NATIONAL MARINE DREDGING COMPANY PJSC

MANAGEMENT DISCUSSION AND ANALYSIS FOR THE SIX-MONTH PERIOD ENDED 30 June 2022

This Management Discussion and Analysis (MD&A) should be read in conjunction with the unaudited interim condensed consolidated financial statements of National Marine Dredging Company PJSC ("NMDC" or the "Group") as at and for the six-month period ended 30 June 2022.

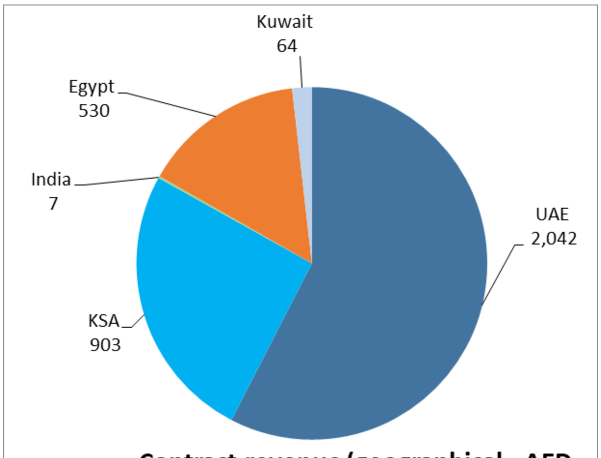
SUMMARY OF CONSOLIDATED FINANCIAL RESULTS

(AED Millions)

	Three months ended 30 June			Six months ended 30 June		
	2022	**2021**	**Variance**	**2022**	**2021**	**Variance**
Revenue	1,994	2,100	(106)	3,546	3,269	277
Gross profit	23	251	(228)	147	236	(89)
Net profit	338	204	134	403	231	172

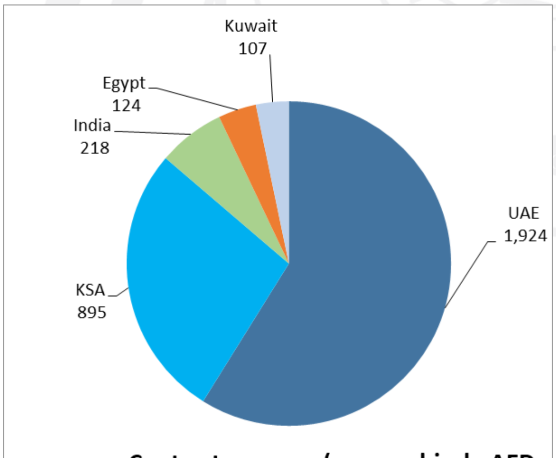
- HY 2022 Revenue at AED 3,546 million is higher than the revenue for the corresponding prior period, primarily driven by continued progress on various projects including Hail & Ghasha, Etihad Rail project and ARAMCO LTAs.
- Geographical diversification of revenue for the Group is set out in the chart below. For the period ended 30 June 2022, the Group generated 58% of its revenue from the UAE and 42% from the international market (mainly Saudi Arabia 25% and Egypt 15%).

H1'2022



Contract revenue (geographical - AED million)

H1'2021



Contract revenue (geographical - AED million)

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البـحـريـة الـوطـنيـة
NATIONAL MARINE
DREDGING COMPANY

SUMMARY OF CONSOLIDATED FINANCIAL RESULTS continued

- During the period, the Group entered into a collaboration with Abu Dhabi Ports Company PJSC ("ADPC") to expand its service offerings and capabilities in the Survey and Diving ("S&D") arena. The Group incorporated a joint venture, Safeen Survey and Subsea Services LLC ("Safeen") and made an in-kind contribution to Safeen by way of a transfer of its S&D Division assets, revenue contracts and manpower resources. The Group then disposed 51% of its interest in Safeen to ADPC, retaining a 49% interest.

New Projects Awarded

New projects awarded to the Group in H1'2022 include:

- Umm Shaif Field project from ADNOC for AED 3,474 million;
- Dredging works at the entrance to the navigation channel and the trench of the quay wall in Safaga Port in Egypt with for AED 79 million;
- Jafurah Development Programme and MNIF 14 Jacket projects from Saudi Aramco for AED 1,689 million and AED 782 million respectively;
- Tharwa Town Reclamation Works from Ansab Contracting in Kingdom of Saudi Arabia for AED 256 million; and
- Charter of DLS-4200 vessel to Yunneng Wind Power Co. Ltd for AED 364 million.

FLEET

In Q2'2022, the Group signed an agreement for the purchase of a cutter suction dredger for AED 425 million. The addition of this vessel to the Group's fleet will allow it to take on more challenging, large scale and diverse projects, and become more competitive in the dredging market in the coming years.

CAPITAL EXPENDITURE

During the period ended 30th June 2022, the Group invested AED 543 million in capital expenditure, which mainly comprised expenditure on the cutter suction dredger mentioned above, dry docking/upgrade of other existing dredgers and support equipment.

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COVID-19 IMPACT AND THE GROUP'S RESPONSE

COVID-19 imposed a number of challenges on the organization spanning across operational and commercial affairs. The spread of the pandemic and the resulting safety and financial precautions to contain its impact, forced us to deal with a situation in which maintaining safety, positive cash flows and continuity of operations at current projects became conflicting in nature. Mobilization of both technical and human resources became extremely difficult, honoring project execution timelines became very challenging and our pipeline of new projects diminished.

To mitigate the impact of this pandemic, management took various strategic and tactical measures. These included the application of health and safety precautionary measures across all businesses and project sites, allocation for funds for COVID-19 related expenses, reassessing operational protocols for additional health and safety proofing, introduction of new processes, equipment and workflows to enhance efficiency, developing a new deployment and utilization scheme for the offshore fleet, crafting of new project plans to comply with client guidelines and safety requirements, accelerating the digital transformation program to allow for more flexibility and easier deployment of resources, and working out a new financial strategy to maintain healthy levels of liquidity and cash flow through savings and contracts optimization.

For and on behalf of
National Marine Dredging Company

Yasser Nasr Zaghloul
Group Chief Executive Officer

About National Marine Dredging Company Group:
The Group is a leading contractor in the field of Engineering, Procurement and Construction (EPC), Dredging and Marine Civil Construction. The Group delivers a range of services including the construction of oil and gas and port infrastructure, land reclamation, coastal defense and deepening and maintenance of waterways. The Group owns and operates a modern fleet of dredgers supported by a wide range of auxiliary equipment including tugs, workboats, barges and survey vessels. The Group employs 13,217 professionals.

For more information, please visit www.nmdc.com, or contact:

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