

ADC Acquisition Corporation P.J.S.C.

Unaudited condensed interim financial statements

For the three-month period ended 31 March 2023

ADC Acquisition Corporation P.J.S.C.

**Unaudited condensed interim financial statements
For the three-month period ended 31 March 2023**

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ADC Acquisition Corporation P.J.S.C.

Directors' report

For the three-month period ended 31 March 2023

The Directors submit their report in relation to ADC Acquisition Corporation P.J.S.C. (the "Company") for the three-month period ended 31 March 2023.

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 the attached unaudited condensed interim financial statements are for the three-month period ended 31 March 2023.

Profit per share

The profit per share of the Company is AED 0.16 based on the weighted average number of shares of 9,175,000 as on 31 March 2023.

Financial reporting framework

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

- The unaudited condensed interim 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 unaudited condensed interim financial statements; and
- Prepared the unaudited condensed interim financial statements on the going concern basis

ADC Acquisition Corporation P.J.S.C

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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 unaudited condensed interim financial statements of the Company for the three-month period ended 31 March 2023 were reviewed 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

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Independent Auditors' Report on Review of Unaudited Condensed Interim Financial Statements

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

Introduction

We have reviewed the accompanying 31 March 2023 unaudited condensed interim financial statements of ADC Acquisition Corporation P.J.S.C. ("the Company"), which comprise:

- the unaudited condensed interim statement of financial position as at 31 March 2023;
- the unaudited condensed interim statement of profit or loss and other comprehensive income for the three-month period ended 31 March 2023;
- the unaudited condensed interim statement of changes in equity for the three-month period ended 31 March 2023;
- the unaudited condensed interim statement of cash flows for the three-month period ended 31 March 2023; and
- notes to the unaudited condensed interim financial statements.

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

Scope of Review

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



Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 31 March 2023 unaudited condensed interim financial statements are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

KPMG Lower Gulf Limited

Maher Alkatout
Registration No.: 5453
Abu Dhabi, United Arab Emirates

Date: 10 May 2023

ADC Acquisition Corporation P.J.S.C.

Unaudited condensed interim statement of financial position As at 31 March 2023

		31 March 2023 (unaudited) AED	31 December 2022 (audited) AED
ASSETS			
Current assets			
Prepayments		817,582	969,299
Other financial assets	7	367,312,916	367,222,361
Cash and cash equivalents	8	937,238	937,500
Total current assets		369,067,736	369,129,160
TOTAL ASSETS		369,067,736	369,129,160
EQUITY & LIABILITIES			
EQUITY			
Equity share capital	9	6,736,213	5,783,392
Accumulated losses		(34,480,932)	(35,935,116)
TOTAL EQUITY		(27,744,719)	(30,151,724)
LIABILITIES			
Non-current liabilities			
Class A shares	10	365,800,955	365,333,384
Public warrants	11	31,011,500	33,947,500
Total non-current liabilities		396,812,455	399,280,884
TOTAL LIABILITIES		396,812,455	399,280,884
TOTAL EQUITY & LIABILITIES		369,067,736	369,129,160

To the best of our knowledge, the unaudited condensed interim 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 unaudited condensed interim financial statements were approved by the Board of Directors on 10 May 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 unaudited condensed interim financial statements.

ADC Acquisition Corporation P.J.S.C.

Unaudited condensed interim statement of profit or loss and other comprehensive income

For the three-month period ended 31 March 2023

		For the three-month period ended 31 March 2023 (unaudited) AED
	<i>Note</i>	
Other expenses	12	(1,104,537)
Operating expenses		<u>(1,104,537)</u>
Operating loss		(1,104,537)
Finance income, net	13	2,558,721
Profit for the period		<u>1,454,184</u>
<i>Other comprehensive income</i>		-
Total comprehensive income for the period		<u><u>1,454,184</u></u>
Earnings per share:		
Basic	16	0.16
Diluted	16	0.16

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

ADC Acquisition Corporation P.J.S.C.

Unaudited condensed interim statement of changes in equity For the three-month period ended 31 March 2023

	Paid up share capital AED	Accumulated losses AED	Total equity AED
At 01 January 2023 (audited)	5,783,392	(35,935,116)	(30,151,724)
<i>Total comprehensive income for the period:</i>			
Profit for the period	-	1,454,184	1,454,184
Other comprehensive income for the period	-	-	-
<i>Total comprehensive income for the period</i>	<u>-</u>	<u>1,454,184</u>	<u>1,454,184</u>
<i>Transactions with owners of the Company, recorded directly in equity</i>			
Expenses incurred by founders on behalf of Company during the period (Note 9)	952,821	-	952,821
<i>Total transactions with owners of the Company, recorded directly in equity</i>	<u>952,821</u>	<u>-</u>	<u>952,821</u>
At 31 March 2023 (unaudited)	<u>6,736,213</u>	<u>(34,480,932)</u>	<u>(27,744,719)</u>

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

ADC Acquisition Corporation P.J.S.C.

Unaudited condensed interim statement of cash flows For the three-month period ended 31 March 2023

	<i>Note</i>	For the three- month period ended 31 March 2023 (unaudited) AED
Cash flows from operating activities		
Profit for the period		1,454,184
<i>Adjustment for:</i>		
Other expenses ¹	12	1,104,537
Finance income, net		<u>(2,558,983)</u>
Net cash used in operating activities		(262)
Net decrease in cash and cash equivalents		(262)
Cash and cash equivalents at the beginning of the period	8	<u>937,500</u>
Cash and cash equivalents at the end of the period	8	<u><u>937,238</u></u>

Note:

1. Other expenses include expenses incurred by the Founders that are associated with the Company (note 17) and are recognized in the unaudited condensed interim statement of profit or loss and other comprehensive income with corresponding effect in equity as equity share capital for the three-month period ended 31 March 2023.

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

ADC Acquisition Corporation P.J.S.C.

Notes to the unaudited condensed interim financial statements For the three-month period ended 31 March 2023

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").

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%
Total			45,875,000	114,687,500	100%

ADC Acquisition Corporation P.J.S.C.

Notes to the unaudited condensed interim financial statements For the three-month period ended 31 March 2023 (continued)

2 Basis of preparation

2.1 Statement of compliance

These unaudited condensed interim financial statements have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" and also comply with the applicable requirements of UAE laws and regulations. These unaudited condensed interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company's annual financial statements as at 31 December 2022.

The Company has prepared these unaudited condensed interim financial statements from 1 January 2023 to 31 March 2023. The Company's financial year ends on 31 December of each year. The first set of annual financial statements of the Company was for the period from 13 April 2022 (date of incorporation) to 31 December 2022. No comparative figures are presented in the unaudited condensed interim statement of profit or loss and other comprehensive income, statement of cash flows and statement of changes in equity since there is no comparable period during preceding year.

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 unaudited condensed interim financial statements.

2.3 Basis of measurement

These unaudited condensed interim 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").

ADC Acquisition Corporation P.J.S.C.

Notes to the unaudited condensed interim financial statements For the three-month period ended 31 March 2023 (continued)

2 Basis of preparation (continued)

2.4 Functional and presentation currency

These unaudited condensed interim 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 unaudited condensed interim financial statements have been rounded to the nearest AED.

2.5 Use of estimates and judgements

The preparation of the condensed interim financial statements in conformity with IFRSs requires management to make judgments, 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 estimates.

The main areas of judgments, estimates and assumptions applied in this condensed interim financial statements, including the key sources of estimation uncertainty were the same as those applied in the Company's financial statements for the period ended 31 December 2022.

2.6 New and revised IFRSs applied on the unaudited condensed interim financial statements

The following new and revised IFRSs, which became effective for annual periods beginning on or after 1 January 2023, have been adopted in these unaudited condensed interim financial statements.

- Deferred tax related to assets and liabilities arising from a single transactions – Amendments to IAS 12;
- Extension of the Temporary Exemption from Applying IFRS 9 - Amendments to IFRS 4;
- Definition of Accounting Estimates - Amendments to IAS 8; and
- Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2.

These amendments had no impact on the Company's unaudited condensed interim financial statements, except for the impact of the accounting policy disclosures in the Company's annual financial statements.

2.7 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 unaudited condensed interim financial statements are disclosed below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

- 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); and
- Amendments to IAS 1: Classification of Liabilities as Current or Non-current (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.

ADC Acquisition Corporation P.J.S.C.

Notes to the unaudited condensed interim financial statements For the three-month period ended 31 March 2023 (continued)

3 Significant accounting policies

The same accounting policies, presentation and methods of computation have been followed in these condensed interim financial statements as were applied in the preparation and presentation of the Company's financial statements for the period ended 31 December 2022.

4 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 unaudited condensed interim 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 unaudited condensed interim 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

	Level 1 AED	Level 2 AED	Level 3 AED
As at 31 March 2023 (unaudited)			
Derivative financial liabilities			
Public warrant liabilities at fair value through profit or loss	31,011,500	-	-
	<u>31,011,500</u>	<u>-</u>	<u>-</u>

ADC Acquisition Corporation P.J.S.C.

Notes to the unaudited condensed interim financial statements For the three-month period ended 31 March 2023 (continued)

4 Fair value hierarchy (continued)

As at 31 December 2022 (audited)	Level 1 AED	Level 2 AED	Level 3 AED
Derivative financial liabilities			
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 March 2023 (unaudited)	Carrying value	Fair value		
	AED	Level 1 AED	Level 2 AED	Level 3 AED
Class A shares	365,800,955	400,030,000	-	-
	<u>365,800,955</u>	<u>400,030,000</u>	<u>-</u>	<u>-</u>
As at 31 December 2022 (audited)				
Class A shares	365,333,384	438,932,000	-	-
	<u>365,333,384</u>	<u>438,932,000</u>	<u>-</u>	<u>-</u>

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 unaudited condensed interim statement of financial position as of 31 March 2023.

5 Changes in liabilities arising from financing activities

	01 January 2023 (audited) AED	Fair value adjustments (unaudited) AED	Interest accrued (unaudited) AED	31 March 2023 (unaudited) AED
Public warrants	33,947,500	(2,936,000)	-	31,011,500
Class A shares	365,333,384	-	467,571	365,800,955
	<u>399,280,884</u>	<u>(2,936,000)</u>	<u>467,571</u>	<u>396,812,455</u>

ADC Acquisition Corporation P.J.S.C.

Notes to the unaudited condensed interim financial statements For the three-month period ended 31 March 2023 (continued)

5 Changes in liabilities arising from financing activities (continued)

	13 April 2022 (audited) AED	Cash flows (audited) AED	Fair value adjustments (audited) AED	Interest accrued (audited) AED	*Others (audited) AED	31 December 2022 (audited) 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

*Others include initial recognition of the public warrants of AED 1,101,000

6 Acquisitions

The Company made no acquisitions during the period.

7 Other financial assets

	31 March 2023 (unaudited) AED	31 December 2022 (audited) AED
Escrow account*	367,000,000	367,000,000
Interest accrued	312,916	222,361
	<u>367,312,916</u>	<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 unaudited condensed interim statement of profit or loss and other comprehensive income. This interest is presented as part of class A shares in the unaudited condensed interim statement of financial position.

8 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 March 2023 (unaudited) AED	31 December 2022 (audited) AED
Cash at bank	<u>937,238</u>	<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 unaudited condensed interim financial statements For the three-month period ended 31 March 2023 (continued)

9 Equity capital

Founder shares and private warrants

<i>Share capital includes:</i>	31 March 2023 (unaudited) AED	31 December 2022 (audited) AED
Balance at the beginning of the period	5,783,392	-
Expenses incurred by the founders on behalf of Company during the period	952,821	1,092,160
Paid up share capital	-	937,500
IPO transaction cost paid by the founders on behalf of Company	-	2,784,433
Insurance premium prepaid by the founders on behalf of the Company	-	969,299
Balance at the end of the period	<u>6,736,213</u>	<u>5,783,392</u>

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 15 for share-based payment disclosure. During the period ended 31 March 2023, expenses of AED 952,821 (note 12) (for the period ended 31 December 2022: AED 1,092,160) 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 unaudited condensed interim financial statements For the three-month period ended 31 March 2023 (continued)

9 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.

10 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 March 2023 (unaudited) AED	31 December 2022 (audited) 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)
Balance at the beginning of the period	365,333,384	363,114,567
Effective interest accretion*	467,571	2,218,817
Balance at the end of the period	365,800,955	365,333,384

*Effective interest accretion includes interest on escrow account amounting to AED 90,555 (2022 - for the period ended 31 December 2022).

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.

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Notes to the unaudited condensed interim financial statements For the three-month period ended 31 March 2023 (continued)

10 Class A shares (continued)

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.

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 unaudited condensed interim financial statements.

11 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 unaudited condensed interim statement of profit or loss and other comprehensive income for each period.

Instrument	Number of warrants (audited)	Fair value on 31 December 2022 (AED) (audited)	Fair value per warrant as on 31 March 2023 (unaudited)	Total Fair Value as on 31 March 2023 (unaudited)	Total Fair Value as on 31 December 2022 (audited)
Public warrants	18,350,000	1.85	1.69	31,011,500	33,947,500

The fair value on 31 March 2023 is based on a Level 1 valuation using the listed market price of these warrants on ADX. The fair value of the public warrants at 31 December 2022 was AED 33,947,500. As the public warrant fair value at 31 March 2023 was AED 31,011,500, the change in fair value of public warrants recognised in the unaudited condensed interim statement of profit and loss and other comprehensive income was AED 2,936,000.

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);

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Notes to the unaudited condensed interim financial statements For the three-month period ended 31 March 2023 (continued)

11 Public warrants (continued)

(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 fils) to be equal to 115% of the greater of: (i) the Market Value; or (ii) the Newly Issued Price. 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.

12 Other expenses

	For the three- month period ended 31 March 2023 (unaudited) AED
Professional fees	901,271
Insurance expense	151,716
General office expenses	51,550
	<u>1,104,537</u>

During the period ended 31 March 2023, expenses of AED 952,821 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 March 2023.

13 Finance income, net

	For the three- month period ended 31 March 2023 (unaudited) AED
Fair value adjustments on public warrant liabilities measured at fair value through profit or loss	2,936,000
Effective interest on Class A shares subject to redemption	(377,017)
Bank charges	(262)
	<u>2,558,721</u>

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Notes to the unaudited condensed interim financial statements For the three-month period ended 31 March 2023 (continued)

14 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. The Company will transfer 10% of the annual net profit to statutory reserve. This reserve is not available for distribution.

15 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 unaudited condensed interim statement of profit or loss and other comprehensive income for the period ended on 31 March 2023.

16 Earnings per share

Basic	For the three-month period ended 31 March 2023 (unaudited) AED
Numerator	
Profit for the period and loss used in basic profit per share	1,454,184
Total profit for the period used in basic profit per share	<u>1,454,184</u>
Denominator	
Weighted average number of Founder shares used in basic profit per share	<u>9,175,000</u>
Total weighted average number of Founder shares used in basic profit per share	<u>9,175,000</u>
Basic	<u>0.16</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.

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Notes to the unaudited condensed interim financial statements For the three-month period ended 31 March 2023 (continued)

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

31 March 2023 (unaudited)	Number of shares, beginning of period	Issued	Transferred	Forfeited/ Disposed	Number of shares, end of period
Founder shares					
Chimera Investment LLC	4,587,500	-	-	-	4,587,500
Alpha Oryx Limited	4,587,500	-	-	-	4,587,500
	<u>9,175,000</u>	-	-	-	<u>9,175,000</u>

31 March 2023 (unaudited)	Number of warrants, beginning of period	Issued	Transferred	Forfeited/ Disposed	Number of warrants, end of period
Private warrants					
Chimera Investment LLC	2,293,750	-	-	-	2,293,750
Alpha Oryx Limited	2,293,750	-	-	-	2,293,750
	<u>4,587,500</u>	-	-	-	<u>4,587,500</u>

During the period ended 31 March 2023, the Founders incurred the following costs and expenses associated with the Company.

	For the three- month period ended 31 March 2023 (unaudited) AED
Professional fees	901,271
General office expenses	<u>51,550</u>
	<u>952,821</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 March 2023, the Company has not paid any compensation to the key management personnel.

18 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 unaudited condensed interim financial statements For the three-month period ended 31 March 2023 (continued)

18 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 unaudited condensed interim statement of financial position) less cash and cash equivalents. Adjusted equity comprises all components of equity.

The Company's net debt to equity ratio was as follows.

	31 March 2023 (unaudited) AED	31 December 2022 (audited) AED
Total liabilities	396,812,455	399,280,884
Less: cash and cash equivalents	(937,238)	(937,500)
<i>Net debt</i>	<u>395,875,217</u>	<u>398,343,384</u>
<i>Total equity</i>	<u>(27,744,719)</u>	<u>(30,151,724)</u>
<i>Net debt to equity ratio</i>	<u>(14.27)</u>	<u>(13.21)</u>

19 Taxation

On December 9, 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 June 1, 2023. For the Company, CT will apply on and from January 1, 2024. A rate of 9% will apply to taxable income exceeding AED 375,000. In addition, there are several other decisions that are yet to be finalised by way of a Cabinet Decision that are significant. The Company shall continue to monitor critical Cabinet Decisions to determine the impact on the condensed interim financial statements, both from current and deferred tax perspective.