a business combination.

These shares are classified as non-current liability considering as at the reporting date the unexpired period available for completion of business combination is more than 12 months and the business combination is within the control of the company since no business combination target has been approved by the Board.

The significant accounting policies of class A shares has been further explained in Note 3.

##### *Classification of public warrants*

As per the terms of the public warrants, if holders exercise their public warrants, the Company will have the option to require all holders that wish to exercise public warrants to do so on a "cashless basis." In such event, each holder would pay the exercise price by surrendering the public warrants for class A shares based on the fair market value of the class A shares at the relevant time. Hence, the number of shares issued against the public warrants may vary thereby failing the "Fixed for Fixed" test. Consequently, management has concluded the public warrants as derivative financial liabilities.

# ADC Acquisition Corporation P.J.S.C.

## Notes to the financial statements

For the period from 13 April 2022 to 31 December 2022 (continued)

### 2 Basis of preparation (continued)

#### 2.5 Use of estimates and judgements (continued)

##### *Classification of public warrants (continued)*

These warrants are classified as non-current liability considering as at the reporting date the unexpired period available for completion of business combination is more than 12 months and the business combination is within the control of the company since no business combination target has been approved by the Board.

The significant accounting policies of public warrants has been further explained in Note 3.

##### *Classification of class A shares and public warrants*

During the financial period ended 31 December 2022, the Company made an assessment in the classification of class A shares and public warrants and determined that the class A shares and public warrants to be classified as non-current.

##### *Founder shares and private warrants*

Regarding the founder shares and private warrants issued by the Company, management has exercised judgement in determining whether these shares and warrants should be treated as financial instruments (IAS 32) or share based payments (IFRS 2) and concluded that these instruments fall in scope of IFRS 2 as equity settled share based payments, since there is an estimated difference in the fair value of the instruments issued and the amount paid and the Founders have agreed to deliver technical services to the Company in exchange for receiving these shares and warrants.

The main service the Founders will provide to the Company is to complete the business combination and in substance, the founder shares and private warrants are granted to compensate for founder services associated with the identification of a suitable target and to consummate a business combination. There is a no shared understanding of the terms and conditions of the share-based payment arrangement for the founder shares and private warrants until the business combination date as prior to the business combination there is lack of visibility over factors such as target's profile, terms and conditions of the business combination, target identification process and value of the shares in the merged entity. Management has exercised judgement in determining the grant date and concluded that the grant date should be the date of the business combination, as it is only at the point where a target has been identified and acquisition approved, i.e., upon business combination, that there is a shared understanding of the terms and conditions of the share-based payment arrangements and the grant date is met and the fair value of the award determined. In economic terms, the Company views the founder shares and private warrants as an entitlement to an interest in the merged entity and its value cannot be known until the target is identified and the business combination completed.

On grant date, the difference between the cash consideration (paid up front in cash and expenses incurred and recognized prior to the grant date) and fair value of the founder shares and private warrants at the grant date will be accounted as a share-based payment, with a corresponding increase in equity

Management has considered services acquired from third parties by the Founders for which the Company is the beneficiary, until the Business Combination date, as expenses that should be recognized in the Company when incurred with a corresponding effect in equity as paid-up share capital. As a result, a total expense of AED 1,092,160 (Note 13) is recognized in the statement of profit or loss and other comprehensive income with corresponding effect in equity as paid-up capital for the period ended on 31 December 2022.

# ADC Acquisition Corporation P.J.S.C.

## Notes to the financial statements

For the period from 13 April 2022 to 31 December 2022 (continued)

### 2 Basis of preparation (continued)

#### 2.5 Use of estimates and judgements (continued)

##### *Classification of cash held in escrow account*

Management has considered the classification of cash held in the escrow account as cash and cash equivalents or other financial assets. The cash held in escrow account is treated as other financial assets as the Company is restricted in its ability to access the amounts held in the escrow account by being unable to withdraw amounts on demand and this cash is not available for use by the Company and cannot be used for any other purposes apart from the business combination or to be returned to Class A shareholders.

Management expects the business combination to complete within 9 months from the end of the reporting period and accordingly, has classified cash held in escrow account as current assets.

#### 2.6 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 Company's financial statements are disclosed below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

- Deferred tax related to assets and liabilities arising from a single transactions – Amendments to IAS 12 (1 January 2023)
- Amendments to IAS 1: Classification of Liabilities as Current or Non-current (1 January 2024)
- Extension of the Temporary Exemption from Applying IFRS 9 - Amendments to IFRS 4 (1 January 2023)
- Definition of Accounting Estimates - Amendments to IAS 8 (1 January 2023)
- Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2 (1 January 2023)
- Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Deferred indefinitely).
- Amendment to IFRS 16: Lease liability measurement in a sale and leaseback transaction (1 January 2024)

These standards are not expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

### 3 Significant accounting policies

The significant accounting policies applied in the preparation of these financial statements are set out below.

#### **Current versus non-current classification**

The Company presents assets and liabilities in the statement of financial position based on current/ non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

# ADC Acquisition Corporation P.J.S.C.

## Notes to the financial statements

For the period from 13 April 2022 to 31 December 2022 (continued)

### 3 Significant accounting policies (continued)

#### Current versus non-current classification (continued)

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Company classifies all other liabilities as non-current.

#### Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

##### *Financial assets*

##### Initial recognition, initial measurement and classification

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI (fair value through other comprehensive income) - debt investment; FVOCI - equity investment; or FVTPL (fair value through profit or loss).

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company's financial assets at amortised cost include cash and cash equivalents and other financial assets.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

# ADC Acquisition Corporation P.J.S.C.

## Notes to the financial statements

For the period from 13 April 2022 to 31 December 2022 (continued)

### 3 Significant accounting policies (continued)

#### Financial instruments (continued)

##### *Financial assets (continued)*

##### Initial recognition, initial measurement and classification (continued)

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

##### Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated - e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets. Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

#### **Assessment whether contractual cash flows are solely payments of principal and interest**

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

# ADC Acquisition Corporation P.J.S.C.

## Notes to the financial statements

For the period from 13 April 2022 to 31 December 2022 (continued)

### 3 Significant accounting policies (continued)

#### Financial instruments (continued)

##### *Financial assets (continued)*

##### **Assessment whether contractual cash flows are solely payments of principal and interest (continued)**

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

##### Subsequent measurement

The following accounting policies apply to subsequent measurement of financial assets:

Financial asset at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
Financial asset at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

##### Impairment of financial assets

The Company assesses on a forward-looking basis the ECL associated with its financial instruments measured at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.



# ADC Acquisition Corporation P.J.S.C.

## Notes to the financial statements

For the period from 13 April 2022 to 31 December 2022 (continued)

### 3 Significant accounting policies (continued)

#### Financial instruments (continued)

##### *Financial assets (continued)*

##### Derecognition of financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The contractual rights to receive cash flows from the financial asset have expired; or
- The Company has transferred its rights to receive the contractual cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a ‘pass-through’ arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the financial asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company’s continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

##### *Financial liabilities*

Financial liabilities are classified in two categories:

- amortized cost; and
- financial liabilities measured at fair value through profit or loss (“FVTPL”).

A financial liability is classified as at FVTPL if it is held-for-trading, is a derivative or is designated as such on initial recognition.

The Company’s financial liabilities are measured at amortized cost which include class A shares, and FVTPL which includes public warrants.

##### Recognition and measurement of financial liabilities

All financial liabilities are initially recognized at their fair value less transaction costs (with the exception of the transaction costs of liabilities measured at fair value through profit or loss, which are recognized as an expense).

##### *Financial liabilities measured at amortized cost*

Financial liabilities primarily comprise of class A shares. Financial liabilities are subsequently measured at amortized cost using the effective interest method. Issue costs and premiums and redemption premiums form part of the amortized cost of financial liabilities. However, these costs are borne by the Founders.

# **ADC Acquisition Corporation P.J.S.C.**

## **Notes to the financial statements**

**For the period from 13 April 2022 to 31 December 2022 (continued)**

### **3 Significant accounting policies (continued)**

#### **Financial instruments (continued)**

##### ***Financial liabilities (continued)***

##### ***Financial liabilities measured at fair value through profit or loss***

Financial liabilities at fair value through profit or loss include public warrants which are classified as derivatives measured at fair value through profit or loss. Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognised in the statement of profit or loss.

##### **Derecognition of financial liabilities**

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

##### ***Offsetting of financial instruments***

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

#### **Cash and cash equivalents**

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash at bank.

#### **Other financial assets**

Cash deposited in the escrow account meets the definition of a financial asset and is therefore excluded from cash and cash equivalents in the statement of cash flows and presented as separate item on the Company's statement of financial position. The Company measures this financial asset at amortised cost.

#### **Prepayments**

Prepayments are the payments made for the expenses that relates to future period. It is amortised and the corresponding expense is charged in statement of profit or loss and other comprehensive income as it is eventually consumed.

#### **Class A shares**

The Class A shareholders may seek to redeem their shareholding upon the completion of Business Combination or upon extension of time for completion of a business combination. The class A shares are classified as a financial liability in accordance with IAS 32. These financial liabilities are initially measured at their fair value less transaction costs. Transaction costs incurred for the issuance of class A shares will be included in the initial assessment. Subsequent to initial recognition, these shares are measured at amortized cost using the effective interest method. Interest expenses are recognized in the statement of profit or loss and other comprehensive income. Any gain or loss on derecognition is also recognized in the statement of profit or loss and other comprehensive income.

# ADC Acquisition Corporation P.J.S.C.

## Notes to the financial statements

For the period from 13 April 2022 to 31 December 2022 (continued)

### 3 Significant accounting policies (continued)

#### Public warrants

The public warrants are classified as derivative financial liabilities under IAS 32 and are initially measured at their fair value less transaction costs. Subsequent to initial recognition, these warrants are measured at fair value, and changes therein are recognized in the statement of profit or loss and other comprehensive income.

#### Founder shares and private warrants

These equity-settled share-based payments to the Founders are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity settled share-based transactions are set out in Note 16 to these financial statements.

Management has exercised judgement in determining the grant date and concluded that the grant date should be the date of the business combination. On grant date, the Company shall recognize the difference between the cash consideration (paid up front in cash and expenses incurred and recognized prior to the grant date) and fair value of the Founder Shares and Private Warrants at the grant date, as a share-based payment, with a corresponding increase in equity.

#### Earnings per share

##### i. Basic earnings per share

Basic earnings per share is calculated by dividing:

- The profit/ (loss) attributable to owners of the Company, excluding any costs of servicing equity other than Class A shares.
- By the weighted average number of Class A shares outstanding during the financial period, adjusted for bonus elements in Class A shares issued during the period and excluding treasury shares.

##### ii. Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- The interest and other financing costs associated with dilutive potential Class A shares, and
- The weighted average number of additional Class A shares that would have been outstanding assuming the conversion of all dilutive potential Class A shares.

### 4 Financial risk management

The Company's founders provide services to the business, co-ordinates access to domestic financial markets, monitors and manages the financial risks relating to the operations of the Company through internal risk meetings which analyse exposures by degree and magnitude of risks. These risks might include market risk (including price risk and interest rate risk), credit risk and liquidity risk.

#### Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of interest rate risk, currency risk and other price risk. Financial instruments affected by market risk include public warrants and cash held in escrow accounts. The objective of risk management is to manage and control market risk exposures within acceptable parameters while optimizing the return.

# ADC Acquisition Corporation P.J.S.C.

## Notes to the financial statements

For the period from 13 April 2022 to 31 December 2022 (continued)

### 4 Financial risk management (continued)

#### *Market risk (continued)*

##### Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is not exposed to foreign currency risk as all of its transactions are designated in AED, which is effectively pegged to the US Dollar.

##### Price risk

The Company is exposed to price risk arising from public warrants that are publicly traded on ADX as the public warrants are measured at fair value based on market prices. The Company's exposure to price risks is the volatility in the market price of the public warrants. The Company's liabilities may deviate over time because public warrants price can fluctuate due to changing market conditions. A 10 percent change in the market price of public warrants at the reporting date would have increased (decreased) equity and profit or loss by AED 3,394,750.

##### Interest rate risk

- The Company is not exposed to interest rate risk since the Company does not account for any fixed-rate financial assets or financial liabilities, at FVTPL. Therefore, a change in interest rates at the reporting date would not effect the statement of profit or loss and other comprehensive income.

#### *Credit risk*

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The proceeds from the IPO are deposited into an escrow account with First Abu Dhabi Bank PJSC ("FAB") acting as escrow agent. The Company is exposed to concentration risk as majority of its assets are held with one bank. In this case although the concentration risk is high, management considers FAB's credit risk to be very low given the high credit quality of FAB.

#### *Liquidity risk*

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's objective when managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. As of 31 December 2022, the Company has sufficient funds to pay its obligation as follows:

	Carrying value	Contractual cash flows		
		More than 12 months	Less than 12 months	Total
At 31 December 2022	AED	AED	AED	AED
Class A shares at amortised cost	365,333,384	367,222,361	-	367,222,361
Public warrant liabilities at fair value through profit or loss	33,947,500	33,947,500	-	33,947,500
	<b>399,280,884</b>	<b>401,169,861</b>	<b>-</b>	<b>401,169,861</b>

# ADC Acquisition Corporation P.J.S.C.

## Notes to the financial statements

For the period from 13 April 2022 to 31 December 2022 (continued)

### 5 Fair value hierarchy

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in these financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised at fair value in these financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

#### Financial liabilities measured at fair value

As at 31 December 2022	Level 1 AED	Level 2 AED	Level 3 AED
<b>Derivative financial liabilities</b>			
Public warrant liabilities at fair value through profit or loss	33,947,500	-	-
	<u>33,947,500</u>	<u>-</u>	<u>-</u>

#### Financial liabilities not measured at fair value

As at 31 December 2022	Carrying value	Fair value		
	AED	Level 1 AED	Level 2 AED	Level 3 AED
Class A shares	365,333,384	438,932,000	-	-
	<u>365,333,384</u>	<u>438,932,000</u>	<u>-</u>	<u>-</u>

# ADC Acquisition Corporation P.J.S.C.

## Notes to the financial statements

For the period from 13 April 2022 to 31 December 2022 (continued)

### 5 Fair value hierarchy (continued)

The Company recognises transfers between levels of the fair value hierarchy as at the end of the reporting period during which the change has occurred. There were no transfers between levels for the period. The fair values of the Company's other financial instruments approximate their carrying amounts in the statement of financial position as of 31 December 2022.

### 6 Changes in liabilities arising from financing activities

	13 April 2022 AED	Cash flows AED	Fair value adjustments AED	Interest accrued AED	Others* AED	31 December 2022 AED
Public warrants	-	-	32,846,500	-	1,101,000	33,947,500
Class A shares	-	367,000,000	-	2,218,817	(3,885,433)	365,333,384
	<u>-</u>	<u>367,000,000</u>	<u>32,846,500</u>	<u>2,218,817</u>	<u>(2,784,433)</u>	<u>399,280,884</u>

\*Others include the IPO transaction cost of AED 2,784,433 for Class A Shares and the initial recognition of the public warrants of AED 1,101,000

### 7 Acquisitions

The Company made no acquisitions during the period.

### 8 Other financial assets

	31 December 2022 AED
Escrow account*	367,000,000
Interest accrued	222,361
	<u>367,222,361</u>

\* The proceeds from IPO have been deposited in an escrow account with First Abu Dhabi Bank PJSC acting as escrow agent. The escrow account carries an interest rate of 10 basis points (bps).

The interest on the escrow account is not recognised in the statement of profit or loss and other comprehensive income. This interest is presented as part of class A shares in the statement of financial position.

### 9 Cash and cash equivalents

Cash and cash equivalents consist of a current account held with First Abu Dhabi Bank PJSC, which is denominated in AED.

	31 December 2022 AED
Cash at bank	<u>937,500</u>

Management does not expect to use the cash held in the current account until the business combination as the Founders will bear expenses of the Company until completion of its business combination.

# ADC Acquisition Corporation P.J.S.C.

## Notes to the financial statements

For the period from 13 April 2022 to 31 December 2022 (continued)

### 10 Equity capital

#### *Founder shares and private warrants*

<i>Share capital includes:</i>	<b>31 December 2022 AED</b>
Paid up share capital	<b>937,500</b>
IPO transaction cost paid by the founders on behalf of Company	<b>2,784,433</b>
Expenses incurred by the founders on behalf of Company	<b>1,092,160</b>
Insurance premium prepaid by the founders on behalf of the Company	<b>969,299</b>
	<b><u>5,783,392</u></b>

The Company has issued 9,175,000 founder shares (class B shares) with a nominal value of AED 2.5 per share and 4,587,500 private warrants in exchange for a cash payment of AED 937,500 and the Founders bearing the Company's expenses and providing technical services.

The cash consideration has been accounted for as paid-up share capital, while the difference between the cash consideration (paid up front in cash and expenses incurred and recognized prior to the grant date) and fair value of the founder shares and private warrants at the grant date will be accounted as a share-based payment. Refer to Note 16 for share-based payment disclosure.

During the period ended 31 December 2022, expenses of AED 1,092,160 (note 13), prepayments of AED 969,299 and IPO transaction costs of AED 2,784,433 (note 11) incurred by the Founders are accounted as equity share capital.

Founder shares are automatically convertible into class A shares at the time of the Company's business combination on a one-for-one basis subject to adjustment pursuant to certain anti-dilution rights. If additional class A shares, or equity-linked securities convertible or exercisable for class A shares, are issued or deemed issued in excess of the amounts offered in the prospectus and related to the closing of the Company's business combination, the ratio at which founder shares will convert into class A shares will be adjusted so that the number of class A shares issuable upon conversion of all founder shares will equal, in the aggregate 20% of the sum of the class A shares outstanding upon the completion plus the number of class A shares and equity-linked shares issued or deemed issued in connection with the Company's business combination (net of conversions), excluding any class A shares or equity-linked securities issued, or to be issued, to any seller in the Company's business combination.

The private warrants issued to the founders will have the same rights as the public warrants, including entitling the holder thereof to purchase into one class A share at a price of AED 11.50 per class A share. In addition, if: (x) the Company issues additional class A shares or equity-linked securities for capital raising purposes in connection with the closing of its business combination at an issue price or effective issue price of less than AED 9.20 per share (with such issue price or effective issue price to be determined in good faith by the Board, and in the case of any such issuance to the founders or their affiliates, without taking into account any founder shares held by them prior to such issuance) (the Newly Issued Price); (y) the aggregate gross proceeds from such issuances represent more than 60% of the total equity proceeds, and interest or profit thereon, available for the funding of the Company's business combination on the date of the completion of a business combination (net of redemptions); and (z) the volume weighted average trading price of the class A shares during the 20 trading day period starting on the trading day prior to the day on which the Company completes its business combination (such price, the Market Value) is below AED 9.20 per share, the exercise price of the private warrants will be adjusted (to the nearest fil) to be equal to 115% of the greater of: (i) the Market Value; or (ii) the Newly Issued Price.

# ADC Acquisition Corporation P.J.S.C.

## Notes to the financial statements

For the period from 13 April 2022 to 31 December 2022 (continued)

### 10 Equity capital (continued)

#### *Founder shares and private warrants (continued)*

The private warrants will become exercisable on the later of: (i) 30 days after the completion of the Company's business combination; and (ii) 12 months from the closing of the Offering.

If holders exercise their private warrants, the Company will have the option to require all holders that wish to exercise private warrants to do so on a "cashless basis." In determining whether to require all holders to exercise their warrants on a "cashless basis," the Company will consider, among other factors, its cash position, the number of warrants that are outstanding and the dilutive effect on its shareholders of issuing the maximum number of class A shares issuable upon the exercise of these warrants. In such event, each holder would pay the exercise price by surrendering these warrants for class A shares based on the fair market value of the class A shares at the relevant time.

The private warrants will expire at 5:00 p.m., UAE time, three years after the completion of the Company's business combination or earlier upon redemption or liquidation. On the exercise of any warrant, the exercise price for these warrants will be paid directly to the Company and not placed in the escrow account.

In an event of liquidation without business combination, the Company will have access to the funds contributed by the Founders with which to pay potential claims of vendors, service providers, prospective target businesses or other entities with which the Company does business. These claims include costs and expenses incurred in connection with the Company's liquidation, currently estimated to be no more than approximately AED 10,000,000. If the Company liquidates and it is subsequently determined that the reserve for claims and liabilities is insufficient, Class A shareholders who received funds from the escrow account could be liable for claims made by creditors. If these expenses exceed the estimate of AED 10,000,000, the Company will seek such funds from the Founders.

### 11 Class A shares

The Company has issued 36,700,000 class A shares (nominal value of AED 2.5 each) at an offer price of AED 10 per share. These shares are classified as financial liability at amortised cost.

	31 December 2022
	AED
IPO proceeds based on sale of class A shares	367,000,000
Less: IPO transaction cost	(2,784,433)
Less: initial recognition of the public warrants	(1,101,000)
	<b>363,114,567</b>
Effective interest accretion*	2,218,817
	<b>365,333,384</b>

\*Effective interest accretion includes interest on escrow account amounting to AED 222,361.

The Company will have only 24 months from the closing of the Offering to complete a business combination. The Company may, with the approval of the Authority and a resolution adopted by a majority vote of the Class A Shares represented at a General Assembly, extend this time period, provided that such time period may not be extended to longer than 36 months from the date of Listing.

If the General Assembly approves a business combination, class A shareholders may seek to redeem their class A shares, regardless of whether they voted for or against the proposed business combination, and receive their pro rata share of the aggregate amount then on deposit in the escrow account including interest and profit earned on the escrow account (net of any taxes payable on any interest or profit earned on the escrow account) calculated as of two business days prior to the completion of the business combination.



# ADC Acquisition Corporation P.J.S.C.

## Notes to the financial statements

For the period from 13 April 2022 to 31 December 2022 (continued)

### 11 Class A shares (continued)

Any request to redeem class A shares once made may not be withdrawn without the consent of the Company.

If the General Assembly approves the extension of the time period within which the Company must complete a business combination, class A shareholders may seek to redeem their class A shares, provided that they voted against the extension, and receive their pro rata share of the aggregate amount then on deposit in the escrow account including interest or profit earned on the escrow account (net of any taxes payable on any interest or profit earned on the escrow account) as at the relevant redemption date. Any request to redeem class A shares once made may not be withdrawn without the consent of the Company.

Management expects the business combination to complete within 9 months from the end of the reporting period. Accordingly, there is no adjustment for such claims made in these financial statements.

### 12 Public warrants

The Company has issued 18,350,000 public warrants at nil consideration on the basis of one public warrant for every two Class A shares. Each public warrant entitles the holder to purchase one class A share at a price of AED 11.50 per class A share. The public warrants are accounted for as derivative financial liabilities at fair value through profit or loss and are measured at fair value as at each reporting period. Changes in the fair value of the warrants are recorded in the statement of profit or loss and other comprehensive income for each period.

Instrument	Number	Initial fair value per warrant	Fair value per warrant as on 31 December 2022	Total Fair Value as on 31 December 2022
Public warrants	<b>18,350,000</b>	<b>0.06</b>	<b>1.85</b>	<b>33,947,500</b>

The public warrants initial value is determined based on a Level 1 using the listed market price of these warrants on ADX on 27 May 2022 (first available valuation day) given the close proximity to the IPO date. The fair value on 31 December 2022 is based on a Level 1 valuation using the listed market price of these warrants on ADX.

The fair value of the public warrants on issuance was AED 1,101,000. As the public warrant fair value at 31 December 2022 was AED 33,947,500, the change in fair value of public warrants recognised in the statement of profit and loss and other comprehensive income was AED 32,846,500.

Public warrants entitle the holder thereof to purchase into one class A share at a price of AED 11.50 per class A share. In addition, if: (x) the Company issues additional class A shares or equity-linked securities for capital raising purposes in connection with the closing of its business combination at an issue price or effective issue price of less than AED 9.20 per share (with such issue price or effective issue price to be determined in good faith by the Board, and in the case of any such issuance to the Founders or their affiliates, without taking into account any Founder Shares held by them prior to such issuance) (the Newly Issued Price); (y) the aggregate gross proceeds from such issuances represent more than 60% of the total equity proceeds, and interest or profit thereon, available for the funding of the Company's business combination on the date of the completion of a business combination (net of redemptions); and (z) the volume weighted average trading price of the Class A Shares during the 20 trading day period starting on the trading day prior to the day on which the Company completes its business combination (such price, the Market Value) is below AED 9.20 per share, the exercise price of the Warrants will be adjusted (to the nearest fil) to be equal to 115% of the greater of: (i) the Market Value; or (ii) the Newly Issued Price.

# ADC Acquisition Corporation P.J.S.C.

## Notes to the financial statements

For the period from 13 April 2022 to 31 December 2022 (continued)

### 12 Public warrants (continued)

The public warrants will become exercisable on the later of: (i) 30 days after the completion of the Company's business combination; and (ii) 12 months from the closing of the Offering.

If holders exercise their public warrants, the Company will have the option to require all holders that wish to exercise public warrants to do so on a "cashless basis." In determining whether to require all holders to exercise their warrants on a "cashless basis," the Company will consider, among other factors, its cash position, the number of warrants that are outstanding and the dilutive effect on its shareholders of issuing the maximum number of class A shares issuable upon the exercise of these warrants. In such event, each holder would pay the exercise price by surrendering these warrants for class A shares based on the fair market value of the class A shares at the relevant time.

The public warrants will expire at 5:00 p.m., UAE time, three years after the completion of the Company's business combination or earlier upon redemption or liquidation. On the exercise of any warrant, the exercise price for these warrants will be paid directly to the Company and not placed in the escrow account.

### 13 Other expenses

	For the period from 13 April 2022 to 31 December 2022 AED
Professional fees	447,927
Insurance expense	264,661
General office expenses	234,408
Listing fees	145,164
	<u>1,092,160</u>

During the period ended 31 December 2022, expenses of AED 1,092,160 was incurred by the Founders on behalf of the Company.

The Company has not recorded any employee related expense as there are no employees as of 31 December 2022.

### 14 Finance cost

	For the period from 13 April 2022 to 31 December 2022 AED
Fair value adjustments on public warrant liabilities measured at fair value through profit or loss	32,846,500
Effective interest on Class A shares subject to redemption	1,996,456
	<u>34,842,956</u>

### 15 Statutory reserve

The Articles of the Company requires 10% of the net profit for the year should be transferred to a statutory reserve until such time as the balance in the reserve equals 50% of the issued share capital. During the period ended 31 December 2022, the Company has incurred losses and hence no amount is transferred to the reserve. This reserve is not available for distribution.

# ADC Acquisition Corporation P.J.S.C.

## Notes to the financial statements

For the period from 13 April 2022 to 31 December 2022 (continued)

### 16 Share-based payment

The Company has issued 9,175,000 shares and 4,587,500 warrants to the Founders in exchange for a cash payment of AED 937,500 and the Founders bearing the Company's expenses and providing technical services. Management has exercised judgement in determining whether these shares and warrants should be treated as financial instruments (IAS 32) or share based payments (IFRS 2) and concluded that these instruments fall in scope of IFRS 2 as equity settled share based payments, since there is an estimated difference in the fair value of the instruments issued and the expenses that they agreed to fund.

Management has exercised judgement in determining the grant date and concluded that the grant date should be the date of the business combination. On grant date, the Company shall recognize the difference between the cash consideration (paid up front in cash and expenses incurred and recognized prior to the grant date) and fair value of the Founder Shares and Private Warrants at the grant date, as a share-based payment, with a corresponding increase in equity. As a result, no expense is recognized for the founder shares and private warrants in the statement of profit or loss and other comprehensive income for the period ended on 31 December 2022.

### 17 Loss per share

Basic	For the period from 13 April 2022 to 31 December 2022 AED
<b>Numerator</b>	
Loss for the period and loss used in basic loss per share	(35,935,116)
Total loss for the period used in basic loss per share	<u>(35,935,116)</u>
<b>Denominator</b>	
Weighted average number of Founder shares used in basic loss per share	<u>9,175,000</u>
Total weighted average number of Founder shares used in basic loss per share	<u>9,175,000</u>
<b>Basic</b>	<u>(3.92)</u>

The weighted average number of shares does not consider class A shares because these instruments are not accounted for as equity, but rather as a financial liability.

### Diluted

The potential dilutive effects of Class A shares, founder warrants and public warrants will not be factored into the weighted average number of shares, since there is uncertainty as to the likelihood of a business combination and there are no instruments outstanding that would entitle its holder to founder shares. When the business combination occurs, the class A shares will become equity and will no longer be a financial liability. Hence, the dilutive effect is not considered in the diluted loss per share calculation and consequently, diluted loss per share is deemed to be the same as basic loss per share.

### 18 Related party balances and transactions

The Company, in the normal course of business, enters into transactions with individuals and other business enterprises that fall within the definition of a related party as defined in IAS 24, 'Related Party Disclosures'. Other related parties include shareholders of the Company and other entities controlled by the Board members of the Company. In accordance with the requirements of IFRS 8, the entire company is considered to be one operating segment.

# ADC Acquisition Corporation P.J.S.C.

## Notes to the financial statements

For the period from 13 April 2022 to 31 December 2022 (continued)

### 18 Related party balances and transactions (continued)

Following table summarises the shares and warrants issued to the Founders:

31 December 2022	Number of shares, beginning of period	Issued	Transferred	Forfeited/ Disposed	Number of shares, end of period
<b>Founder shares</b>					
Chimera Investment LLC	-	4,587,500	-	-	4,587,500
Alpha Oryx Limited	-	4,587,500	-	-	4,587,500
	-	9,175,000	-	-	9,175,000

31 December 2022	Number of warrants, beginning of period	Issued	Transferred	Forfeited/ Disposed	Number of warrants, end of period
<b>Private warrants</b>					
Chimera Investment LLC	-	2,293,750	-	-	2,293,750
Alpha Oryx Limited	-	2,293,750	-	-	2,293,750
	-	4,587,500	-	-	4,587,500

During the period ended 31 December 2022, the Founders incurred the following costs and expenses associated with the Company.

	For the period from 13 April 2022 to 31 December 2022 AED
IPO transaction cost	2,784,433
Prepayments	969,299
Professional fees	447,927
Insurance expense	264,661
General office expenses	234,408
Listing fees	145,164
	<u>4,845,892</u>

The Company's expenses until the completion of a business combination are required to be funded by the founders. During the period ended 31 December 2022, the Company has not paid any compensation to the key management personnel.

### 19 Capital management

The Company manages its capital to ensure the Company will be able to continue as going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance. The capital structure of the Company consists of Founder shares and warrants.

# ADC Acquisition Corporation P.J.S.C.

## Notes to the financial statements

For the period from 13 April 2022 to 31 December 2022 (continued)

### 19 Capital management (continued)

The Company monitors capital using a ratio of 'net debt' to 'adjusted equity'. Net debt is calculated as total liabilities (as shown in the statement of financial position) less cash and cash equivalents. Adjusted equity comprises all components of equity.

The Company's net debt to equity ratio at 31 December 2022 was as follows.

	31 December 2022 AED
Total liabilities	399,280,884
Less: cash and cash equivalents	(937,500)
<b>Net debt</b>	<b>398,343,384</b>
 <b>Total equity</b>	 <b>(30,151,724)</b>
 <b>Net debt to equity ratio</b>	 <b>(13.21)</b>

### 20 Taxation

#### *UAE Federal Decree-Law No (47) of 2022 on the Taxation of Corporations and Businesses*

On 9 December 2022, the UAE Ministry of Finance released the Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses (the Law) to enact a Federal corporate tax (CT) regime in the UAE. The CT regime will become effective for accounting periods beginning on or after 1 June 2023. A rate of 9% will apply to taxable income exceeding a particular threshold to be prescribed by way of a Cabinet Decision (expected to be AED 375,000 based on information released by the Ministry of Finance), a rate of 0% will apply to taxable income not exceeding this threshold [and a rate of 0% on qualifying income of free zone entities]. In addition, there are several other decisions that are yet to be finalized by way of a Cabinet Decision that are significant in order for entities to determine their tax status and taxable income. Therefore, pending such important decisions, the Company has considered that the Law, as it currently stands, is not substantively enacted as at 31 December 2022 from the perspective of IAS 12 – Income Taxes. The Company shall continue to monitor the timing of the issuance of these critical Cabinet Decisions to determine their tax status and the application of IAS 12 – Income Taxes. The Company is currently in the process of assessing the possible impact on these financial statements, both from current and deferred tax perspective, once the Law becomes substantively enacted.