

NMDC ENERGY: Directors Report

for the year ended 31 December 2024

The Board of Directors of NMDC ENERGY (formerly National Petroleum Construction Company) have the pleasure of presenting the 2024 Annual Report along with the audited financial statements as at and for the year ended 31 December 2024.

Financial Performance

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

Group achieved 80% year-on-year increase in net profit for 2024, from AED 780 million to AED 1.41 billion and revenues soared from AED 7.94 billion to AED 14.44 billion, up 82% year-on-year, driven by strong operational performance and strategic expansion into new projects both locally and internationally.

The Group's assets reached a value of AED 16.5 billion in 2024 from AED 13 billion in 2023, coupled with an extensive order backlog valued at AED 50 billion. These figures are a testament to Group's robust development initiatives and strategic geographic expansion, further enhancing its leadership in engineering, procurement and construction.

The Group achieved record growth in its net profits for Q4 2024, reporting a net profit of AED 502 million, reflecting a 35% increase compared to the same period of 2023. Furthermore, Q4 2024 revenues came at an all-time record high of AED 4.7 billion, up 57% from the corresponding period in 2023.

Following the Group's stellar performance during the year, the Board of Directors have proposed a total cash dividend of AED 700 million for the financial year ended 31 December 2024, representing a cash dividend per share of AED 0.14. The 50% dividend pay-out is subject to shareholders approval at the Company's General Assembly Meeting.

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 Professional 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 Energy currently owns a marine fleet of 20 Vessels consisting of:

- **FOUR** Dynamic Positioning (DP2/DP3) Derrick / Pipelaying barges (with 4,200t -2,000t lifting capacity and 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, and self-propelled work barges.
- **ONE** DP3 cable lay and hook up floating vessel: UMMSHAIF.
- **TWO** anchor handling tugs: YAS and SAADIYAT.
- **ONE** diving support vessel AL MARYAH.
- **THREE** cargo barges and **TWO** Launching/float over barges.

Furthermore, NMDC Energy has recently commissioned its 'Heavy Lift Vessel', which will be used to install offshore wind farms, supporting the company's dedication to accelerating energy transition across the sector.

Information Technology

In 2024, NMDC Energy's IT Department achieved several key milestones for the company, including embracing numerous AI-driven solutions focusing on innovation and efficiency.

Strategic projects that were undertaken include:

- **CONNECTED WORKFORCE:** A Real Time Location Systems (RTLS) solution which monitors NMDC Energy Yard employees to protect them and increase efficiency. Each employee receives a wearable device upon entering the Yard to help monitor their locations and movements. These devices send an alert to the dashboard in cases of extended immobility or a suspicious movement such as a fall, notifying HSE teams for immediate action, thereby minimizing incident risks and ensuring a prompt response.
- **AUGMENTED REALITY:** These systems work in operational environments, where they use laser-scanned data to create virtual environments and assists in project planning and risk assessment.
- **DIGITAL TWIN TECHNOLOGY:** Generates virtual models of physical assets such as wells, platforms, and pipelines. These models are essential for



monitoring, controlling, and optimizing performance. Moreover, NMDC Energy uses remote operating vehicles—unmanned robots equipped for underwater tasks, which are noted for their precision, integrated sensors, and capability for real-time data transmission.

- **COMMENT RESOLUTION SYSTEM:** This AI-powered system provides transformative advantages for the NMDC Energy, notably in terms of substantial man-hour savings, faster project delivery, and improved project management. This innovation is poised to enhance project management capabilities, delivering superior results for all stakeholders.
- **DOMAIN MIGRATION:** NMDC Energy users now operate under a consolidated domain and email system.

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

Health & Safety

For NMDC Energy, safety and efficiency are at the very core of all its operations. That's why it has always been an early adopter and sought to embed the latest fit-for-purpose solutions to improve its workforce's daily experiences. By doing this, it is not only able to support its workforce and keep them safe, but is also able to deliver projects to the highest of standards.

Some its key solutions aimed at enhancing workplace safety include:

- **BLIND SPOT DETECTION SYSTEM:** The solution is designed to provide full 360-degree visibility and eliminate blind spots around heavy machinery. With 360-degree cameras and an intelligent dashboard inside the operator's cabin, drivers can monitor every angle, even in the busiest and most hazardous areas.

Instant alerts ensure immediate action, giving operators full control and awareness to prevent accidents before they happen.

- **SITE SAFETY ANALYZER:** A solution used in heavy assembly workshops with AI powered cameras alongside its intelligent dashboard which is controlled and displayed at a main control room for monitoring. From detecting unsafe acts, like not wearing the right protective gear, to monitoring potential hazards such as workers moving under suspended loads, our AI system is always on the lookout.

Beyond AI, the company boasts impressive achievements in the Health and Safety space, including:

- Achieving 20 million man-hours without LTI (Long-term Agreement Zulf AH west and East oil facilities).
- Successfully maintaining ISO 14001 and ISO 45001 certifications.
- Organizing a Contractor Forum, sharing NMDC Energy's key objectives and HSE development plan with subcontractors to enhance collaboration and safety performance across all projects.
- Senior management increased high-profile QHSE site visits to 400, demonstrating visible leadership and commitment to safety.
- Achieving a record-low Lost Time Injury Frequency Rate (LTIFR) of 0.04 and a Total Recordable Injury Frequency Rate (TRIR) of 0.35, further surpassing industry benchmarks.

Awards & Recognitions Received:

- ROSPA (The Royal Society for Prevention of Accidents - Gold Award)
- IPLOCA (British Safety Council, 10 consecutive gold awards)

Sustainability

With NMDC Group recently receiving an AA 'leader' rating from MSCI, the company 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.

Sustainability (continued)

Achievements:

- NMDC Energy has planted 20,001 mangrove seedlings, which can capture 246 tons of CO2 annually.
- 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. The \$1.136 billion project involves the design, construction and installation of 111 kilometers of linear subsea pipeline at depths ranging from 10 meters to 55 meters, stretching between Taichung and Tung-Hsiao on Taiwan's west coast. The scope of work includes shore approach works and dredging operations volume of approximately 6 million cubic meters. This strategic involvement is expected to significantly boost revenue while solidifying NMDC's leadership in sustainable energy solutions.

Awards:

- NMDC Energy was the winner of the recent 2024 IPLOCA Environmental Award for its “Blue Carbon” Initiative.

Competitive Strengths

NMDC Energy continues to lead within the Energy sector, due to its winning formula for business, which includes:

Exceptional project portfolio

NMDC Energy has been strategically focused on major projects including Hail & Ghasha, Estidama, MERAM, Ruwais LNG, Lower Zakum and Aramco CRPOs. It currently has a backlog of projects worth AED 50.4 billion, with the value of ongoing projects amounting to AED 70.22 billion.

Unmatched capabilities

NMDC Energy has invested AED 200 million in its Mussafah yard to promote its modernization, reduce its carbon footprint and improve efficiency – while its ICAD 4 expansion will enhance the yards' current coating and piping facilities, thereby enhancing its capacity by 70%. Most recently, the company has inaugurated an advanced fabrication yard in Ras Al Khair, Saudi Arabia. The 400,000 sqm state-of-the-art yard, part of the Ras Al Khair Special Economic Zone, boasts a production capacity of 40,000 tons per year and will provide offshore facilities fabrication as well as onshore modularization.

Competitive Strengths (continued)

Economic Contributions

NMDC Energy is committed to supporting local economies within the geographies it operates in. Locally, the company is reinjecting AED 17 billion back into the economy by enhancing opportunities for UAE- based small and medium businesses and prioritizing local resources and suppliers. In KSA, NMDC Energy continued to reinject billions of dollars into the Saudi economy and industry, to drive positive economic impact in Saudi Arabia, leading to NMDC Energy's current In-Kingdom Total Value Add (iktva) score of 39% in 2025.

Strategic Objectives

The mission of the NMDC Energy 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

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

The Company'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, uninformed risk- taking, or breach of legal or contractual obligations, and also ensuring highest quality achieved in a safe and sustainable environment.

Internal control systems and their adequacy (continued)

The guidelines for design and implementation of the internal control systems are 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 Company, in an effective and efficient manner.

The Company'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 Company 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 Company was subject to the following independent assessments and improvement initiatives on its internal control system:

Annual external audit and interim reviews of NMDC Energy consolidated financial statements is performed by Deloitte, a professional services firm.

Process reviews of NMDC Energy 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 a 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 Energy'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's Risk Management Practice aims to enforce business sustainability and continuity by providing the means and mechanism to proactively manage and control threats and opportunities.

Internal control systems and their adequacy (continued)

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 Energy 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 the country's most strategic sectors. In 2024, NMDC Energy encompassed 444 Emiratis, with an Emiratization rate of 13.6%.

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 Company'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.



Mohamed Hamad Almehairi
Chairman

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