

ADC Acquisition Corporation P.J.S.C.

Unaudited condensed interim financial statements

For the period from 13 April 2022 to 30 September 2022

ADC Acquisition Corporation P.J.S.C.

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For the period from 13 April 2022 to 30 September 2022**

	Pages
Directors' report	1-2
Report on review of unaudited condensed interim financial statements	3-4
Unaudited condensed interim statement of financial position	5
Unaudited condensed interim statement of profit or loss and other comprehensive income	6
Unaudited condensed interim statement of changes in equity	7
Unaudited condensed interim statement of cash flows	8
Notes to the unaudited condensed interim financial statements	9-25



ADC Acquisition Corporation P.J.S.C.

Directors' report

For the period from 13 April 2022 to 30 September 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 30 September 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 are set out in the unaudited condensed interim financial statements of the Company for the period from 13 April 2022 to 30 September 2022.

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

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Auditors

The unaudited condensed interim financial statements of the Company for the period from 13 April 2022 to 30 September 2022 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 30 September 2022 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 30 September 2022;
- the unaudited condensed interim statement of profit or loss and other comprehensive income for the period from 13 April 2022 to 30 September 2022;
- the unaudited condensed interim statement of changes in equity for the period from 13 April 2022 to 30 September 2022;
- the unaudited condensed interim statement of cash flows for the period from 13 April 2022 to 30 September 2022; 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 30 September 2022 unaudited condensed interim financial statements is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

KPMG Lower Gulf Limited

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

Date: 4 November 2022

ADC Acquisition Corporation P.J.S.C.

Unaudited condensed interim statement of financial position As at 30 September 2022

	<i>Note</i>	30 September 2022 AED
ASSETS		
Current assets		
Prepayments	14	1,124,387
Other financial assets	7	367,129,816
Cash and cash equivalents	8	937,500
TOTAL ASSETS		369,191,703
EQUITY & LIABILITIES		
SHAREHOLDER'S EQUITY		
Paid up share capital	9(a)	5,635,031
Accumulated losses		(29,016,040)
TOTAL EQUITY		(23,381,009)
LIABILITIES		
Current liabilities		
Public warrants	9(c)	27,708,500
Redeemable ordinary shares	9(b)	364,864,212
		392,572,712
TOTAL LIABILITIES		392,572,712
TOTAL EQUITY & LIABILITIES		369,191,703

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 flow of the Company as of and for, the periods presented therein.

These unaudited condensed interim financial statements were approved by the Board of Directors on 4 November 2022 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 period from 13 April 2022 to 30 September 2022

		For the period from 1 July 2022 to 30 September 2022	For the period from 13 April 2022 to 30 September 2022
	Note	AED	AED
Other expenses	10	<u>(788,711)</u>	<u>(788,711)</u>
Operating expenses		<u>(788,711)</u>	<u>(788,711)</u>
Operating loss		(788,711)	(788,711)
Fair value adjustments on public warrant liabilities measured at fair value through profit or loss	9(c)	1,651,500	(26,607,500)
Effective interest on ordinary shares subject to redemption	9(b)	<u>(1,459,886)</u>	<u>(1,619,829)</u>
Loss for the period		<u>(597,097)</u>	<u>(29,016,040)</u>
<i>Other comprehensive income</i>		-	-
Total comprehensive loss for the period		<u>(597,097)</u>	<u>(29,016,040)</u>
Loss per share (LPS):			
Basic	13	(0.07)	(3.16)
Diluted	13	(0.07)	(3.16)

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 period from 13 April 2022 to 30 September 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 9 (a))	5,635,031	-	5,635,031
<i>Total transactions with owners of the Company, recorded directly in equity</i>	<u>5,635,031</u>	<u>-</u>	<u>5,635,031</u>
<i>Total comprehensive loss for the period</i>			
Loss for the period	-	(29,016,040)	(29,016,040)
Other comprehensive income for the period	-	-	-
<i>Total comprehensive loss for the period</i>	<u>-</u>	<u>(29,016,040)</u>	<u>(29,016,040)</u>
At 30 September 2022	<u>5,635,031</u>	<u>(29,016,040)</u>	<u>(23,381,009)</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 cashflows For the period from 13 April 2022 to 30 September 2022

	<i>Note</i>	For the period from 13 April 2022 to 30 September 2022 AED
Cash flows from operating activities		
Loss for the period		(29,016,040)
<i>Adjustment for:</i>		
Fair value adjustment on public warrant liabilities measured at fair value through profit or loss	9(c)	26,607,500
Effective interest on ordinary shares subject to redemption	9(b)	1,619,829
Other expenses ¹	10	788,711
<i>Net cash used in operating activities</i>		<u>-</u>
Cash flows from investing activity		
Amount deposited in escrow account	7	(367,000,000)
<i>Net cash used in investing activity</i>		<u>(367,000,000)</u>
Cash flows from financing activities		
Proceeds from issuance of paid-up share capital	9(a)	937,500
Net proceeds from issuance of redeemable ordinary shares	9(b)	367,000,000
<i>Net cash generated from financing activities</i>		<u>367,937,500</u>
Net increase in cash and cash equivalents		937,500
Cash and cash equivalents at the beginning of the period	8	-
Cash and cash equivalents at the end of the period	8	<u><u>937,500</u></u>

Note:

1. Other expenses include expenses incurred by the Founders that are associated with the Company and are recognized in the unaudited condensed interim statement of profit or loss and other comprehensive income with corresponding effect in equity as paid-up capital for the period ended 30 September 2022.

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 period from 13 April 2022 to 30 September 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 price 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 unaudited condensed interim financial statements For the period from 13 April 2022 to 30 September 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%
Total			45,875,000	114,687,500	100%

The Company has prepared these unaudited condensed interim financial statements from 13 April 2022 to 30 September 2022. The Company's financial year ends on 31 December of each year. The first set of annual financial statements of the Company will be for the period from 13 April 2022 (date of incorporation) to 31 December 2022. No comparative figures are presented in these unaudited condensed interim financial statements as this is the first year of the Company's incorporation.

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. However, detailed notes are included to explain events and transactions that are significant to understanding the Company's financial position and performance since the date of incorporation.

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.

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. 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 period from 13 April 2022 to 30 September 2022 (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 these unaudited condensed interim 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 unaudited condensed interim financial statements are included in the following notes:

- Classification of redeemable ordinary shares (Class A shares)
- Classification of public warrants
- Classification of cash held in escrow account
- Founder shares and private warrants

Classification of redeemable ordinary shares

Management has assessed whether redeemable ordinary 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 redeemable ordinary shares have been classified as financial liability.

Management expects the business combination to complete within 12 months from the end of the reporting period and accordingly, these shares are classified as current liabilities.

The significant accounting policies of redeemable ordinary 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.

Management expects the business combination to complete within 12 months from the end of the reporting period and accordingly, these warrants are classified as current liabilities.

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

ADC Acquisition Corporation P.J.S.C.

Notes to the unaudited condensed interim financial statements For the period from 13 April 2022 to 30 September 2022 (continued)

2 Basis of preparation (continued)

2.5 Use of estimates and judgements (continued)

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 shared 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.

Management has exercised judgement in determining the grant date and concluded that the grant date should be the date of the business combination, as only at that point in time there is clarity over the nature and value of the awarded founder shares and private warrants. 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 788,711 is recognized in the unaudited condensed interim statement of profit or loss and other comprehensive income with corresponding effect in equity as paid-up capital for the period ended on 30 September 2022.

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 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 ordinary shareholders.

Management expects the business combination to complete within 12 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.

- Amendments to IAS 1: Classification of Liabilities as Current or Non-current (1 January 2023)
- 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.

ADC Acquisition Corporation P.J.S.C.

Notes to the unaudited condensed interim financial statements For the period from 13 April 2022 to 30 September 2022 (continued)

3 Significant accounting policies

The significant accounting policies are set out below as far as applicable to financial transactions in the current reporting period.

Current versus non-current classification

The Company presents assets and liabilities in the unaudited condensed interim 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

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 and measurement

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them.

The Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost or fair value through Other Comprehensive Income (OCI), it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

ADC Acquisition Corporation P.J.S.C.

Notes to the unaudited condensed interim financial statements For the period from 13 April 2022 to 30 September 2022 (continued)

3 Significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Initial recognition and measurement (continued)

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

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at fair value through profit or loss;
- Financial assets at amortised cost (debt instruments);
- Financial assets designated at fair value through OCI (FVTOCI) with no recycling of cumulative gains and losses upon derecognition (equity instruments); and
- Financial assets at FVTOCI with recycling of cumulative gains and losses (debt instruments).

The Company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset 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.

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.

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 rights to receive cash flows from the asset have expired; or
- The Company has transferred its rights to receive 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 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.

ADC Acquisition Corporation P.J.S.C.

Notes to the unaudited condensed interim financial statements For the period from 13 April 2022 to 30 September 2022 (continued)

3 Significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Derecognition of financial assets (continued)

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 includes redeemable ordinary 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 redeemable ordinary 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.

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 unaudited condensed interim statement of profit or loss.

ADC Acquisition Corporation P.J.S.C.

Notes to the unaudited condensed interim financial statements For the period from 13 April 2022 to 30 September 2022 (continued)

3 Significant accounting policies (continued)

Financial instruments (continued)

Financial liabilities (continued)

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability 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 unaudited condensed interim statement of profit or loss and other comprehensive income.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the unaudited condensed interim 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 unaudited condensed interim 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 unaudited condensed interim statement of cash flows and presented as separate item on the Company's unaudited condensed interim 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 comprehensive income as it is eventually consumed.

Redeemable ordinary shares

The ordinary 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 redeemable ordinary 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 redeemable ordinary 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 unaudited condensed interim statement of profit or loss and other comprehensive income. Any gain or loss on derecognition is also recognized in the unaudited condensed interim statement of profit or loss and other comprehensive income.

ADC Acquisition Corporation P.J.S.C.

Notes to the unaudited condensed interim financial statements For the period from 13 April 2022 to 30 September 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 unaudited condensed interim 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 12 to these unaudited condensed interim 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 ordinary shares.
- By the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year 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 ordinary shares, and
- The weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary 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 unaudited condensed interim financial statements For the period from 13 April 2022 to 30 September 2022 (continued)

4 Financial risk management (continued)

Market risk (continued)

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.

Interest rate risk

The Company is not exposed to interest rate risk as:

- the cash held in escrow account carry a fixed rate of interest; and
- the redeemable ordinary shares carry the fixed maturity amount.

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 30 September 2022, the Company has sufficient funds to pay its obligation as follows:

	Carrying value	Contractual cash flows		Total
		More than 12 months	Less than 12 months	
At 30 September 2022	AED	AED	AED	AED
Redeemable ordinary shares	364,864,212	-	367,129,816	367,129,816
	<u>364,864,212</u>	<u>-</u>	<u>367,129,816</u>	<u>367,129,816</u>

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.

ADC Acquisition Corporation P.J.S.C.

Notes to the unaudited condensed interim financial statements For the period from 13 April 2022 to 30 September 2022 (continued)

5 Fair value hierarchy (continued)

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 30 September 2022	Level 1 AED	Level 2 AED	Level 3 AED
Derivative financial liabilities			
Public warrant liabilities at fair value through profit or loss	27,708,500	-	-
	<u>27,708,500</u>	<u>-</u>	<u>-</u>

Financial liabilities not measured at fair value

As at 30 September 2022	Carrying value AED	Level 1 AED	Level 2 AED	Level 3 AED
Redeemable ordinary shares	364,864,212	422,050,000	-	-
	<u>364,864,212</u>	<u>422,050,000</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 30 September 2022.

ADC Acquisition Corporation P.J.S.C.

Notes to the unaudited condensed interim financial statements For the period from 13 April 2022 to 30 September 2022 (continued)

6 Acquisitions

The Company made no acquisitions during the period.

7 Other financial assets

	30 September 2022 AED
Escrow account*	367,000,000
Interest accrued	129,816
	<u>367,129,816</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 redeemable ordinary 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.

	30 September 2022 AED
Cash at bank	<u>937,500</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.

9 Capital structure

The capital structure of the Company comprises of founder shares, redeemable ordinary shares, public warrants and private warrants.

a) Founder shares and private warrants

<i>Paid up share capital includes:</i>	30 September 2022 AED
Cash consideration	937,500
IPO transaction cost paid by the founders on behalf of Company	2,784,433
Expenses paid by the founders on behalf of Company	788,711
Insurance premium prepaid by the founders on behalf of the Company	1,124,387
	<u>5,635,031</u>

ADC Acquisition Corporation P.J.S.C.

Notes to the unaudited condensed interim financial statements For the period from 13 April 2022 to 30 September 2022 (continued)

9 Capital structure (continued)

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

The Company has issued 9,175,000 founder 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 fair value of the founder shares and private warrants at the grant date will be accounted as a share-based payment. Refer to Note 12 for share-based payment disclosure.

During the period ended 30 September 2022, expenses of AED 788,711 (note 10), prepayments of AED 1,124,387 and IPO transaction costs of AED 2,784,433 (note 9 (b)) incurred by the Founders are accounted as paid-up share capital.

b) *Redeemable ordinary shares*

The Company has issued 36,700,000 redeemable ordinary 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.

	30 September 2022 AED
IPO proceeds based on sale of redeemable ordinary shares	367,000,000
Less: IPO transaction cost	(2,784,433)
Less: initial recognition of the public warrants	(1,101,000)
	363,114,567
Effective interest accretion*	1,749,645
	364,864,212

*Effective interest accretion includes interest on escrow account amounting to AED 129,816.

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, ordinary 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.

Management expects the business combination to complete within 12 months from the end of the reporting period. Accordingly, there is no adjustment for such claims made in these unaudited condensed interim financial statements.

c) *Public warrants*

The Company has issued 18,350,000 public warrants on the basis of one public warrant for every two Class A shares at nil consideration. 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.

ADC Acquisition Corporation P.J.S.C.

Notes to the unaudited condensed interim financial statements For the period from 13 April 2022 to 30 September 2022 (continued)

9 Capital structure (continued)

c) Public warrants (continued)

Instrument	Number	Initial fair value per warrant	Fair value per warrant as on 30 September 2022	Total Fair Value as on 30 September 2022
Public warrants	18,350,000	0.06	1.51	27,708,500

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 30 September 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 date was AED 1,101,000. As the public warrant fair value at 30 September 2022 was AED 27,708,500, 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 26,607,500.

10 Other expenses

	For the period from 1 July 2022 to 30 September 2022 AED	For the period from 13 April 2022 to 30 September 2022 AED
Professional fees	301,567	301,567
General office expenses	234,407	234,407
Listing fees	143,164	143,164
Insurance expense	109,573	109,573
	788,711	788,711

11 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 30 September 2022, the Company has incurred losses and hence no amount is transferred to the reserve. This reserve is not available for distribution.

12 Share-based payment

The Company has issued 9,175,000 shares and 4,587,500 warrants to the Founders. 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.

ADC Acquisition Corporation P.J.S.C.

Notes to the unaudited condensed interim financial statements For the period from 13 April 2022 to 30 September 2022 (continued)

12 Share-based payment (continued)

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 30 September 2022.

13 Loss per share

Basic	For the period from 1 July 2022 to 30 September 2022	For the period from 13 April 2022 to 30 September 2022
	AED	AED
Numerator		
Loss for the period and loss used in basic loss per share	<u>(597,097)</u>	<u>(29,016,040)</u>
Total loss for the period used in basic loss per share	<u>(597,097)</u>	<u>(29,016,040)</u>
Denominator		
Weighted average number of Founder shares used in basic loss per share	<u>9,175,000</u>	<u>9,175,000</u>
Total weighted average number of Founder shares used in basic loss per share	<u>9,175,000</u>	<u>9,175,000</u>
Basic	<u>(0.07)</u>	<u>(3.16)</u>

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

Diluted

The Company has reviewed the dilution factors and concluded that there are no instruments that have dilutive potential as at 30 September 2022. As there is uncertainty as to the likelihood of an initial Business Combination, the potential dilutive effects of redeemable ordinary shares, founder warrants and public warrants have not been factored into the weighted average number of shares. The conditions for conversion of these instruments to equity have not been satisfied at the reporting date. When the Business Combination has occurred, the redeemable ordinary 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. As a result, diluted loss per share is deemed to be the same as basic loss per share as at 30 September 2022.

14 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' at commercial terms and profit rates. 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 unaudited condensed interim financial statements For the period from 13 April 2022 to 30 September 2022 (continued)

14 Related party balances and transactions (continued)

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

30 September 2022	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
	-	9,175,000	-	-	9,175,000
Private warrants					
30 September 2022	Number of warrants, beginning of period	Issued	Transferred	Forfeited/ Disposed	Number of warrants, end of period
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 30 September 2022, the Founders incurred the following costs and expenses associated with the Company.

	For the period from 1 July 2022 to 30 September 2022 AED	For the period from 13 April 2022 to 30 September 2022 AED
IPO transaction cost	2,784,433	2,784,433
Prepayments	1,124,387	1,124,387
Professional fees	301,567	301,567
General office expenses	234,407	234,407
Listing fees	143,164	143,164
Insurance expense	109,573	109,573
	<u>4,697,531</u>	<u>4,697,531</u>

During the period ended 30 September 2022, the founders has not paid any compensation to the key management personnel.

15 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, redeemable ordinary shares and public warrants.

ADC Acquisition Corporation P.J.S.C.

Notes to the unaudited condensed interim financial statements For the period from 13 April 2022 to 30 September 2022 (continued)

15 Capital management (continued)

The Company is not subject to any externally imposed capital requirements. The Company's management reviews the capital structure of the Company and considers the cost of capital and the risks associated with each class of capital.

16 Subsequent events

The Company has evaluated the effect of all subsequent events occurring through 4 November 2022, the date the unaudited condensed interim financial statements were authorized for issue by the Company's Board of Directors and has determined that there were no subsequent events requiring adjustment to or disclosure in the unaudited condensed interim financial statements.