Moelis & Company – Off-Cycle Intern Case Study

Strictly Confidential

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I. Case Description and Deliverables

MOELIS & COMPANY

Case Study

ADNOC Drilling Company Profile.

Overview

ADNOC Drilling is the largest drilling company in the Middle East, providing drilling and related services to the oil and gas industry in the United Arab Emirates and beyond. The company operates a fleet of drilling rigs and offers a range of drilling services, including exploration, development, and production drilling. ADNOC Drilling is a subsidiary of the Abu Dhabi National Oil Company (ADNOC), which is a state-owned oil company in the UAE.

Objective

Your Managing Director has a meeting with ADNOC Drilling and has requested an urgent company profile on the company, outlining the elements mentioned below.

Instructions on Company Profile

You are expected to include the following elements / details in your company profile:

1. Conduct research on ADNOC Drilling, including its history, ownership structure, and current operations.
2. Describe the company's primary services and offerings, including its drilling rigs and related equipment.
3. Outline the geographic areas where ADNOC Drilling operates and the types of clients it serves.
4. Analyze the competitive landscape for ADNOC Drilling, including its main competitors and market position.
5. Identify any recent developments or changes in the company's operations, including new contracts or joint ventures.
6. Prepare a concise presentation (PPT or PDF) summarizing the key findings of the analysis.

Additional Information

1. A pack of relevant information, including prospectus and 2022 end-of-year financials, has been attached below for your reference.
2. **You have 120 minutes to complete this assignment and send it via email to Dubai.Recruiting@moelis.com**

II. Prospectus

This is a non-certified translation of the original Arabic version of the Prospectus. This English version is provided for convenience only and does not constitute a legal document. Subscribers should only rely on the Arabic version of the Prospectus. In the case of any discrepancies or omissions, the Arabic version of the Prospectus shall prevail.

OFFER TO SUBSCRIBE FOR SHARES IN A PUBLIC SUBSCRIPTION IN THE UAE ONLY

Prospectus for the Public Offering of Shares in

ADNOC Drilling Company PJSC (the "Company")

Dated: [●]

(Incorporated in the United Arab Emirates as a Public Joint Stock Company)

The sale of **[●]** of the ordinary shares with a nominal value of AED **[●]** each (representing **[●]**% of the total issued shares in the Company) (the "**Offer Shares**") in a public subscription in the United Arab Emirates (the "**UAE**"). The Selling Shareholder reserves the right to increase the size of the Offering at any time prior to the end of the subscription period at its sole discretion, subject to applicable laws and the approval of the SCA. The offer price will be determined based on the offer price range, which will be announced in a listing announcement that will be published on the same day of opening of the Offer Period on **15 September 2021** (the "**Offer Price Range**"). The Offer Shares will be duly and validly issued as at the date of listing (the "**Listing**") of the Offer Shares on the Abu Dhabi Securities Exchange (the "**ADX**").

The final offer price (the "Final Offer Price") and the final offering size (the "Final Offer Size") will be announced after the closing of the subscription. Please refer to the section on the Final Offer Price in the first section of this Prospectus which sets out a description of how the Final Offer Price will be calculated.

Except in the UAE, no action has been taken or will be taken in any jurisdiction that would permit a public subscription of the Offer Shares pursuant to this Prospectus or the possession, circulation or distribution of this Prospectus. Accordingly, the Offer Shares may not be offered or sold, directly or indirectly, nor may this Prospectus or any other offering material or advertisement or other document or information in connection with the Offer Shares be distributed or published, in or from any jurisdiction except in compliance with any applicable rules and regulations of any such jurisdiction.

Offer Period

The offer period for the First Tranche, the Second Tranche and the Third Tranche (as described in this Prospectus) starts on 15 September 2021 and is expected to close on 26 September 2021[1] for the First and Third Tranches and on 27 September 2021 for the Second Tranche.

This is the initial public offering ("**Offering**"), including the offer to the Emirates Investment Authority ("**EIA**"), of **[●] [the figure in words]** Offer Shares in the capital of the Company, a public

[1] The Subscription Period for the retail tranche shall remain open for a period of 10 days including Saturdays for the acceptance of applications.

joint stock company ("**PJSC**") incorporated in the UAE, which are being offered for sale by the Selling Shareholder (as defined in this Prospectus) of **[●]** (**[●]**) shares offered for subscription by the Company in a public offering whereby the Final Offer Price will be determined through the application of a book building process, where a subscription orders ledger will be created through the subscription orders made only by the Second Tranche Subscribers.

If all of the Offer Shares are subscribed for and allocated, the Offer Shares will represent **[●]** % of the total issued ordinary shares in the capital of the Company (the "**Shares**"). The Selling Shareholder reserves the right to increase the size of the Offering at any time prior to the end of the subscription period at its sole discretion, subject to the applicable laws and the approval of the SCA. Prior to this Offering, the Shares have not been listed in any financial market and there has been no public market for the Shares. Following the closing of the Offer Periods in respect of the First Tranche, the Second Tranche, and the Third Tranche, the Company will apply to list its Shares on the Abu Dhabi Securities Exchange.

Date of the Securities and Commodities Authority's approval of this Prospectus: __/___/__21

This Prospectus contains data that has been submitted in accordance with the rules for issuance and disclosure issued by the Securities and Commodities Authority ("**SCA**") in the United Arab Emirates and this Prospectus has been approved by SCA on __/___/__21 under number (___). However, SCA's approval of the prospectus does not constitute an endorsement of the feasibility of investment nor a recommendation to subscribe to the shares; the approval only means that this Prospectus contains the minimum information required in accordance with the applicable rules issued by SCA with respect to prospectuses. SCA is not considered responsible for the accuracy, completeness or adequacy of the information contained in this Prospectus and SCA does not bear any responsibility for any damages or losses incurred by any person as a result of relying on this Prospectus or any part of it. The members of the company's board of directors, jointly and severally, bear full responsibility regarding the validity of the information and data contained in this prospectus, and they confirm, to the extent of their knowledge and belief, and subject to due diligence and after conducting reasonable studies, that there are no other facts or material information, which were not included in this Prospectus that renders any statement contained therein misleading to the subscribers or influencing their decision to invest.

Method of sale of the Offer Shares in a public subscription:

The Offer Shares represent **[●] [the figure in words]** Shares which will be sold by the Selling Shareholder and offered for subscription by the Company in a public offering whereby the Final Offer Price will be determined through the application of a book building process, where a subscription orders ledger will be created through the subscription orders made only by the Second Tranche Subscribers. The Selling Shareholder reserves the right to increase the size of the Offering at any time prior to the end of the subscription period at its sole discretion, subject to the applicable laws and SCA's approval.

In creating the subscription orders ledger, the Offer Shares subscribed by the Second Tranche Subscribers will constitute all of the Offer Shares used in calculating the Final Offer Price of each Offer Share. In order for the subscription to succeed, the subscription percentage of the Second Tranche Subscribers must not be less than 60%, and the subscription percentage of First Tranche and Third Tranche Subscribers must not be no more than 40%, of the Offer Shares.

If the First Tranche is not subscribed to in full, the remaining Offer Shares will be allocated to the Second Tranche. If the Third Tranche is not subscribed to in full, the remaining Offer Shares will be allocated to the First Tranche. The Receiving Banks commit to refund the oversubscription amounts received from the First Tranche and the Third Tranche Subscribers for the Offering and any accrued interest on such amounts from one day after the subscription closing until one day prior to the refund to the Subscribers of the First Tranche and the Third Tranche, provided that the refund is made within five working days from the date on which all allocations of Offer Shares to all tranches are determined.

The Founders may not, whether directly or indirectly or through any of their subsidiaries, subscribe for any of the Offer Shares.

Book Building Mechanism

Book building is a mechanism, pursuant to which the price is set prior the issuance of the shares or prior to the offering.
The book building process comprises these steps:

1. The issuing company hires one or more investment banks to act as underwriters who are tasked with assisting the issuing company in determining the price range at which the security can be sold and with drafting a Prospectus to send out to the investors.
2. The appointed investment banks invite certain qualified investors, normally, but not restricted to, large-scale sophisticated buyers and fund managers, to submit bids on the number of shares that they are interested in buying and the prices that they would be willing to pay for such shares, and recording the qualified investors' opinions in the register specifically for recording the subscription orders for the shares offered.
3. The book is 'built' by listing and evaluating the aggregated demand for the issue from the submitted bids. The underwriters analyze the information and, based on that analysis, determine with the issuing company and its selling shareholder, the final price for the shares, which is termed the final offer price.
4. Shares for submitted bids pertaining to the Second Tranche, are then allocated among the accepted bidders, at the discretion of the issuing company and its selling shareholder.

A list of further definitions and abbreviations is provided in the *"Definitions and Abbreviations"* Section of this Prospectus.

Tranche Structure

A. First Tranche

The First Tranche offer will be made pursuant to this Prospectus, 8% (eight per cent) of the Offer Shares, representing [●] ([figure in words]) Shares, are allocated to the First Tranche. The First Tranche is restricted to the following persons:

- ***Individual Subscribers***

  Natural persons (including Qualified High Net Worth Individual Subscribers who do not participate in the Second Tranche or Third Tranche) who have a bank account (except for any person who is resident in the United States within the meaning of the US Securities Act 1933, as amended (the "**US Securities Act**"). There are no other citizenship or residence requirement to qualify as an Individual Subscriber.

  Minors are permitted to apply for Offer Shares in accordance with the procedures applied by the Receiving Banks and the laws in force in this regard.

- ***Other investors***

  Other investors (companies and establishments) who do not participate in the Second Tranche or Third Tranche, that have a bank account (except for any person who is resident in the United States within the meaning of the US Securities Act, as amended).

All First Tranche Subscribers must hold a NIN with the ADX.

If all of the Offer Shares in the First Tranche are not fully subscribed, the unsubscribed Offer Shares will be available to Second Tranche Subscribers, or alternatively (in consultation with the Authority) the Selling Shareholder may (i) extend the Closing Date for the First Tranche, the Second Tranche and the Third Tranche and/or (ii) close the Offering at the level of applications received.

The Selling Shareholder reserves the right to increase the size of the First Tranche at any time prior to the end of the subscription period at its sole discretion, subject to the approval of the SCA. Any increase in the size of the First Tranche will result in a corresponding reduction in the size of the Second Tranche and/or the Third Tranche (as applicable), provided that the subscription percentage of the subscribers in the Second Tranche does not fall below 60% of the Offer Shares and the subscription percentage of the subscribers in the First Tranche and Third Tranche does not exceed 40% of the Offer Shares in aggregate.

The minimum application size for subscribers in this Tranche is AED 5,000 with any additional application in increments of AED 1,000.

There is no maximum application size for subscribers in this Tranche.

B. *Second Tranche*

The Second Tranche offer will be made pursuant to the Second Tranche Document, 90% (ninety per cent) of the Offer Shares, representing [●][figure in words] Shares, are allocated to the Second Tranche, which is restricted to the following persons:

Qualified Investors

First: Qualified Institutional Subscribers

Juridical persons capable of making investments on their own, and who satisfy any of the following conditions:

(i) the federal government of the UAE and governments of each Emirate in the UAE, governmental corporations and authorities and companies wholly owned by any of them; or
(ii) foreign governments, and their organizations, corporations and authorities, or entities wholly owned by them; or
(iii) international organizations and entities; or
(iv) bodies licensed by SCA or similar regulatory bodies; or
(v) legal persons who, as of the date of their last financial statements, satisfy at least two of the following requirements:
    a. total assets are valued at AED 75,000,000 (seventy-five million dirham);
    b. net annual revenues of AED 150,000,000 (one hundred fifty million dirhams);
    c. have net worth or paid-up capital with a minimum of AED 7,000,000 (seven million dirhams),

and who, in each case, have been approved by the Company and the Selling Shareholder, in consultation with the Joint Lead Managers and to which the following characteristics apply: (a) a person in the United States who is a qualified institutional buyer ("**QIB**"), as defined in Rule 144A under the US Securities Act ("**Rule 144A**") and to whom an offer can be made in accordance with Rule 144A, (b) a person outside the United States to whom an offer can be made in reliance on Regulation S (c) a person in the Abu Dhabi International Financial Center ("**DIFC**") to whom an offer can be made pursuant to an exemption from registration under the Market Rules Module of the DFSA's Rulebook, or (d) a person in the Abu Dhabi Global Market ("**ADGM**") to whom an offer can be made pursuant to an exemption from registration under the FSMR Regulations Markets Rules and made only to persons who meet the Professional Client criteria set out in the FSRA Conduct of Business Rulebook.

Second: Natural persons who have been approved by the Company and the Selling Shareholder in consultation with the Joint Lead Managers (excluding HSBC Bank Middle East Limited), and who are certified by the SCA or a similar regulatory authority to conduct any tasks associated with financial activities or services.

Third: Natural persons who have been approved by the Company and the Selling Shareholder in consultation with the Joint Lead Managers (excluding HSBC Bank Middle East Limited), and who fulfil the following conditions:

1. have a net worth, excluding his or her principal residence, amounting to at least AED 4,000,000 (four million dirhams);
2. have an annual income of not less than AED 1,000,000 (one million dirhams); and
3. undertakes that he has the sufficient knowledge and experience in the field of the relevant investment and its risks, or that he is represented by an entity licensed by SCA in a manner that does not contravene the terms of its licensing.

All Second Tranche Subscribers must hold an NIN with the ADX.

If all of the Offer Shares in the Second Tranche are not fully subscribed, then the Offer will be withdrawn.

The minimum application size for the subscribers in the Second Tranche is AED 1,000,000.

There is no maximum application size for subscribers in the Second Tranche.

C. Third Tranche

The Third Tranche offer will be made pursuant to this Prospectus, 2% (two per cent) of the Offer Shares, representing [●][figure in words] Shares are allocated to the Third Tranche, which is restricted to the following persons:

ADNOC Group Companies Employees and UAE National Retirees

Natural persons (including Qualified High Net Worth Individual Subscribers (as described under the Second Tranche)), who have a bank account and do not participate in the First Tranche and who are;

- Employees of the ADNOC Group Companies (except for any person who is resident in the United States within the meaning of the US Securities Act, as amended); or

- Retired employees of the ADNOC Group Companies who are UAE nationals ("**UAE National Retirees**")(except for any person who is resident in the United States within the meaning of the US Securities Act, as amended). Other than retired employees of the ADNOC Group Companies being UAE nationals and non-US residents, there are no other citizenship or residence requirements.

If all of the Offer Shares in the Third Tranche are not fully subscribed for, the unsubscribed Offer Shares will be available to the First Tranche Subscribers, or alternatively (in consultation with the SCA) the Selling Shareholder may (i) extend the Closing Date for the First Tranche, the Second Tranche and the Third Tranche and/or (ii) close the Offering at the level of applications received.

The Selling Shareholder reserves the right to increase the size of the Third Tranche at any time prior to the end of the subscription period at its sole discretion, subject to the approval of the SCA. Any increase in the size of the Third Tranche will result in a corresponding reduction in the size of the First Tranche and/or the

Second Tranche, provided that the subscription percentage of the subscribers in the Second Tranche does not fall below 60% of the Offer Shares and the subscription percentage of the subscribers in the First Tranche and Third Tranche does not exceed 40% of the Offer Shares in aggregate.All Third Tranche Subscribers must hold a NIN with the ADX.

The minimum application size for subscribers in this Tranche is AED 5,000 with any additional application in increments of AED 1,000.

There is no maximum application size for subscribers in this Tranche.

D. *EIA*

A number of Offer Shares, representing 5% of all Offer Shares, are reserved for the Emirates Investment Authority, in accordance with the requirements of article 127 of Federal Law No. 2 for the year 2015 with regard to commercial companies, and its amendments (the "**Companies Law**"). Offer Shares allocated to the EIA under this preferential rights regime will be deducted from the total size of the Second Tranche. If the EIA does not exercise its preferential rights to apply for Offer Shares then those Offer Shares will be available to other Second Tranche Subscribers.

Every Subscriber must hold a NIN with ADX and a bank account number in order to be eligible to apply for Offer Shares. Subscribers may apply for Offer Shares in only one Tranche. In the event a person applies in more than one Tranche, the Receiving Banks and the Joint Lead Managers may disregard one or both of such applications.

The approval of the Authority has been obtained for publication of the Prospectus for the sale of the Offer Shares in a public subscription in the UAE (outside the ADGM and the DIFC). The Shares have not been registered with any other regulatory authority in any other jurisdiction.

The publication of the Arabic version of this Prospectus has been approved by the Authority in accordance with the provisions of the Companies Law.

A copy of the offering document for the Second Tranche (in English only), referred to as the "**Second Tranche Document**", which was not sighted or endorsed by the Authority, will be available at https://www. **[the Company's website]**. No information contained in, or referred to in, the Second Tranche Document, forms part of, or is incorporated into, this Prospectus.

In accordance with Article 121 of the Companies Law each of the Offer Participants (as defined below) shall be liable for its participation in the Offering process, including the Selling Shareholder and the Board members, with regard to the validity of the information contained in this Prospectus within the limits of the scope of work and expertise of each Offer Participant.

Investment in the Offer Shares involves a high degree of risk. Prospective Subscribers should carefully read the "Investment Risks" section of this Prospectus to inform themselves about factors that should be considered before investing in the Offer Shares.

This Prospectus was issued on **[●]**
This Prospectus is available on the website of the Company at https://www. **[●]**/

Name and Contact Details of the Offer Participants

Joint Lead Managers

Emirates NBD Capital PSC

1st Floor, Emirates NBD Head Office Building, Baniyas Road, Deira

P.O. Box: 2336, Dubai, United Arab Emirates

First Abu Dhabi Bank PJSC,

FAB Building, Khalifa Business Park, Al Qurum District

P.O. Box 6316, Abu Dhabi, United Arab Emirates

HSBC Bank Middle East Limited

HSBC Tower, Level 17, Downtown Dubai

P.O. Box 66, Dubai United Arab Emirates

Lead Receiving Bank

First Abu Dhabi Bank PJSC,

FAB Building, Khalifa Business Park, Al Qurum District

P.O. Box 6316, Abu Dhabi, United Arab Emirates

Receiving Banks

Abu Dhabi Commercial Bank PJSC

Sheikh Zayed Bin Sultan Street

P.O. Box 939

Abu Dhabi, United Arab Emirates

Abu Dhabi Islamic Bank PJSC

Shaikh Rashid bin Saeed Street P.O. Box 313

Abu Dhabi, United Arab Emirates

Emirates NBD Bank PJSC

Emirates NBD Headquarters, Baniyas Road,

Deira

P.O. Box: 777

Dubai, United Arab Emirates

IPO Subscription Legal Counsel

Legal advisor to the Company as to UAE, English and US law

Shearman & Sterling LLP

Etihad Towers, Office Building No. 3, 21st Floor

El Corniche Street

P.O. Box 2948

Abu Dhabi, United Arab Emirates

Legal advisor to the Company as to UAE law

IBRAHIM & PARTNERS

Al Sila Tower, Floor 24

ADGM Square,

Phone number: +(971) 2694 8668
E-mail address: info@inp.legal

PO Box 5100746, Abu Dhabi, UAE

Legal advisor to the Joint Bookrunners as to UAE and English law

Clifford Chance LLP

Level 15, Burj Daman, Al Sa'ada St,

Dubai International Financial Centre,

Dubai, United Arab Emirates

Legal advisor to the Joint Bookrunners as to US law

Clifford Chance LLP

1 rue d'Astorg, CS 60058,

75477 Paris Cedex 08

France

Auditors to the Company

For the year ended 31 December 2020 and six-month period ended 30 June 2021

Deloitte & Touche (M.E.)

11 Floor, Al Sila Tower, ADGM Square

P.O. Box 990

Abu Dhabi, United Arab Emirates

For the year ended 31 December 2019 (with comparative financial information as at and for the year ended 31 December 2018)

PricewaterhouseCoopers (Abu Dhabi Branch)

Al Khatem Tower, Level 25, Al Maryah Island

Abu Dhabi Global Market, P.O. Box 45263

Abu Dhabi, United Arab Emirates

IPO Subscription Auditor

Ernst & Young Middle East (Abu Dhabi Branch)

26th Floor, Nation Tower 2, Corniche

P.O. Box 136

Tel.: +971 2417 4400

E-mail address: raed.ahmad@ae.ey.com

Abu Dhabi, United Arab Emirates

Investor Relations Officer

Catherine L. Zych

VP, Investor Relations

Tel.: +971 2 698 3499

E-mail address: czych@adnoc.ae
Abu Dhabi, United Arab Emirates

This Prospectus is dated **[●]**.

IMPORTANT NOTICE

(To be carefully read by all Subscribers)

- This Prospectus is intended to provide potential Subscribers with information to assist in deciding whether or not to apply for Offer Shares. Potential Subscribers should read this document in its entirety, and carefully review, examine and consider all data and information contained in it, before deciding whether or not to apply for Offer Shares (and, in particular, Section 11 ("**Investment Risks**")), as well as the Memorandum of Association and Articles of Association of the Company, when considering making an investment in the Company.

- In making an investment decision, each potential Subscriber must rely on its own examination, analysis and enquiry of the Company and the terms of the Offer, including the merits and risks involved and obtain any necessary advice from his or her legal and financial advisors regarding the investment. An investment in Offer Shares entails considerable risks. Potential Subscribers should not apply for Offer Shares unless they are able to bear the loss of some or all of that investment.

- Recipients of this Prospectus are authorized solely to use this Prospectus for the purpose of considering the subscription in the Offer Shares, and may not reproduce or distribute this Prospectus, in whole or in part, and may not use any information herein for any purpose other than considering whether or not to apply for Offer Shares under the First Tranche and the Third Tranche. Recipients of this Prospectus agree to the foregoing by accepting delivery of this Prospectus.

- The contents of this Prospectus should not be construed as legal, financial or tax advice.

- The information contained in this Prospectus shall not be subject to revision or addition without securing the approval of the Authority and informing the public of such revision or addition by publication in two daily newspapers in accordance with the rules issued by the Authority. The Selling Shareholder reserves the right to cancel the Offering at any time and at their sole discretion with the prior written approval of the Authority.

- The Offer Shares are being offered under this Prospectus for the purpose of subscription in the UAE only. This Prospectus does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, any securities other than the Offer Shares or any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, Offer Shares by any person in any jurisdiction outside of the UAE (including the ADGM and the DIFC).

- This document is not being published or distributed, and must not be forwarded or transmitted, in or into or to any jurisdiction outside the UAE (including the ADGM and the DIFC). The Offer Shares have not been registered with any regulatory authority in any jurisdiction other than the Authority.

- If the Offer Shares are offered in another jurisdiction, the Company shall offer the Offer Shares in a manner that is compliant with the applicable laws and rules and acceptable to the relevant authorities in the relevant jurisdiction.

- This Prospectus is not intended to constitute a financial promotion, offer, sale or delivery of shares or other securities under the ADGM Financial Services Regulatory Authority ("**FSRA**") Markets Rules or the DIFC Markets Law or under the DIFC Markets Rules.

- The Offer has not been approved or licensed by the FSRA or DFSA, and does not constitute an offer of securities in the ADGM in accordance with the FSRA Markets

Rules or in the DIFC in accordance with the DIFC Markets Law or the DIFC Markets Rules.

- The publication of this Prospectus has been approved by the Authority. The Authority's approval of the publication of this Prospectus shall neither be deemed as an endorsement or approval of the subscription feasibility nor a recommendation of investment, but it means only that the minimum requirements according to the issuance rules and information disclosure applicable to the Prospectus and issued by the Authority have been met. The Authority and the ADX shall not be held liable for the accuracy, completeness or sufficiency of the information contained in this Prospectus, nor shall they be held liable for any damage or loss suffered by any person due to reliance upon this Prospectus or any part thereof.

This Prospectus was approved on [●].

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Historical financial information

The Company's audited financial statements as of and for the years ended 31 December 2019 (with comparative financial information for the year ended 31 December 2018) and 31 December 2020 and the reviewed interim financial statement for the six months ended 30 June 2021 (the "**Company's Financial Statements**") have been included in this Prospectus. The financial information for the six months ended 30 June 2020 has been extracted from comparative information of the Company's reviewed interim financial statements as of and for the six months ended 30 June 2021. The financial information as at and for the year ended 31 December 2018 is extracted from the unaudited comparative financial information for the year 2018 in the reissued financial statements for the year ended 31 December 2019. The Audited Financial Statements have been prepared in accordance with the requirements of International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board. The Unaudited Interim Financial Statements have been prepared in accordance with the requirements of International Accounting Standard 34, 'Interim Financial Reporting'. The Financial Statements for the year ended 31 December 2019 have been reissued as described in Note 2 and Note 27 of the Financial Statements for that year (See paragraph 7: Independent auditors under the Fifth Section).

Definitions of certain financial measures that are not defined or recognized under IFRS, or any generally acceptable accounting principles, including EBITDA and net debt ("**Non-IFRS measures**"), along with an explanation of their relevance and the reconciliations to the most directly comparable measures calculated and presented in accordance with IFRS are disclosed in the "Financial Disclosures" section. These non-IFRS measures are derived from the financial information included in the Company's Financial Statements.

Currency presentation

Unless otherwise indicated, all references in this document to:

- "UAE dirham" or "AED" are to the lawful currency of the United Arab Emirates; and
- "US dollar" or "USD" are to the lawful currency of the United States of America.

The value of UAE dirhams has been pegged to US dollar at a rate of AED 3.6725 per USD 1 since 1997. All AED/USD conversions in this Prospectus have been calculated at this rate. Starting from the year 2020, our accounts are presented in USD. Our accounts in the preceding years were presented in AED.

Rounding

Certain data in this document, including financial, statistical, and operating information, has been rounded. As a result of the rounding, the totals of data presented in this document may vary slightly from the actual arithmetic totals of such data. Percentages in tables have been rounded and accordingly may not add up to 100%.

FORWARD-LOOKING STATEMENTS

This document includes forward-looking statements. The forward-looking statements contained in this document speak only as of the date of this document. These forward-looking statements involve known and unknown risks and uncertainties, many of which are beyond the control of the Company and all of which are based on current beliefs and expectations about future events. Forward-looking statements are sometimes identified by the use of forward-looking terminology such as “believe”, “expects”, “may”, “will”, “could”, “should”, “shall”, “risk”, “intends”, “estimates”, “aims”, “plans”, “predicts”, “continues”, “assumes”, “positioned” or “anticipates” or the negative thereof, other variations thereon or comparable terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this document and include statements regarding intentions, beliefs and current expectations concerning, among other things, results of operations, financial condition, liquidity, prospects, growth, strategies, and dividend policy and the industry in which the Company operates.

These forward-looking statements and other statements contained in this Prospectus regarding matters that are not historical facts as of the date of this Prospectus involve predictions. No assurance can be given that such future results will be achieved. There is no obligation or undertaking to update these forward-looking statements contained in this document to reflect any change in their expectations or any change in events, conditions, or circumstances on which such statements are based unless required to do so: (i) as a result of an important change with respect to a material point in this Prospectus; or (ii) by the applicable laws of the UAE. Actual events or results may differ materially as a result of risks and uncertainties that the Company faces. Such risks and uncertainties could cause actual results to vary materially from the future results indicated, expressed, or implied in such forward-looking statements. Please refer to Section 11 (“**Investment Risks**”) for further information.

IMPORTANT INFORMATION

This Prospectus does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, any securities other than the securities to which it relates or any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, such securities by any person in any circumstances in which such offer or solicitation is unlawful.

Recipients of this Prospectus are authorized solely to use this Prospectus for the purpose of considering making an investment in the Offer Shares, and may not reproduce or distribute this Prospectus, in whole or in part, and may not use any information herein for any purpose other than considering an investment in the Offer Shares. Such recipients of this Prospectus agree to the foregoing by accepting delivery of this Prospectus. Prior to making any decision as to whether to invest in the Offer Shares, prospective Subscribers should read this Prospectus in its entirety (and, in particular, the section headed "Investment Risks") as well as the Memorandum of Association and Articles of Association of the Company. In making an investment decision, each Subscriber must rely on their own examination, analysis and enquiry of the Company and the terms of the Offering, including the merits and risks involved.

No person is authorized to give any information or to make any representation or warranty in connection with the Offer or Offer Shares which is not contained in this Prospectus and, if given or made, such information or representations must not be relied on as having been so authorized by the Company, the Selling Shareholder, or the other Offer Participants. By applying for Offer Shares, a Subscriber acknowledges that (i) they have relied only on the information in this Prospectus and (ii) no other information has been authorized by the Company, the Selling Shareholder, any other Offer Participant, or any other of the Company's advisors (the "**Advisors**").

No person or Advisor, except the Joint Lead Managers and the Receiving Banks, as set out in pages [7-8], are participating in, receiving subscription funds from, or managing, the public offering of the Offer Shares in the UAE. Neither HSBC Bank Middle East Limited nor any of its respective affiliates is responsible for participating in, marketing or managing any aspect of the Offering to natural persons (including Qualified High Net Worth Individual Subscribers).

Neither the content of the Company's website or any other website, nor the content of any website accessible from hyperlinks on any of such websites, forms part of, or is incorporated into, this Prospectus, and neither the Company, the Selling Shareholder, any other Offer Participant, nor the Advisors bears or accepts any responsibility for the contents of such websites.

None of the Company or the Selling Shareholder accepts any responsibility for the accuracy or completeness of any information reported by the press or other media, nor the fairness or appropriateness of any forecasts, views or opinions expressed by the press or other media regarding the Company, the Offer or the Offer Shares. None of the Company, the Selling Shareholder, the Offer Participants, the Joint Lead Managers, the Joint Bookrunners or the Advisors makes any representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication.

None of the Company, the Selling Shareholder, the Offer Participants, the Joint Lead Managers, the Joint Bookrunners, of the Advisors warrant or guarantee the future performance of the Company, or any return on any investment made pursuant to this Prospectus.

Statements contained in this Prospectus are made as at the date of this Prospectus unless some prior time is specified in relation to them and the publication of this Prospectus (or any action taken pursuant to it) must not be interpreted as giving rise to any implication that there has been no change in the condition, facts or affairs of the Company since such date.

This Prospectus may be subject to revision, with the prior written approval of the Authority. Any revision will become effective only after it has been announced in two daily newspapers circulating in the UAE. The Selling Shareholder reserves the right, with the prior approval of the Authority, to withdraw the Prospectus and cancel the Offer at any time and in their sole discretion. Neither the delivery of this Prospectus nor any sale made under it may, under any circumstances, be taken to imply that there has been no change in the affairs of the Company since the date of this document or that the information in it is correct as of any subsequent time.

First Abu Dhabi Bank PJSC, HSBC Bank Middle East Limited and Emirates NBD Capital PSC have been appointed as joint lead managers (the "**Joint Lead Managers**") and will manage the issuance, marketing and promotion of the Offer Shares and coordinate with the Company, the Authority and the other Offering participants with regard to the offering of the Offer Shares in the UAE. First Abu Dhabi Bank PJSC have also been appointed as lead receiving bank (the "**Lead Receiving Bank**") and, in its capacity as such, is responsible for receiving the subscription amounts set out in this Prospectus in accordance with the rules and laws applicable in and within the UAE under the First Tranche and the Second Tranche.

Each of the Offer Participants shall be liable for its participation in the Offering process, including the Selling Shareholder and the Board members, with regard to the validity of the information contained in this Prospectus within the limits of the scope of work and expertise of each Offer Participant.

HSBC Bank Middle East Limited is not participating in receiving the subscription funds or bookrunnings or otherwise participating in, or managing, any aspect of the Offering to natural persons (including Qualified High Net Worth Individual Subscribers).

The Joint Lead Managers are acting exclusively for the Company and the Selling Shareholder and no one else in connection with the Offer and will not regard any other person (whether or not a recipient of this document) as a client to any of the Offer Participants in relation to the Offer. Whereas each Offer Participant shall be liable, including the Selling Shareholder and the Board members, with regard to the completeness and accuracy of the information contained in this Prospectus, within the limits of the scope of work and expertise of each Offer Participant. The Joint Lead Managers, the Joint Bookrunners, and the Offer Participants may have engaged (directly or through their respective affiliates) in transactions with, and provided various investment banking, financial advisory and other services for, the Company and the Selling Shareholder for which they would have received customary fees. Any previous transactions between the Joint Lead Managers and the Offer Participants and the Company do not constitute any conflict of interest between them.

The board members of the Company whose names are set out in this Prospectus assume joint and several responsibility for the completeness, accuracy and verification of the contents of this Prospectus. They declare that, they have carried out appropriate due diligence investigations, that the information contained in this Prospectus is, at the date hereof, factually accurate, complete and correct and that there is no omission of any information that would make any statement in this Prospectus materially misleading.

This Prospectus contains data submitted according to the issuance and disclosure rules issued by the Authority.

In making an investment decision, each potential Subscriber must rely on its own examination and analysis having reviewed the information contained in the Prospectus (in its entirety) that has been provided by the Selling Shareholder and the Board members of the Company whose names are set out in this Prospectus.

No action has been taken or will be taken in any jurisdiction other than the UAE that would permit a public subscription or sale of the Offer Shares or the possession, circulation or distribution of this Prospectus, or any other material relating to the Company or the Offer Shares, in any country or jurisdiction where action for that purpose is required. Offer Shares may not be offered or sold, directly or indirectly, nor may this Prospectus or any other offer material or advertisement or other document or information in connection with the Offer Shares be distributed or published, in or from any country or jurisdiction except in compliance with any applicable rules and regulations of any such country or jurisdiction. Persons into whose possession this Prospectus comes must inform themselves of and observe all such restrictions.

None of the Company, the Selling Shareholder, any of the Offer Participants, the Joint Lead Managers, the Joint Bookrunners or the Advisors accepts any responsibility for any violation of any such restrictions on the sale, offer to sell or solicitation to purchase Offer Shares by any person, whether or not a prospective purchaser of Offer Shares in any jurisdiction outside the UAE (including the ADGM and the DIFC), and whether such offer or solicitation was made orally or in writing, including electronic mail. None of the Company, the Selling Shareholder, the other Offer Participants, the Joint Lead Managers, the Joint Bookrunners or the Advisors (or their respective representatives) makes any representation to any potential Subscriber regarding the legality of applying for Offer Shares by such potential Subscriber under the laws applicable to such potential Subscriber.

[Apart from the responsibilities and liabilities, if any, which may be imposed on any of the Joint Lead Managers and the Joint Bookrunners under the regulatory regime of any jurisdiction where the exclusion of liability under the relevant regulatory regime would be illegal, void or unenforceable, none of the Joint Lead Managers and the Joint Bookrunners and their respective subsidiary undertakings and affiliates and their (or their subsidiary undertakings' or affiliates') respective directors, officers, employees or agents accepts any responsibility whether arising in tort, contract or otherwise for, or makes any representation or warranty, express or implied, as to the accuracy, completeness or verification of the contents of this document or for any other statement made or purported to be made by it, or on its behalf, in connection with the Company, the Offer Shares or the Offering and nothing in this Prospectus should be relied upon as a promise or representation in this respect, whether or not to the past or future. Each of the Joint Lead Managers and the Joint Bookrunners and their respective subsidiary undertakings and affiliates and their (or their subsidiary undertakings' or affiliates') respective directors, officers, employees or agents accordingly disclaims all and any responsibility or liability, whether arising in tort, contract or otherwise (save as referred to above), which it might otherwise have in respect of this Prospectus or any such statement or the public offering of the Offer Shares in the UAE generally.]

This Prospectus was approved by SCA on ___/___/__2021.

Definitions and Abbreviations

ADNOC	Abu Dhabi National Oil Company.
ADNOC Offshore	The ADNOC division responsible for the development, production, and delivery of oil and gas resources from offshore fields in Abu Dhabi.
ADNOC Onshore	The ADNOC division responsible for development, production, and delivery of oil and gas resources from onshore fields in Abu Dhabi.
ADNOC Sour Gas	ADNOC Sour Petroleum Company LLC, a limited liability company with license number CN-4008583.
ADGM	Abu Dhabi Global Market
ADNOC Group Companies	ADNOC and the group of companies owned by ADNOC.
ADNOC Group Companies Employees	The relevant individuals employed by any of the ADNOC Group Companies.
ADX	Abu Dhabi Securities Exchange in the UAE.
AED or UAE Dirham	The lawful currency of the United Arab Emirates.
Articles of Association	The articles of association of the Company.
Audited Financial Statements	The Company's audited consolidated financial statements as of and for the years ended 31 December 2019 and 2020
Authority	The Securities and Commodities Authority of the United Arab Emirates.
Baker Hughes	Baker Hughes Holding SPV LTD, a private company limited by shares incorporated in Abu Dhabi in accordance with the rules of the ADGM.
Board	The board of directors of the Company.
Closing Date	26 September 2021 for the First Tranche and the Third Tranche and 27 September 2021 for the Second Tranche.
Companies Law	The Federal Law No. 2 of 2015 Concerning Commercial Companies as amended.
Company	**ADNOC Drilling Company PJSC** (a public joint stock company in Abu Dhabi pursuant to the applicable laws of the UAE.
DFSA	Dubai Financial Services Authority
DIFC	Dubai International Financial Centre
Directors	The Executive Directors and the Non-Executive Directors
EBITDA	Earnings before interest, tax, depreciation and amortization.

EIA	Emirates Investment Authority
Electronic Applications	Applications via online internet / mobile banking and ATMS as provided by the Receiving Banks to the Subscribers of the First Tranche and the Third Tranche.
Executive Directors	The executive Directors of the Company.
Expression of Interest (EOI)	The platform for registering interest in the Offering by ADNOC Group Companies Employees and UAE National Retirees in order to be eligible for allotment in the Third Tranche.
Final Offer Price	The offer price at which all the Subscribers in the First Tranche, the Second Tranche and the Third Tranche will purchase each Offer Share will be at the Final Offer Price. The Final Offer Price of each Offer Share will be determined following a bookbuild process for the Second Tranche and following consultation between the Joint Lead Managers, the Selling Shareholder and the Company. The shares of the Second Tranche Subscribers must represent all of the Offer Shares used to calculate the Final Offer Price of each Offer Share. Following closing of the Second Tranche, the Company will publish an announcement setting out the Final Offer Price (the "**Offer Price Announcement**"), which will be published in two Arabic local daily newspapers and one English newspaper in the UAE and on the website https://www. [●]/.
Final Offer Size	The final number of the Offer Shares that will be offered for sale by the Selling Shareholder and which will be determined following closing of the Second Tranche.
Financial Statements	The audited financial statements of the Company which are listed in Annex 1 as at and for the years ended 31 December 2019 (with comparative financial information for the year ended 31 December 2018) and 31 December 2020 and the reviewed interim financial statements as of and for the six months ended 30 June 2021. The financial statements for the year ended 31 December 2019 have been reissued as described in Note 2 and Note 27 of the Financial Statements for that year.
Financial year	The financial year of the Company will start on 1st January and end on 31st December of each year.
First Tranche	The Offering of the Offer Shares in the UAE to First Tranche Subscribers.
First Tranche Subscribers	Individual Subscribers and other investors (including natural persons, companies and establishments) who do not participate in the Second Tranche or the Third Tranche and who hold a NIN with the ADX and have a bank account.
Founders or Principal Shareholders	Abu Dhabi National Oil Company ("**ADNOC**") and Baker Hughes Holding SPV LTD.
FTS Fund Transfer Mode	UAE Central Bank Fund Transfer ("**FTS**") mode

FSRA	ADGM Financial Services Regulatory Authority
FSMR Regulations	Financial Services and Markets Regulations
GDP	Gross domestic product
GCC	Gulf Cooperation Council countries comprising the United Arab Emirates, Kingdom of Saudi Arabia, Sultanate of Oman, State of Qatar, State of Kuwait and Kingdom of Bahrain.
Group	The ADNOC group of companies.
Government	Unless otherwise specified, the Federal Government of the UAE, the Government of Abu Dhabi and any instrumentality or body of either of them, including the General Headquarters of the UAE Armed Forces.
Governance Rules	The Chairman of Authority's Board of Directors' Decision no (3/Chairman) of 2020 Concerning approval of Joint Stock Companies Governance Guide
IFRS	International Financial Reporting Standards.
Individual Subscribers	Natural persons who hold a NIN with the ADX and have a bank account (including Qualified High Net Worth Individual Subscribers). There are no other citizenship or residence requirements.
IRR	Internal Rate of Return.
Joint Bookrunners	Emirates NBD Capital PSC, First Abu Dhabi Bank PJSC, HSBC Bank Middle East Limited and certain regional and international investment banks.
Joint Lead Managers	Emirates NBD Capital PSC, First Abu Dhabi Bank PJSC and HSBC Bank Middle East Limited
Listing of the Shares	Following the closing of the subscription, the allocation to successful Subscribers, the Company will apply to list all of its Shares on the ADX. Trading in the Shares on the ADX will be effected through the ADX Share Registry.
Lead Receiving Bank	First Abu Dhabi Bank PJSC
LIBOR	The London Inter-bank Offered Rate.
Listing	The listing of the Shares to trading on the ADX.
LTIF	Lost Time Injury Frequency Rate.
Manager's Cheque	Certified bank cheque drawn on a bank licensed and operating in the United Arab Emirates
Maximum Investment	No maximum subscription in Offer Shares has been set.

Memorandum of Association	The memorandum of association of the Company
Minimum Investment	The minimum subscription for Offer Shares in the First Tranche and the Third Tranche has been set at AED 5,000, with any additional investment to be made in increments of at least AED 1,000. The minimum subscription for Offer Shares in the Second Tranche has been set at AED 1,000,000 (see the section on "**Subscription Amounts**" in the first section of this Prospectus for further details).
NIN	A unified investor number that a Subscriber must hold or obtain from ADX for the purposes of subscription.
Non-Executive Directors	The non-executive Directors of the Company
OFAC	The Office of Foreign Assets Control of the US Department of the Treasury
Offering	The public subscription for [●] [the figure in words] of the total Shares of the Company which are being offered for sale by the Selling Shareholder. The Selling Shareholder reserves the right to increase the size of the Offering at any time prior to the end of the subscription period at its sole discretion, subject to the applicable laws and SCA's approval.
Offer Price Range	The Offer Shares are being offered at an offer price range that will be published on the first day of opening the Offer Period.
Offer Participants	The entities listed on pages [●] of this Prospectus.
Offer Period	The subscription period for the First Tranche and the Third Tranche starts on 15 September 2021 and will close on 26 September 2021. The subscription period for the Second Tranche starts on 15 September 2021 and will close on 27 September 2021.
Offer Shares	[●] [the figure in words] Shares which will be sold by the Selling Shareholder in a public subscription process. The Selling Shareholder reserves the right to increase the size of the Offering at any time prior to the end of the subscription period at its sole discretion, subject to the applicable laws and SCA's approval
Offshore	Refers to operations undertaken at, or under, the sea, in association with an oil, natural gas or condensate field that is under the seabed, or to activities carried out in relation to such a field.
Oilfield	Services in relation to oil and gas exploration and production (E&P).
Onshore	Refers to the mainland and operations undertaken under the land or to activities or operations carried out in relation to such a field.

<table>
<tr><td>OPEC</td><td>The Organization of the Petroleum Exporting Countries, consisting of Algeria, Angola, Equatorial Guinea, Gabon, Iran, Iraq, Kuwait, Libya, Nigeria, the Republic of the Congo, Saudi Arabia (the de facto leader), the United Arab Emirates and Venezuela.</td></tr>
<tr><td>OPEC+</td><td>The wider Organization of the Petroleum Exporting Countries group, which includes countries additional to the OPEC countries.</td></tr>
<tr><td>Ownership Restrictions</td><td>It is prohibited that more than 49% of the Shares of the Company be held by non GCC nationals.</td></tr>
<tr><td>Professional Client</td><td>Persons who meet the Professional Client criteria set out in Rule 2.3.2 of the DFSA Conduct of Business Module</td></tr>
<tr><td>Qualified High Net Worth Individual Subscribers</td><td>Natural persons who have been approved by the Company and the Selling Shareholder, in consultation with the Joint Lead Managers (excluding HSBC Bank Middle East Limited)
a. who are certified by the SCA or a similar regulatory authority to conduct any tasks associated with financial activities or services; or:
b. Who fulfil the following conditions:
i. whose net worth, excluding his or her principal residence, amounts to at least AED 4,000,000 (four million dirhams); and
ii. whose annual income is not less than AED 1,000,000; and
iii. who confirm that he or she has sufficient knowledge or expertise, or is represented by an entity that is licensed by SCA in a manner that does not contravene the terms of its licensing.</td></tr>
<tr><td>Qualified Institutional Subscribers</td><td>Juridical persons capable of making and managing investments on their own, including:
(i) the federal government of the UAE and governments of each Emirate in the UAE, governmental entities, institutions and authorities and companies wholly owned by any of them; or
(ii) foreign governments, and their organizations, entities, institutions and authorities, or entities wholly owned by them; or
(iii) international organizations and entities; or
(iv) bodies licensed by SCA or similar regulatory bodies; or
(v) legal persons who, as of the date of their last financial statements, satisfy at least two of the following requirements:
a. total assets are valued at AED 75,000,000 (seventy-five million UAE dirham);</td></tr>
</table>

	b. generate net annual revenues of AED 150,000,000 (one hundred fifty million UAE dirhams); c. have net worth or paid-up capital with a minimum of AED 7,000,000 (seven million UAE dirhams), and who, in each case, have been approved by the Company and the Selling Shareholder, in consultation with the Joint Lead Managers and to which the following characteristics apply: (a) a person in the United States who is a qualified institutional buyer ("**QIB**") as defined in Rule 144A under the US Securities Act and to whom an offer can be made in accordance with Rule 144A, (b) a person outside the United States to whom an offer can be made in reliance on Regulation S, (c) a person in the DIFC to whom an offer can be made pursuant to an exemption from registration under the Market Rules Module of the DFSA's Rulebook, or (d) a person in the ADGM to whom an offer can be made pursuant to an exemption from registration under the FSMR Regulations Markets Rules and made only to persons who meet the Professional Client criteria set out in the FSRA Conduct of Business Rulebook.
Recapitalization	Prior to Listing, we increased the number of Shares from 4,000,000 to 16,000,000,000 through the capitalization of AED 1,200,000,000 of retained earnings and the reduction of the par value per Share from AED 100 to AED 0.10 (collectively, the "Recapitalization"). The Recapitalization has no impact on our cash position or our total shareholders' equity.
Receiving Banks	The group of banks led by the Lead Receiving Bank, comprising those banks and the following other participating receiving banks: Abu Dhabi Commercial Bank PJSC, Abu Dhabi Islamic Bank PJSC, and Emirates NBD Bank PJSC
Regulation S	Regulation S under the US Securities Act.
Rule 144A	Rule 144A under the US Securities Act.
Second Tranche	The offer of Offer Shares to Second Tranche Subscribers made under the Second Tranche Document.
Second Tranche Document	The offer document has been drafted in a specific manner to be addressed only to Qualified Institutional Investors for the Second Tranche and in compliance with the laws and regulations of the relevant competent jurisdictions and acceptable to such jurisdictions, and it has not been approved by the Authority, and the offer document does not form part of this Prospectus and the information contained therein does not form part of this Prospectus. This offer document for the Second Tranche which will be available at https://www. **[●]**/.
Second Tranche Subscribers	Qualified Institutional Subscribers and Qualified High Net Worth Individual Subscribers.

Selling Shareholder	ADNOC
Shares	The ordinary shares of the Company with a nominal value of AED 0.10 dirhams (10 Fils) each.
Shareholder	Holder of Shares in the capital of the Company
SMS	Short Message Service
Subscriber	A natural or juridical applicant, in either case who applies for subscription in the Offer Shares.
Third Tranche	The offer of the Offer Shares to the Third Tranche Subscribers.
Third Tranche Subscribers	ADNOC Group Companies Employees and UAE National Retirees.
TRIR	Total Recordable Incident Rate.
UAE	United Arab Emirates.
UAE Central Bank	The central bank of United Arab Emirates.
UAE National Retirees	Retired employees of the ADNOC Group Companies who are UAE nationals.
UK	The United Kingdom of Great Britain and Northern Ireland.
US Securities Act	The US Securities Act of 1933, as amended.
United States or US	The United States of America, its territories and possessions, any State of the United States of America, and the District of Columbia.

First section: Subscription terms and conditions

Key details of shares offered for sale to the public

- **Name of the Company: ADNOC Drilling Company PJSC**

- **Share capital:** The share capital of the Company as at the date of Listing has been set at AED 1,600,000,000 (one billion six hundred million UAE dirhams) divided into 16,000,000,000 (sixteen billion) shares paid in full, with the nominal value of each Share being AED 0.10 (ten Fils).

- **Percentage, number and type of the Offer Shares: [●] [the figure in words]** Shares, all of which are ordinary shares and which constitute [[●]] per cent of the Company's issued share capital. The Selling Shareholder reserves the right to increase the size of the Offering at any time prior to the end of the subscription period at its sole discretion, subject to the applicable laws and SCA's approval.

- **Offer Price Range per Offer Share:** The Offer Price Range will be published on 15 September 2021.

- **Eligibility of the qualified categories of Subscriber to apply for the acquisition of the Offer Shares:**

- **First Tranche:** The First Tranche of the Offering will be open to First Tranche Subscribers as described on the cover page of this Prospectus and the "Definitions and Abbreviations" section of this Prospectus. All Subscribers in the First Tranche must hold a NIN with ADX and have a bank account number. 8% (eight per cent) of the Offer Shares, representing [●][figure in words] Shares are allocated to the First Tranche. The Selling Shareholder reserves the right to increase the size of the First Tranche at any time prior to the end of the subscription period at its sole discretion, subject to the approval of the SCA. Any increase in the size of the First Tranche will result in a corresponding reduction in the size of the Second Tranche and/or the Third Tranche (as applicable), provided that the subscription percentage of the subscribers in the Second Tranche does not fall below 60% of the Offer Shares and the subscription percentage of the subscribers in the First Tranche and Third Tranche does not exceed 40% of the Offer Shares in aggregate.

- **Second Tranche:** The Second Tranche of the Offering will be open to Second Tranche Subscribers as described on the cover page of this Prospectus and the "Definitions and Abbreviations" section of this Prospectus. All Subscribers in the Second Tranche must hold a NIN with ADX. 90% (ninety per cent) of the Offer Shares, representing [●][figure in words] Shares, are allocated to the Second Tranche.

- **Third Tranche:** The Third Tranche of the Offering will be open to Third Tranche Subscribers as described on the cover page of this Prospectus and the "Definitions and Abbreviations" section of this Prospectus. All Subscribers in the Third Tranche must hold a NIN with ADX and have a bank account number. The final size of the Third Tranche will be determined by the Selling Shareholder on the date of the Offer Price Announcement. 2% (two per cent) of the Offer Shares, representing [●][figure in words] Shares are allocated to the Third Tranche. The Selling Shareholder reserves the right to increase the size of the Third Tranche at any time prior to the end of the subscription period at its sole discretion, subject to the approval of the SCA. Any increase in the size of the Third Tranche will result in a corresponding reduction in the size of the First Tranche and/or the Second Tranche, provided that the subscription percentage of the subscribers in the Second Tranche does not fall below 60% of the Offer Shares and the subscription percentage of the subscribers in the First Tranche and Third Tranche does not exceed 40% of the Offer Shares in aggregate.

- **Public subscription in the Offer Shares is prohibited as follows:** Public subscription is prohibited to any Subscriber whose investment is restricted by the laws of the jurisdiction where the Subscriber resides or by the laws of the jurisdiction to which the Subscriber belongs. It is the Subscriber's responsibility to determine whether the Subscriber application for, and investment in, the Offer Shares conforms to the laws of the applicable jurisdiction(s).

- **Minimum investment:** The minimum subscription in Offer Shares in the First Tranche and the Third Tranche has been set at AED 5,000 with any additional investment to be made in AED 1,000 increments. The minimum subscription for Offer Shares in the Second Tranche has been set at AED 1,000,000.

- **Maximum investment:** No maximum subscription in Offer Shares has been set.

- **Subscription by Founders:** The Founders may not subscribe for Offer Shares, whether directly or indirectly or through its subsidiaries.

- **Lock-up period:** The Shares held by the Founders following completion of the Offering shall be subject to a lock-up which starts on the date of Listing of the Shares and ends twelve (12) months thereafter.

- **ADNOC Ownership:** The Company must be owned at least 51% by ADNOC.

- **Reasons for the Offering and Use of Offer Proceeds**

  The Company will not receive any proceeds from the Offering. The Offering is being conducted, among other reasons, to allow the Selling Shareholder to sell part of its shareholding, while providing increased trading liquidity in the Shares and raising our profile with the international investment community.

- **Subscription costs / Offering expenses**

  All expenses of the Offering (including selling commissions and any discretionary fees) will be borne by the Selling Shareholder.

Further Information on the First Tranche and the Third Tranche

1. Subscription Applications

Each Subscriber in the First Tranche and the Third Tranche may submit one subscription application only (i) in the case of a subscription application by a natural person, in his or her personal name (unless he or she is acting as a representative for another Subscriber, in which case the subscription application will be submitted in the name of such Subscriber) or (ii) in the case of a subscription application by a corporate entity, in its corporate name. In case a Subscriber submits more than one application in his or her personal name or its corporate name, the Receiving Banks and the Joint Lead Managers reserve the right to accept all or disqualify all or some of the Subscription Applications submitted by such Subscriber and not to allocate any Offer Shares to such Subscriber.

Subscribers must complete all of the relevant fields in the subscription application along with all required documents and submit it to any Receiving Bank together with the subscription amount during the Offer Period for the First Tranche and the Third Tranche.

The completed subscription application should be clear and fully legible. If it is not, the Receiving Bank shall refuse to accept the subscription application from the Subscriber until the latter satisfies all the required information or documentation before the close of the subscription.

All of the ADNOC Group Companies Employees and UAE National Retirees who are interested in participating in the Third Tranche are required to submit their expression of interest ("**EOI**") along with their corresponding NIN details through the platforms provided by ADNOC. The list of ADNOC Group Companies Employees and UAE National Retirees who had submitted their EOI will be forwarded to the Lead Receiving Bank a day prior to the start of the subscription period and any incremental additions to the list of employees will be provided to the Lead Receiving Bank on a daily basis until 12:00PM on 25 September 2021. Any EOI received thereafter will not qualify for the Third Tranche allocation.

If any of the ADNOC Group Companies Employees and UAE National Retirees participating in the Third Tranche have not provided his/her EOI prior to the date and time stipulated above, their subscription will be shifted to the First Tranche.

Subscription for Offer Shares would deem the Subscriber to have accepted the Memorandum of Association and Articles of Association of the Company and complied with all the resolutions issued by the Company's general assembly. Any conditions added to the subscription application shall be deemed null and void. No photocopies of subscription applications shall be accepted. The subscription application should only be fully completed after reviewing the Prospectus and the Company's Memorandum of Association and Articles of Association. The subscription application then needs to be submitted to any of the Receiving Banks' branches mentioned herein. The Subscribers or their representatives shall affirm the accuracy of the information contained in the application in the presence of the bank representative in which the subscription was made. Each subscription application shall be clearly signed or certified by the Subscriber or his representative.

The Receiving Banks may reject subscription applications submitted by any Subscriber in the First Tranche and the Third Tranche for any of the following reasons:

- the subscription application form is not complete or is not correct with regard to the amount paid or submitted documents (and no Offer Participant takes responsibility for non-receipt of an allotment of Offer Shares if the address of the subscribers is not filled in correctly);
- the subscription application amount is paid using a method that is not a permitted method of payment;

- the subscription application amount presented with the subscription application does not match the minimum required investment or the increments set for the First Tranche and the Third Tranche offers; and

- the completed subscription application form is not clear and fully legible.

- the manager's cheque is returned for any reason;

- if the amount in the bank account mentioned in the subscription application form is insufficient to pay for the application amount mentioned in the subscription application form or the Receiving Bank is unable to apply the amount towards the application whether due to signature mismatch or any other reasons;

- if the ADX NIN is not made available or an incorrect NIN is provided;

- if multiple or duplicate subscription applications are found, any acceptance of such applications is solely at the discretion of the Selling Shareholder);

- if the subscription application is otherwise found not to be in accordance with the terms of the Offering;

- if the Subscriber is found to have submitted more than one application (it is not permitted to apply in the First Tranche, the Second Tranche, and Third Tranche), any acceptance of such application is solely at the discretion of the Selling Shareholder;

- if the Subscriber is a natural person and is found to have submitted the subscription application other than in his or her personal name (unless he or she is acting as a representative for another Subscriber);

- a Subscriber has not adhered to the rules applicable to the First Tranche, the Second Tranche and Third Tranche offers;

- if it is otherwise necessary to reject the subscription application to ensure compliance with the provisions of the Companies Law, the Articles of Association, this Prospectus or the requirements of the UAE Central Bank, the Authority or the ADX; and

- if for any reason FTS/SWIFT/ any other electronic channels funds transfer fails or the required information in the special fields is not enough to process the application.

The Receiving Banks and the Lead Receiving Bank may reject the application for any of the reasons listed above at any time until allocation of the Offer Shares and have no obligation to inform the subscribers before the notification of the allocation of Shares to such rejected Subscribers.

Documents accompanying Subscription Applications

Subscribers shall submit the following documents along with their subscription application forms:

For *individuals* who are UAE or GCC nationals or nationals of any other country:

- The original and a copy of a valid passport or Emirates identity card; and

- In case the signatory is different from the Subscriber:

  - the duly notarized power of attorney held by that signatory or a certified copy by UAE-regulated persons/bodies, such as a notary public, or as otherwise duly regulated in the country;

- the original passport/Emirates ID of the signatory for verification of signature and a copy of the original passport/Emirates ID; and
- A copy of the passport/Emirates ID of the Subscriber for verification of signature.

- In case the signatory is a guardian of a minor, the following will be submitted:
  - Original and copy of the guardian’s passport/Emirates ID for verification of signature;
  - Original and copy of the minor’s passport; and
  - If the guardian is appointed by the court, original and copy of the guardianship deed attested by the court and other competent authorities (e.g. notary public).

For *corporate bodies* including banks, financial institutions, investment funds and other companies and establishments:

- UAE registered corporate bodies:
  - The original and a copy of a trade license or commercial registration for verification or a certified copy by one of the following UAE-regulated persons/bodies; a notary public or as otherwise duly regulated in the country;
  - The original and a copy of the document that authorizes the signatory to sign on behalf of the subscriber and to represent the subscriber, to submit the application, and to accept the terms and conditions stipulated in the Prospectus and in the subscription form; and
  - The original and a copy of the passport/Emirates ID of the signatory.
- Foreign corporate bodies: the documents will differ according to the nature of the corporate body and its domicile. Accordingly, please consult with the Joint Lead Managers to obtain the list of required documents.

For *individuals* who are ADNOC Group Companies Employees and UAE National Retirees participating in the Third Tranche:

- To submit their EOI along with their corresponding NIN details through the platforms provided;
- The original and a copy of a valid passport or Emirates ID; and
- In case the signatory is different from the Subscriber:
  - the duly notarized power of attorney held by that signatory or a certified copy by UAE-regulated persons/bodies, such as a notary public, or as otherwise duly regulated in the country;
  - the original passport/Emirates ID of the signatory for verification of signature and a copy of the original passport/Emirates ID; and
  - a copy of the passport/Emirates ID of the Subscriber for verification of signature.

2. Method of subscription and payment for the First Tranche and the Third Tranche

Method of payment for First Tranche and the Third Tranche

The subscription application must be submitted by a Subscriber to any of the Receiving Banks listed in this Prospectus and the NIN with ADX and the Subscriber's bank account number must be provided, together with payment in full for the amount it wishes to use to subscribe for the Offer Shares, which is to be paid in one of the following ways:

- Certified bank cheque (Manager's cheque) drawn on a bank licensed and operating in the UAE, in favor of ADNOC Drilling Company PJSC – IPO; or
- Debiting a Subscriber's account with a Receiving Bank; or
- Electronic Subscriptions (please refer to the section on Electronic Subscription below).

Details of the Subscriber's bank account must be completed on the subscription application form even if the application amount will be paid by Manager's cheque.

The subscription amount may not be paid or accepted by a Receiving Bank using any of the following methods:

- In cash;
- Cheques (not certified); or
- Any other mode of payment other than mentioned above.

Please refer to the Annexure – 3 for the Receiving Bank's participating branches.

Additionally, ADNOC Group Companies Employees and UAE National Retirees can submit their application at the receiving centers set up at the following ADNOC offices:

- ADNOC Headquarters Building, Corniche Rd - Abu Dhabi, UAE;
- ADNOC Drilling Company HQ, SKEC-2, Building #112, Corniche Road, Al Dana Area, Fatima Bint Mubarak Street, PO Box 4017 - Abu Dhabi, UAE;
- Shaikh Khalifa Energy Complex, Zone 1E9-01 - Abu Dhabi, UAE; and
- ADNOC Al Ruwais Complex, Al Ruwais.

Electronic subscription

E-subscription

Electronic subscriptions: The Receiving Banks may also have their own electronic channels (ATMs, on-line internet banking applications, mobile banking applications, etc.) interfaced with the ADX eKtetab IPO system. By submitting the electronic subscription application the customer submitting the application is accepting the Offering terms and conditions on behalf of the Subscriber and is the relevant Receiving Bank to pay the total subscription amount by debiting the amount from the respective bank account of the customer and transferring the same to the Offer account in favor of "**ADNOC Drilling Company IPO**" held at the Receiving Banks, as detailed in the subscription application. The submission of an electronic application will be deemed to be sufficient for the purposes of fulfilling the identification requirements and accordingly, the supporting documentation in relation to applications set out elsewhere in this Prospectus will not apply to electronic applications under this section. Notification of the final allocation of Offer Shares and the refund of proceeds for unallocated Offer Shares (if any) and any interest thereon following the closing of the Offer Period and prior to the listing of the Shares shall be performed solely by, and processed through, the Receiving Banks in which the electronic subscription application was submitted.

Subscription applications may also be received through UAE Central Bank Fund Transfer ("**FTS**") mode, to the extent is availed by each of the Receiving Banks. The investor choosing the FTS method will be required to provide their valid NIN with ADX along with the value of Offer Shares subscribed for in the special instructions field.

E-Subscription

FAB E-Subscription

Subscribers choosing the FTS/ SWIFT/ FAB channels will be required to transfer their Subscription amount:

1. Online Transfer via UAE FTS Payment/ FAB online/mobile banking - Steps (INSIDE UAE)

Please use "Payment Purpose Code" as "IPO" or Others and include NIN number.
Subscriber to remit funds, first, in full without deduction of any Foreign Bank charges.
Please mention "NIN Number, Broker Name and mobile Number under "Remittance Instructions" field or "Remarks"

2. SWIFT Payment Steps (OUTSIDE UAE)

Select Payment message MT103
Capture in Field 70 relevant "NIN Number, Broker Name, mobile number, amount of subscription applied for"
IMPORTANT NOTE: Last Day for receiving FTS/ SWIFT/FAB Channels remittances is 25 September 2021 at 12:00 PM. Please note that if the funds are received after the cutoff date and time, the same will be rejected and returned. Please allow for 12 to 24 hours for the funds to be transferred to the beneficiary account. Please schedule your subscription early accordingly.

Details for subscription funds transfer:
BANK NAME: First Abu Dhabi Bank PJSC
IBAN: AE470354031000000001141
Beneficiary Account Name: ADNOC Drilling PJSC- IPO
Currency: AED
Account Number: 4031000000001141
SWIFT Code: NBADAEAASSD

After completion of transferring the funds to the FAB account as provided above, access the following website: https://www.bankfab.com/en-ae/cib/iposubscription and complete the subscription application (Please refer to the following page for further information: "How to subscribe").

After completing the subscription application, please upload the subscription payment receipt and the subscription application.

Subscription application and Prospectus can also be downloaded from: [Issuing Company Web page details to be added].

In case of any issues or support, please contact us by email at: IPO.online@bankfab.com.

In case the details provided are insufficient / incorrect and / or the payment is not received / partially received, the subscription will be rejected and notified to the Subscriber and the amount, if any, remitted will be refunded to the Subscriber.

ADIB E-Subscription:

ADIB's electronic subscription channels, including online internet banking are accessible via ADIB's official website www.adib.ae and mobile banking app, which are duly interfaced with the ADX database and are only available to ADIB account holders.

The electronic subscription applications will be generated through the eIPO system on ADIB Intranet and mobile Banking.

As ADIB account holders wishing to subscribe to the offering would be accessing ADIB's electronic subscription channels with their relevant username and password (as is customary with electronic banking transactions), this will be deemed to be sufficient for the purposes of fulfilling the identification requirements and accordingly the supporting documentation in relation to applications set out elsewhere in this Prospectus, and will not apply to electronic applications under this section.

ADIB account holders must then complete the electronic application form relevant to their tranche, providing all required details including an updated ADX NIN, an active ADIB account number, the amount they wish to subscribe for, and select the designated brokerage account (otherwise the new shares will be registered through ADX's clearing and settlement department (CSD)).

Please note that ADIB account holders who do not provide their ADX NIN and an ADIB account number will not be eligible for subscription through ADIB's electronic subscription channels.

By submitting the electronic subscription form, the ADIB account holder customer accepts the Offering terms and conditions and authorizes ADIB to pay the total subscription amount by debiting the amount from the respective ADIB account and transferring the same to the IPO account in favor of the issuer account held at ADIB, as detailed in the subscription application.

Successful Subscriptions will automatically receive an acknowledgement of receipt. The ADIB account holder has to keep this receipt until they receive the allotment notice.

ADCB E-Subscription:

Only ADCB customers with their own NIN can subscribe through the below link https://www.adcb.com/ADNOCDrilling

This page will have a marketing brief, a downloadable copy of the prospectus, FAQS and a subscription link.

Process Steps:
Step # 1 ADCB customers to visit the https://www.adcb.com/ADNOCDrilling and click

IPO Subscription Link
Step # 2 Complete login authentication (Customer ID, Mobile Number and OTP)
Step # 3 Enter NIN Number
Step # 4 Select Broker, Enter Subscription Amount, Select Account and Submit.
The same URL to be used from any mobile device to subscribe to the IPO.

ENBD E-Subscription:

Account holders with Emirates NBD can subscribe via the bank's online internet banking channel as well as through ATMs. Eligible persons can access their ATM with their debit card, and internet banking with their username and password (as is customary with these channels). This will be deemed sufficient for the purposes of identification with regard to their subscriptions.

Online Banking Steps:
1. Visit www.emiratesnbd.com and select Online Banking

2. Login to the online banking account
3. Click on Pay & Transfer
4. Select “IPO payment” option
5. Enter valid ADX NIN number
6. Enter subscription details
7. Authorize with authorization code
8. Confirmation will show IPO application and reference number

ATM Steps:

1. Enter debit card and pin number
2. Select IPO subscription option in the main screen and select IPO name
3. Enter valid ADX NIN number
4. Select eligible account number to be debited
5. Enter the amount to invest
6. Select the broker if any
7. Confirmation will show IPO application number and reference number

Subscribers without an ENBD account, who are either in the UAE or outside, can also subscribe through ENBD using the FTS or SWIFT channels, as follow:

From within UAE: Online Transfer via FTS/Internet Banking/Mobile Banking steps

1. Use “Payment Purpose Code” as “IPO” if available or others
2. Remit funds first in full without deduction of any Bank charges.
3. Mention “ADX NIN Number, Broker Name and mobile Number under “Remittance Instructions” field or “Remarks”

From outside the UAE: SWIFT Payment Steps

1. Select Payment message as MT103
2. Capture in Field 70 “ADX NIN Number, Broker Name, mobile number”

IMPORTANT NOTE: Last Day for receiving FTS/ SWIFT/Channels remittances is 25 Sep 2021 at 12:00 PM. Please note that if the funds are received after the cutoff date and time, the same will be rejected and returned. Please allow for 12 to 24 hours for the funds to be transferred to the beneficiary account. Please schedule your subscription early accordingly.

After transferring the funds to the ENBD account provided above, kindly visit [Company website link] download the application form. Fill-in all the details and affix signature and scan the subscription application.
Then send the application with relevant documents as listed below, as applicable to ADNOC@EmiratesNBD.com

1. Filled and signed subscription application form.
2. Copy of ADX NIN card or first page of the ADX statement.
3. Copy of Emirates ID or passport.
4. Copy of the payment acknowledgement.
5. Mobile Number

Subscription application and Prospectus can also be downloaded from [Company website link] (Issuer’s Website)

In case of any issues or support, please contact the dedicated ENBD team by email at: ADNOC@EmiratesNBD.com or through our call centre on +9714 316 0066

In case the details provided are insufficient / incorrect and / or payment not received / partially received, the subscription will be rejected and notified to the Subscriber and the amount, if any, remitted will be refunded to the Subscriber.

ADX ePortal Subscription:

For Subscription through ADX ePortal Subscriptions

Please access -
For Arabic - https://www.adx.ae/Arabic/Pages/IPO Subscription/default.aspx
For English https://www.adx.ae/English/Pages/IPO Subscription/default.aspx

Refer to the "ADX IPO ePortal Subscription Instructions" and follow the instructions. Click on the IPO Subscription Link provided to subscribe for the First Tranche and the Third Tranche. (*Applicable only for investors who do not have accounts with any of the Receiving Banks*)

Important dates relevant to the methods of payment of the subscription amounts

- Subscription amounts paid by way of cheque must be submitted by 12pm on 23 September 2021.
- Subscription applications received through E-subscription online and mobile banking / FTS / SWIFT must be made before 12pm on 25 September 2021.

Subscription amounts

Subscribers in the First Tranche and the Third Tranche must submit applications to purchase Offer Shares in the amount of AED 5,000 or more, with any subscription over AED 5,000 to be made in increments of AED 1,000. Subscribers in the First Tranche and the Third Tranche shall accordingly apply for an AED subscription amount which shall be applied towards purchasing Offer Shares at the Final Offer Price, rather than applying for a specific number of Offer Shares.

Final Offer Price

The offer price at which all the Subscribers will purchase Offer Shares will be at the Final Offer Price.

The Offer Shares will be sold in an initial public offer and the Final Offer Price will be determined by way of the application of a book building process, where an application orders' ledger will be created through the application orders made only by the Second Tranche Subscribers (see details of who may apply in the Second Tranche). Second Tranche Subscribers will be invited to bid for Offer Shares within the Offer Price Range using price sensitive orders (as in, by indicating application amounts that vary in size depending on price). The Joint Lead Managers will use the information on the extent of demand at various prices provided by these Second Tranche Subscribers to determine and recommend to the Company and the Selling Shareholder the Final Offer Price (which must be within the Offer Price Range) for all participants in the Offering.

The Shares of the Qualified Institutional Subscribers must represent the majority of the Offer Shares used to calculate the Final Offer Price of the Offer Shares.

Subscription process

Subscribers must complete the application form relevant to their Tranche, providing all required details. Subscribers who do not provide the NIN with ADX and bank account will not be eligible for subscription and will not be allocated any Offer Shares.

Subscribers may only apply in one Tranche. In the event a person applies in more than one Tranche, then the Receiving Banks and the Joint Lead Managers may disregard one or both of such applications.

The Receiving Bank through which the subscription is made will issue to the Subscriber an acknowledgement of receipt which the Subscriber has to keep until the Subscriber receives the allotment notice. One copy of the subscription application after being submitted, signed, and stamped by the Receiving Bank shall be considered as an acknowledgement for receipt of the subscription application. This receipt shall include the data of the Subscriber, address, amount paid, details of the payment method, and date of investment. The acknowledgement in the case of Electronic Applications via online internet banking and ATM would provide basic information of the application such as NIN number, Amount, Date, Customer bank account details.

If the address of the Subscriber is not filled in correctly, the Company, the Selling Shareholder, the Joint Lead Managers and the Receiving Banks take no responsibility for non-receipt of such allotment advice.

3. Further information on various matters

Offer Period

Commences on 15 September 2021 and closes on 26 September 2021 for the First Tranche and Third Tranche and 27 September 2021 for the Second Tranche.

Lead Receiving Bank: First Abu Dhabi Bank PJSC

Receiving Bank(s)

Abu Dhabi Commercial Bank PJSC, Abu Dhabi Islamic Bank PJSC, and Emirates NBD Bank PJSC.

Method of allocation of Offer Shares to different categories of Subscribers *(Under SCA CHAIRMAN OF THE BOARD RESOLUTION NO. (11/R.M) OF 2016 ON THE REGULATIONS FOR ISSUING AND OFFERING SHARES OF PUBLIC JOINT STOCK COMPANIES, as amended)*

Should the total size of subscriptions received exceed the number of Offer Shares, then the Selling Shareholder will allocate the Offer Shares according to the allotment policy specified below and will refund to Subscribers the excess subscription amounts and interest thereon.

Notice of Allocation

A notice to successful Subscribers in the First Tranche and Third Tranche will be sent by way of SMS initially confirming the acceptance of subscription and number of offered shares allocated to them. This will be followed by a notice setting out to each Subscriber's Share allocation, which will be sent by registered mail to each Subscriber in the First Tranche and Third Tranche.

Method of refunding surplus amounts to Subscribers

By no later than 2 October 2021 (being within five (5) working days of the Closing Date of the Second Tranche), the Offer Shares shall be allocated to Subscribers and, within five (5) working days of such allocation, the surplus subscription amounts, and any accrued interest resulting thereon, shall be refunded to Subscribers in the First Tranche and the Third Tranche who did not receive Offer Shares, and the subscription amounts and any accrued interest resulting thereon shall be refunded to the Subscribers in the First Tranche and the Third Tranche whose applications have been rejected for any of the above reasons. The surplus amount and any accrued interest thereon are returned to the same Subscriber's account through which the payment of the original application amount was made. In the event payment of the subscription amount is made by certified bank cheque, these amounts shall be returned by sending a cheque with the value of such amounts to the Subscriber at the address mentioned in the subscription application.

The difference between the subscription amount accepted by the Company and the Selling Shareholder for a Subscriber, if any, and the application amount paid by that Subscriber will be refunded to such Subscriber, pursuant to the terms of this Prospectus.

Inquiries and complaints

Subscribers who wish to submit an inquiry or complaint with respect to any rejected requests, allocation, or refunding of the surplus funds, must contact the Receiving Bank through which the subscription was made, and if a solution cannot be reached, then the Receiving Bank must refer the matter to the Investor Relations Manager. The Subscriber must remain updated on the status. The Subscriber's relationship remains only with the party receiving the subscription request.

Listing and trading of Shares

Subsequent to the allocation of Offer Shares, the Company will list all of its Shares on the ADX in accordance with the applicable listing and trading rules as at the Listing date of 4 October 2021. Trading in the Shares will be effected on an electronic basis, through the ADX's share registry, with the commencement of such trading estimated to take place after completion of the registration.

Voting rights

All Shares are of the same class and shall carry equal voting rights and shall rank pari passu in all other rights and obligations. Each Share confers on its holder the right to cast one vote on all Shareholders' resolutions.

Risks

There are certain risks that are specific to investing in this Offering. Those risks have been discussed in a section headed "*Investment Risks*" of this Prospectus and must be taken into account before deciding to subscribe in Offer Shares.

Emirates Investment Authority

The EIA shall be entitled to subscribe to (5%) five per cent. Of the Offer Shares, and the percentage of subscription which the EIA will purchase shall be allocated in full before the commencement of allocation. Shares allocated to the EIA under this preferential rights regime will be deducted from the total size of the Second Tranche. If the EIA does not exercise its preferential rights then its reserved portion shall be available to Second Tranche Subscribers for subscription.

4. Timetable for subscription and listing

The dates set out below outline the expected timetable for the Offering. However, the Company reserves the right to change any of the dates/times, or to shorten or extend the specified time periods upon obtaining the approval of the appropriate authorities and publishing such change(s) during the Offering period in daily newspapers

Event	Date
Offering commencement date (The Offer Period shall continue for ten days for the First and Third Tranche Subscribers, and for eleven days for the Second Tranche Subscribers, including Saturdays, for the purposes of accepting Subscribers' applications)	15 September 2021
Closing Date of the First Tranche and the Third Tranche	26 September 2021
Closing Date of the Second Tranche	27 September 2021
Announcement of Final Offer Price	28 September 2021
Allocation of First Tranche and Third Tranche	2 October 2021

SMS notification of final allocations of the First Tranche and the Third Tranche	2 October 2021
Commencement of refunds related to the investment surplus to the First Tranche and Third Tranche Subscribers as well as commencement of dispatch of registered mail relating to allotment of shares	3 October 2021
Expected date of listing the Shares on the ADX	4 October 2021

5. Tranches

The Offering of the Offer Shares is divided as follows:

The First Tranche:

Size:	8% (eight per cent) of the Offer Shares representing [●][figure in words] Shares. The Selling Shareholder reserves the right to increase the size of the First Tranche at any time prior to the end of the subscription period at its sole discretion, subject to the approval of the SCA. Any increase in the size of the First Tranche will result in a corresponding reduction in the size of the Second Tranche and/or the Third Tranche, provided that the subscription percentage of the subscribers in the Second Tranche does not fall below 60% of the Offer Shares and the subscription percentage of the subscribers in the First Tranche and Third Tranche does not exceed 40% of the Offer Shares in aggregate.
Eligibility:	First Tranche Subscribers as described on the cover page of this Prospectus and the "Definitions and Abbreviations" section of this Prospectus.
Minimum application size:	AED 5,000, with any additional application in increments of AED 1,000.
Maximum application size:	There is no maximum application size.
Allocation policy:	In case of over-subscription in the First Tranche, Offer Shares will be allocated to First Tranche Subscribers pro rata to each Subscriber's subscription application amount based on the Final Offer Price. Applications will be scaled-back on the same basis if the First Tranche is over-subscribed. Any fractional entitlements resulting from the pro rata distribution of Offer Shares will be rounded down to the nearest whole number. Shares will be allocated in accordance with the aforementioned allotment policy, based on the Final Offer Price.
Unsubscribed Offer Shares	If all of the Offer Shares allocated to the First Tranche are not fully subscribed, the unsubscribed Offer Shares shall be available to Second Tranche Subscribers, or alternatively (in consultation with the Authority) the Selling Shareholder may extend the Closing Date for the First Tranche, the Second Tranche and the Third Tranche, or close the Offering at the level of applications received.

The Second Tranche:

Size:	90% (ninety per cent) of the Offer Shares, representing [●][figure in words] Shares.
Eligibility:	Second Tranche Subscribers as described on the cover page of this Prospectus and the "Definitions and Abbreviations" section of this Prospectus
Minimum application size:	The minimum application size is AED 1,000,000.
Maximum application size:	There is no maximum application size.
Allocation policy:	Allocations within the Second Tranche will be determined by the Company and the Selling Shareholder, in consultation with the Joint Lead Managers (excluding HSBC Bank Middle East Limited in connection with any Offering to natural persons). It is therefore possible that Subscribers who have submitted applications in this tranche may not be allocated any Shares or that they are allocated a number of Shares lower than the number of Shares mentioned in their subscription application.
Discretionary allocation:	The Company and the Selling Shareholder reserve the right to allocate Offer Shares in the Second Tranche in any way as they deem necessary. It is therefore possible that Subscribers who have submitted applications in this tranche may not be allocated any Shares or that they are allocated a number of Shares lower than the number of Shares mentioned in their subscription application.
Unsubscribed Offer Shares:	If all the Offer Shares allocated to the Second Tranche are not fully subscribed, then the Offer will be withdrawn.

The Third Tranche:

Size:	2% (two per cent) of the Offer Shares representing [●][figure in words] Shares. The Selling Shareholder reserves the right to increase the size of the Third Tranche at any time prior to the end of the subscription period at its sole discretion, subject to the approval of the SCA. Any increase in the size of the Third Tranche will result in a corresponding reduction in the size of the First Tranche and/or the Second Tranche, provided that the subscription percentage of the subscribers in the Second Tranche does not fall below 60% of the Offer Shares and the subscription percentage of the subscribers in the First Tranche and Third Tranche does not exceed 40% of the Offer Shares in aggregate.
Eligibility:	Third Tranche Subscribers as described on the cover page of this Prospectus and the "Definitions and Abbreviations" section of this Prospectus.
Minimum application size:	AED 5,000, with any additional application in increments of AED 1,000.
Maximum application size:	There is no maximum application size.
Allocation policy:	In case of over-subscription in the Third Tranche, Offer Shares will be allocated to Third Tranche Subscribers pro rata to each Subscriber's subscription application

	amount based on the Final Offer Price. Applications will be scaled-back on the same basis if the Third Tranche is over-subscribed. Any fractional entitlements resulting from the pro rata distribution of Offer Shares will be rounded down to the nearest whole number. Shares will be allocated in accordance with the aforementioned allotment policy, based on the Final Offer Price.
Unsubscribed Offer Shares	If all of the Offer Shares allocated to the Third Tranche are not fully subscribed, the unsubscribed Offer Shares shall be available to the First Tranche Subscribers, or alternatively (in consultation with the Authority) the Selling Shareholder may extend the Closing Date for the First Tranche, the Second Tranche and the Third Tranche, or close the Offering at the level of applications received.

Multiple applications

A Subscriber should only submit an application for Offer Shares under one Tranche. Multiple applications within one tranche will be aggregated under a single NIN. In the event a Subscriber applies for subscription in more than one Tranche, the Receiving Banks and the Joint Lead Managers may deem one or both applications invalid.

Emirates Investment Authority
(Preferential allocation rights equal to 5% of the Offer Shares)

A number of the Offer Shares, representing 5% of all Offer Shares, are reserved for the Emirates Investment Authority, in accordance with the requirements of article 127 of the Companies Law. Offer Shares allocated to the Emirates Investment Authority under this preferential rights regime will be deducted from the total size of the Second Tranche. If the EIA does not exercise its preferential rights to apply for Offer Shares then those Offer Shares will be available to other Second Tranche Subscribers for application.

Important notes

Subscribers in the First Tranche and the Third Tranche will be notified of whether they have been successful in their application for Offer Shares by means of an SMS from ADX.

Upon listing of the Shares on the ADX, the Shares will be registered on an electronic system as applicable to the ADX. The information contained in this electronic system will be binding and irrevocable, unless otherwise specified in the applicable rules and procedures governing the ADX.

Subject to the approval of the Authority, the Company reserves the right to alter the percentage of the Offer Shares which are to be made available to either the First Tranche the Second Tranche or the Third Tranche.

Second Section: Key details of the Company

1. Overview of the Company

Name of the Company:	**ADNOC Drilling Company PJSC**
Primary objects of the Company:	The objectives of the Company are as follows: - Import, purchase, acquisition, own, lease, rent, transfer, sale, marketing, operation, maintenance, and financing of drilling rigs, carrying out all drilling works such as the repair, alert and facilities services as well as any equipment or assets, materials and machines necessary to achieve the purposes of the Company. - Carrying out drilling works and wells' services associated thereto, and all that is related to the development and handling of land, sea and island wells, both conventional and non-conventional, in order to explore and extract oil, natural gas and water. - Production, purchase, sale, distribution, marketing, management, storage and preservation of chemicals and other products used or required in the oil and gas industries; purchase, construct, own, lease, transfer, sale, operate, maintain, finance and dispose of any facilities or assets required for such purposes, in addition to the provision of manpower. - Carrying out all operations, actions, works and activities it deems necessary for the achievement of its purposes, including the establishment or acquisition of subsidiaries and the entry into partnership agreements inside or outside the State. - Any other activity approved by the Supreme Council upon the recommendation of the Board of Directors. - The Company shall undertake its activities on its own, through companies wholly or partially owned by it or through intermediaries or agents appointed by it.
Head office:	PO Box 4017, Abu Dhabi, United Arab Emirates.
Details of trade register:	License No. CN-2688881
Term of the Company:	99 years.
Financial year:	1 January to 31 December.
Independent Auditors:	Deloitte & Touche (M.E.)
Major banks dealing with the Company:	• First Abu Dhabi Bank PJSC;

- Abu Dhabi Commercial Bank PJSC;
- Bank of America Merrill Lynch International Limited;
- Citibank N.A., UAE Branch;
- Mizuho Bank LTD;
- SGBTCI S.A.;
- Sumitomo Mitsui Banking Corporation DIFC Branch – Dubai;
- Unicredit Bank Austria AG; and
- Union National Bank PJSC.

Details of current Board of Managers:

Name	Nationality	Capacity
Abdulmunim Saif Hamoud Ahmed AlKindi	UAE	Chairman
Mohamed Saif Ali Abed Alaryani	UAE	Member
Ahmed Jasim Yousif Naser Alzaabi	UAE	Member
Shamsa Salim Al Maskary	UAE	Member
Salem Mohammed Al Darei	UAE	Member
Yaser Saeed Ahmed Omran Almazrouei	UAE	Member
Maria Claudia Borras	Colombia	Member

Details of new Board Members:

Name	Date of Birth	Nationality	Capacity
H.E. Dr. Sultan Ahmed Al Jaber	31/08/1973	UAE	Chairman-Independent Member
Abdulmunim Saif Hamoud Ahmed AlKindi	31/12/1958	UAE	Vice Chairman - Independent Member
Yaser Saeed Ahmed Omran Almazrouei	04/04/1973	UAE	Independent Member
Ahmed Jasim Yousif Naser Alzaabi	16/10/1980	UAE	Independent Member
Mohamed Saif Ali Abed Alaryani	01/03/1991	UAE	Independent Member
Muna Khalifa Mohamed Hazeem Almheiri	12/07/1975	UAE	Independent Member
Omar Ahmed Hassan Suwaina Alsuwaidi	04/07/1966	UAE	Independent Member

None of the board members hold any memberships in the boards of directors of other joint stock companies in the state.

No bankruptcy ruling or a bankruptcy arrangement was issued against any member of the board of directors or members of the executive management of the Company.

None of the members of the board of directors or the senior management and their first-degree relatives own any shares in the Company

Summary of current employment contracts with the board of directors and senior executives

The total annual amount which is paid to the executive management of the Company totaled AED 16.5 million (USD 4.4 million).

2. BUSINESS DESCRIPTION:

Investors should read this section in conjunction with the more detailed information contained elsewhere in this Prospectus including the financial and other information. Where stated, financial information in this section has been extracted from the Company's Financial Statements.

Overview

We are the largest national drilling company in the Middle East by rig fleet size, with 107 rigs, out of which 96 rigs are owned and 11 are rented, as of 30 June 2021 and the sole provider of drilling rig hire services and certain associated rig-related services to the ADNOC group on agreed contractual terms. We provide our customers with a full suite of drilling services, including drilling rigs hire services and certain associated rig-related services in Abu Dhabi and oilfield services (such as integrated drilling services, wireline, directional drilling, cementing, pressure pumping, logging and fluids, and hydraulic fracturing). Approximately half of our fleet is less than five years old and 29 of our rigs are performing integrated drilling services to our customers. From our inception through 31 December 2020, we have drilled over 9,600 wells with a total distance of over 70 million feet. In the first half of 2021, we drilled 286 additional wells.

We believe that our leading market position, the strength of our brand, and the support of ADNOC, our parent company, contribute to our success. We organise our business into four reportable segments:

- Onshore, which accounted for 51.3% and 50.5% of our revenue and 53.2% and 50.2% of our gross profit for the year ended 31 December 2020 and the six months ended 30 June 2021, respectively, through which we own and operate 65 land rigs, including 5 workover rigs, and where we provide land drilling, completion and workover services;

- Offshore jack up, which accounted for 28.4% and 26.1% of our revenue and 33.1% and 34.1% of our gross profit for the year ended 31 December 2020 and the six months ended 30 June 2021, respectively, through which we own and operate 21 jack up rigs and 1 barge, and where we provide jack up drilling completion and workover services and self-propelled barge maintenance services;

- Offshore-Island, which accounted for 9.7% and 9.4% of our revenue and 11.4% and 12.0% of our gross profit for the year ended 31 December 2020 and the six months ended 30 June 2021, respectively, through which we own and operate 10 island rigs, and where we provide artificial island drilling services; and

- Oil Field Services, which accounted for 10.6% and 14.0% of our revenue and 2.4% and 3.7% of our gross profit for the year ended 31 December 2020 and the six months ended 30 June 2021, respectively, where we provide a full suite of oil field service business lines, including drilling fluids and completion, drilling services, integrated services, wireline and logging and hydraulic fracturing. As of 30 June 2021, 29 of rigs are performing integrated drilling services.

For the year ended 31 December 2020, we had revenue of USD 2,097.9 million, EBITDA of USD 959.7 million and profit of USD 569.0 million. For the six months ended 30 June 2021, we had revenue of USD 1,123.5 million, EBITDA of USD 499.5 million, and profit of USD 281.6 million.

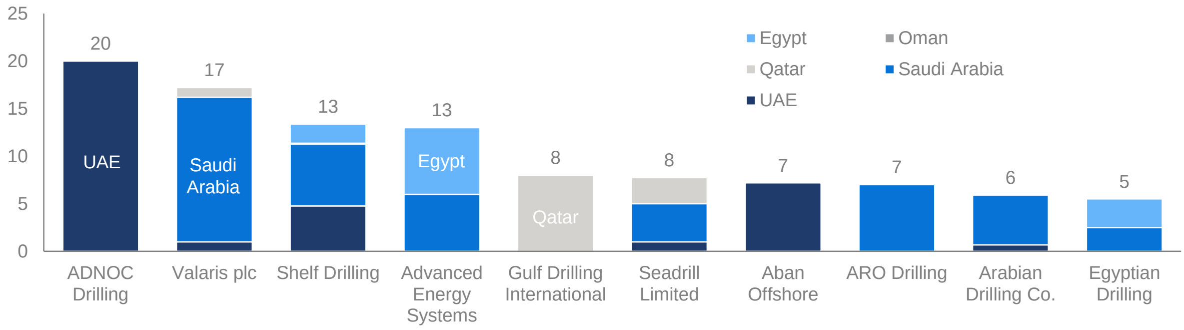
We were established in 1972 by virtue of an Emiri Decree as the National Drilling Company of Abu Dhabi and a wholly owned subsidiary of ADNOC. In 2018, we were reorganised by virtue of Federal Law No. 21 of 2018 to become "ADNOC Drilling Company PJSC". This was part of an initiative to re-organise us and improve our efficiency and profitability. Following our reorganisation and as part of the initiative to improve our efficiency and profitability, Baker Hughes invested in us and agreed with ADNOC to an activity - and milestone - based deferred consideration mechanism, beginning in 2023, linked to the development of ADNOC's new conventional and unconventional development program. Any payments under this deferred consideration mechanism would be between ADNOC and Baker Hughes, and would not result in any payments to or from us. Simultaneously, Baker Hughes entered into a series of agreements with us to enable us to become the first provider of integrated drilling services in the region, acting as the sole interface with customers. The strategic alliance with Baker Hughes added oil field services equipment, services, technology and further manpower capabilities to our existing in-house rig rental and rig management capabilities.

Competitive Strengths

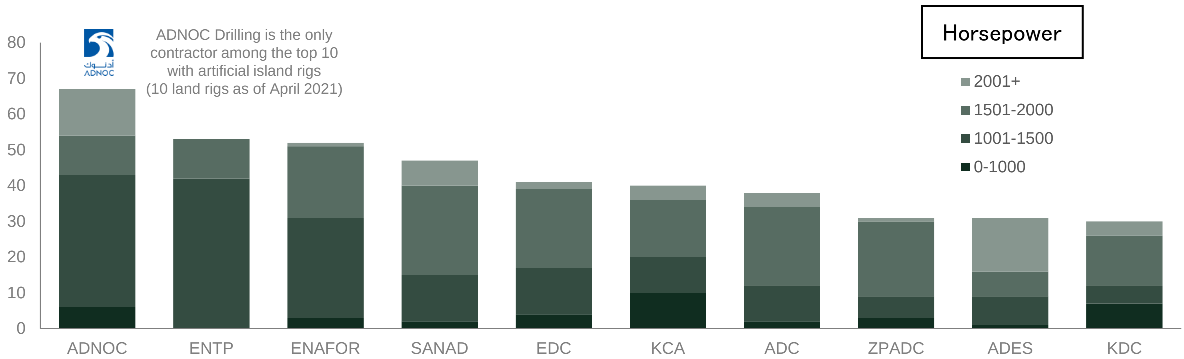
We are the largest national drilling company in the Middle East by rig fleet size.

We are the largest national drilling company in the Middle East by rig fleet size. Our rig fleet size of 107 rigs, out of which 96 are owned rigs, as of 30 June 2021, is approximately twice the size of the second largest regional drilling provider, which has 53 rigs. We believe that the size and quality of our fleet, together with our ability to provide a full suite of integrated drilling services, which is unmatched by any other regional drilling services provider, and our leading market position in the UAE, positions us as the go-to drilling service provider and we believe will contribute towards additional growth and expansion both domestically and internationally.

As of 31 December 2020, we were the largest national drilling contractor in the Middle East region with a total of 20 standard jack up rigs. The table below shows the top 10 drilling contractors and their jack up fleet in the region:



Similarly, as of 31 December 2020, in the Onshore segment, we are the contractor with most rigs located in the Middle East region. Our Onshore fleet consists of rigs across the entire classification spectre, as illustrated in the table below:



We benefit from a preferential contractual framework entered into with ADNOC which provides us with strong downside protection.

ADNOC upstream operating companies procure rig services solely from us based on agreed contractual terms. Pursuant to the Rig Services Framework Agreement, except as may otherwise be set out in any current operating company contract entered into with the ADNOC upstream operating companies, during the Initial Rig Base Term (being 15 years) of any onshore or offshore rig, the rates charged by us for the Rig Services provide the for recovery of an agreed target internal rate of return (“ IRR”) of 11% to 13% for offshore rigs and an agreed target IRR 10% to 12% for onshore rigs, on our capital and operational costs incurred during the period. Once the Initial Rig Base Term expires, the rate structure is set to provide recovery of our operating costs on a cost-plus basis to allow for an target EBIT margin of 15 to 17% for onshore rigs, and in respect of offshore rigs, the higher of (a) cost-plus basis to allow for a target EBIT margin of 15 to 17%; and (b) the GCC average rate for all active contracts (as set out in the RigLogix database) following a set percentage discount. Pursuant to the Rig Services Framework Agreement, we have the right to review the rates charged by us to any operating company under any future operating company contracts (annually for offshore rigs and every three years for onshore rigs) to ensure that the contractual target IRR or EBIT margins are maintained. See *“Related Party Transactions - Rig Services Framework Agreement”.*

Under our Master Agreements, in the event of termination for convenience, early termination provisions are applicable and payable to us, which include the potential to recuperate the shortfall of the Net Book Value of the rigs. The Rig Services Framework Agreement was signed in 2018 and has a term of 40 years, which provides significant stability to our business. See "*Related Party Transactions – Master Agreements*".

Overall, we believe this contractual framework provides us with strong downside protection.

We have an attractive financial profile with leading and resilient profitability margins.

We benefit from our preferential contractual framework with ADNOC that helps us achieve leading profitability margins with resilient performance and stability against the volatility in the commodity prices.

We have achieved 50% EBITDA margin on average during the three-year period from 2018 to 2020 and have maintained robust funds from operations in excess of USD 1 billion on average during the same period despite the adverse macroeconomic conditions, the oil price shock in 2020 and the Coronavirus pandemic. Additionally, we have a solid balance sheet with leverage (net debt over EBITDA) of 1.2x as of 30 June 2021, one of the lowest in the industry. These factors are expected to enable us to deliver consistent dividends and attractive returns to our shareholders.

We believe we are well-positioned to achieve strong growth in both drilling and integrated drilling activities and generate sustainable growing free cash flows

Our drilling business is expected to benefit from significant demand growth driven by ADNOC's strategic upstream targets. We expect expansion in our rig fleet to deliver the long-term growth targets set by ADNOC.

We achieved a 36% cumulative drilling performance improvement from 2018 to 2020, which is calculated by comparing actual vs. scheduled days for delivering a well. We completed 86 out of 108 integrated drilling services wells ahead of schedule and below the expected budget for 2019 and 2020. As of 30 June 2021, we had 29 rigs performing integrated drilling services for ADNOC Onshore and ADNOC Offshore and we expect to reach 38 rigs performing integrated drilling services by the end of 2021.

Our integrated drilling services business is expected to benefit from increased penetration of the market and strong expansion of activity over the coming years. Our fully-integrated services offering positions us favourably to gain market share in the oilfield services market space (as referenced in the industry report, see "*Industry Overview*"). We have grown our share of the integrated drilling solutions market space, from 10% in 2019 to 35% in 2020; and expect to increase it up to 45% by the end of 2021. We believe significant opportunities exist to expand our operations in the UAE and regionally.

We believe we have a stable existing business delivering resilient financial performance and the strong expected captive growth both on the drilling and integrated drilling services activities positions us favourably to generate sustainably growing free cash flows.

We have an almost 50-year track record of strong operational performance, with an extensive footprint and well-developed drilling infrastructure in the UAE, a high quality, well maintained fleet and an experienced senior management team.

We work closely with our customers to improve drilling efficiencies, which frequently results in rig operations being completed ahead of plan and ultimately lowering the cost per well for our customers. We are responsive and flexible in addressing our customers' specific needs and seek collaborative solutions to achieve customer objectives. We believe that our strong operational performance and close alignment with our customers' interests provides us with a competitive advantage and contributes to our contracting success and high fleet utilisation.

We have achieved a 30% reduction in well duration over four years (from 2016 to 2019 compared against the 2015 baseline) driven mainly by our real time monitoring centre, which allows us to remotely monitor up to 120 wells simultaneously. Our efforts to continuously improve our operational performance resulted in a reduction in well duration from an average 96 days in 2018 to an average 58 days in 2020, and an average 46 days in 2018 to an average 36 days in our Offshore segment and Onshore segment, respectively. Additionally, our fleet is comprised of well-maintained onshore rigs, jack-up rigs and island rigs with proven technologies and operating capabilities. Since our inception, we have implemented strategic fleet upgrade and renewal programs. More than half of our onshore rigs are less than five years old. Similarly, more than half of our jack up rigs are less than 10 years old and 70% of our island rigs are less than five years old. We continuously evaluate and enhance our fleet with "smart upgrades" where appropriate to meet our customers' requirements, in accordance with our "fit-for-purpose" strategy. We believe preserving high quality and well-maintained rigs are key to continue to benefit from our customers' trust and secure new drilling contracts, which in turn is expected to lead to an increase in revenues and profitability.

Additionally, our senior management team averages 25 years of experience in the drilling, workover and oilfield services industry, and has 200 years of collective industry experience. Our management team has a proven track record of growing revenue and profitability and implementing initiatives to improve operating efficiency and profit margins.

We are committed to environmental and social initiatives

We are committed to take part and contribute towards ADNOC's goals to (i) decrease greenhouse gas intensity by 25% by 2030, (ii) expand their carbon capture, utilization and storage capacity by 500% to 5 million tons of carbon dioxide per year by 2030, (iii) limit freshwater consumption to below 0.5% of total water usage, and (iv) plant 10 million mangrove seedlings in Al Dhafra region. ADNOC's goals align with the UN Sustainable Development Goals. We work diligently to reduce our environmental footprint throughout our value chain.

Our Strategies

Capitalise on ADNOC's plans to increase crude oil production by 25% to 5 million barrels per day by 2030 from 4 million barrels per day in 2020, achieve UAE gas self-sufficiency, and produce 1 billion cubic feet per day of unconventional gas by 2030.

Given our strong market position, industry-leading low-cost structure and long-standing relationship with our main shareholder, ADNOC, and the ADNOC Upstream Operating Companies, we believe we are well-positioned to benefit from a planned increase in drilling activity to meet ADNOC's target of increasing crude oil production to 5 million barrels per day by 2030. Additionally, ADNOC is currently unlocking potential unconventional gas resources as part of its integrated gas strategy in line with the UAE's objective to become gas self-sufficient by 2030. In November 2019, the then Supreme Petroleum Council (now replaced by the Supreme Council for Financial and Economic Affairs) announced the discovery of 160 trillion standard cubic feet of recoverable unconventional gas resources, offering the potential to fuel the UAE with gas for future years.

Become a regional leader in unconventional and biogenic development.

The transformation into an integrated drilling service provider forms part of a wider strategy to become a regional leader in unconventional drilling, biogenic wells development, expand outside of the UAE in the future, and move towards more integrated drilling services and oil field services. We aim to have 20 rigs by 2030 performing unconventional drilling and contribute to biogenic development. Biogenic gas characteristically occurs at a shallow depth and in high quality, which makes this gas economically attractive for production. We believe this will open up additional revenue streams for us and will lead to unlocking additional natural resources in the UAE.

Goal of achieving operation efficiency by optimising well duration.

We intend to continue focusing on increasing our operational efficiency by optimising well duration with a targeted 5% to 10% year-on-year improvement. This focus is intended to enable us to develop and maintain long-term customer relationships and maximise the utilisation of our fleet. The added project management and oil field services capabilities acquired as part of the strategic alliance with Baker Hughes, in addition to our existing in-house rig rental and rig management capabilities, are strong contributors to the optimisation of well duration.

Launch a major rig fleet expansion program to support upstream growth plans.

We believe there will be an increase in drilling activity over the coming years in light of ADNOC's commitment to increase its crude oil production capacity by 25% to 5 million barrels per day by 2030. Additionally, as we plan to expand our business beyond the UAE and pursue business opportunities in the region, we expect there to be a need for rig fleet expansion to support our growth plans. Accordingly, we plan to expand our rig fleet over the course of the coming five to 10 years with a net addition of 23 rigs by 2030 to our 96 owned rigs. We believe the expansion of our rig fleet will enable us to increase our current scope of rig hire services, drilling and completion services and associated services, and also provide unconventional drilling and biogenic wells, which we believe will in turn lead to increased revenue and profitability.

Pursue business expansion outside Abu Dhabi for rigs and services.

Our recent transformation into an integrated drilling services provider has enabled us to potentially become a regional drilling services provider and move beyond our traditional domestic operations. Our recent transformation as an integrated drilling services provider should enable us to enter into new markets with a competitive cost base compared to our competitors and an improved service range to other traditional drilling services providers in the market. The current market forecast estimates 4% growth between 2020 and 2025 in onshore and offshore drilling operations, and oilfield services in the MENA region and oilfield services in the MENA region, which provides opportunities for us in the regional markets, which we believe will in turn enable us to grow further and expand our operations outside of the UAE.

Aim to achieve 100% HSE integrity.

ADNOC's "HSE Culture Transformation" programme was launched to shift HSE policies to a foundational cultural value of which everyone in the organisation can and should be a part. Our HSE performance is being continuously challenged, particularly as our operations expand and increase in complexity. To stay ahead and maintain focus on our goal of 100% HSE integrity, our aim is to embed a safety culture of empowerment, responsibility and accountability. We recognise the value and importance of the health and safety of our employees and other stakeholders as well as the protection of our environment. We have established a system for the management of the integrity of our assets. This is in full consonance with ADNOC's code of practices, which recognises the role of asset integrity is to prevent, mitigate and control consequences of any incident that could result in major integrity incidents affecting large populations of workforce, the environment or communities at large.

Impact of the Coronavirus Pandemic

The impact of the coronavirus pandemic continues to evolve, thereby creating uncertainty across our operations. We have adopted robust business continuity measures designed to best serve employees, customers and wider stakeholders across our business segments, and have fully adhered to Abu Dhabi's COVID-19 protocols.

We responded dynamically to the challenges presented by the coronavirus pandemic, implementing a series of measures to aim to ensure the health and safety of our employees while ensuring uninterrupted services to our customers. These measures included work-from-home arrangements for all management and support staff, social distancing and hygiene measures and awareness campaigns, arrangements for coronavirus testing across our sites, contact tracing and self-isolation arrangements as well as monitoring suppliers, subcontractors and partners. We also created country and customer-wide business continuity plans and return-to-work guides to support the new working arrangements. As of 30 April 2021, approximately 93% of our workforce received the first dose of a COVID-19 vaccine and 89% received the second dose of a COVID-19 vaccine. Additionally, we have ensured that office and site-based employees undergo regular weekly and bi-weekly COVID-19 PCR tests.

Our Onshore segment has not significantly been impacted by the coronavirus pandemic in terms of revenue and increased costs. The Onshore segment has experienced operational constraints such as issues around the work cycle of crews with the restrictions on travel, quarantine, testing and vaccination requirements delaying crew rotations, as well as the inability to engage third party suppliers due to restrictions and enhanced COVID 19 safety restrictions. However, this was offset by (i) the creation of skeleton crews and back up crew utilisation, (ii) adopting a dynamic work cycle, (iii) the provision of new camps to solve for the inability to travel, and (iv) the facilitation of PCR testing and COVID-19 vaccination cycles for our crew members.

Our Offshore jack up segment has not significantly been impacted by the coronavirus pandemic in terms of revenue and increased costs but has experienced operational constraints such as issues around the work cycle of crews with the restrictions on travel, quarantine, testing and vaccination requirements delaying crew rotations, as well as the inability to engage third party suppliers due to restrictions and enhanced COVID 19 safety restrictions. However, this was offset by (i) utilising existing crews (which included skeleton crews) and crews from other rig sites as back up, (ii) rig stacking for some 'non-critical' projects to assist with crew shortages on other critical projects, (iii) placing a priority on crew welfare and safety by enhancing on-site accommodation, and providing COVID-19 vaccinations and PCR testing on sites and at our headquarters, and (iv) minimising the requirement and usage of third parties with the use of in-house resources.

Our Offshore-Island segment was impacted by the coronavirus pandemic in terms of the stacking of certain assets. The Offshore-Island segment experienced operational constraints such as a large number of assets being stacked to comply with our customers' revised production requirements. Quarantine requirements negatively impacted work cycles, and travel restrictions hindered the ability to manage third party operational support. However, this was offset by (i) the creation of skeleton crews and back up crew utilisation, (ii) adopting a dynamic work cycle, (iii) the provision of new camps to solve for the inability to travel, and (iv) the facilitation of PCR testing and COVID-19 vaccination cycles for our crew members.

Our Oil Field Services segment has not significantly been impacted by the coronavirus pandemic in terms of revenue and increased costs. The Oil Field Services segment has largely been operating as normal but has experienced operational constraints such as (i) quarantine restrictions and delays in recruitment due to the pandemic placing a strain on current resources, and (ii) the lock down of assets due to screening procedures and a number of COVID-19 cases. However, this was offset by (i) adjusting the field work cycle for all Oil Field Services personnel to adjust to travel guidelines, (ii) adopting a dynamic work cycle for enhanced operations, (iii) increasing dependence on the remote operations centre in our headquarters to reduce the movement of people and avoid crew shortages, (iv) placing field breaks within camps to reduce the movement of people, (v) the facilitation of PCR testing and COVID-19 vaccinations for all crew members, and (v) minimising the reliance on third parties, where applicable.

Our Segments

Onshore

Our Onshore segment is our largest segment, generating revenue of USD 1,075.9 million and 567.5 million, representing 51.3% and 50.5% of our total revenue, and gross profit of USD 428.3 million and USD 314.3 million, representing 53.2% and 50.2% of our total gross profit, for the year ended 31 December 2020 and the six months ended 30 June 2021, respectively. Our Onshore segment is comprised of land drilling, completion and workover services to ADNOC Onshore, ADNOC Sour Gas, Al Dhafra and other Abu Dhabi based customers in fields such as Bab, Bu Hasa, Dabbiyah, Sahil and Shah. Under our Onshore segment we provide onshore rig rental and workover rigs, equipment and associated services and personnel. Such associated services include (but are not limited to) the provision of transportation for crew personnel, catering, diesel supply, rig move capabilities, accommodation and central camp management and construction.

Offshore Jack Up

Our Offshore jack up segment is our second largest segment, generating revenue of USD 596.7 million and USD 293.4 million, representing 28.4% and 26.1% of our total revenue, and gross profit of USD 266.4 million and USD 213.5 million, representing 33.0% and 34.1% of our total gross profit, for the year ended 31 December 2020 and the six months ended 30 June 2021, respectively.

We own and operate a fleet of 21 jack up rigs and 1 barge, with seven of these rigs being less than five years old. Our jack up rigs are capable of drilling wells to maximum depths ranging from 18,000 to 30,000 feet and in maximum water depths ranging from 110 to 350 feet, depending on rig size, location and outfitting. The majority of our jack up rigs operate at 3000 horsepower. There are 1,836 full time employees as of 31 December 2020 in our Offshore jack up segment.

Offshore-Island

Our Offshore-island segment has generated revenue of USD 202.6 million and USD 105.6 million, representing 9.7% and 9.4% of our total revenue, and gross profit of USD 92.1 million and USD 75.1 million, representing 11.4% and 12.0% of our total gross profit, for the year ended 31 December 2020 and the six months ended 30 June 2021, respectively. Our Offshore island segment is comprised of artificial island drilling services, which include the provision of rental rigs, equipment, and island rig services, such as drilling rigs and workover rentals, the provision of transportation, catering, diesel supply, heavy vehicles, rig move capabilities, accommodation and central camp management and construction. We work with Abu Dhabi based customers such as ADNOC Offshore and its associated partners (such as ExxonMobil and ENI) in Upper Zakum and Sarb islands.

We own and operate a fleet of 10 island rigs, 9 of which operate at 3000 horsepower and the remaining rig operates at 2500 horsepower. Additionally, 7 out of the 10 island rigs are less than five years old. There are 708 full time employees as of 31 December 2020 in our Offshore Island segment.

Oilfield Services

Our Oilfield Services segment generated revenue of USD 222.6 million and USD 157.0 million, representing 10.6% and 14.0% of our total revenue, and gross profit of USD 19.0 million and USD 23.0 million, representing 2.4% and 3.7% of our total gross profit, for the year ended 31 December 2020 and the six months ended 30 June 2021, respectively. 22 of our rigs are performing integrated drilling services for ADNOC Onshore and ADNOC Offshore. There are 489 full time employees as of 31 December 2020 in our Oil Field Services segment.

In 2018, Baker Hughes invested in our business and entered into a series of agreements with us to enable us to become the first provider of integrated drilling services in the region, acting as the sole interface with customers. The strategic alliance with Baker Hughes added project management, and oil field services capabilities to our existing in-house rig rental and rig management capabilities. The adoption of integrated drilling services served as a major enhancement to our operations. The strategic alliance with Baker Hughes led us to optimise our operations by leveraging combined expertise and gaining access to leading technology solutions. As a result, we were able to achieve lower production costs and higher efficiency for our customers, while implementing improved safety measures.

In January 2019, we provided our first integrated drilling services well and by the end of that year, 10 rigs had delivered integrated drilling services wells. In our first year of operations with integrated drilling services capabilities, we delivered 33 wells, 31 of which were delivered ahead of schedule and below the expected budget. Our performance led to a 26% drilling efficiency improvement compared to the 2018 benchmark, 402 days' worth of savings and significant costs reduction. By October 2020, we were executing integrated drilling services on 18 rigs and had delivered 70 rigs with significant savings and an improvement in drilling efficiency of 10% when compared to the 2019 benchmark. Our integrated drilling services duration for the first half of 2021 improved by 12% when compared to the 2020 benchmark. In the first half of 2021, the Oilfield Services segment had two awards with a total value of USD 229 million and two extensions for a total value of USD 76 million.

Operations

Our core operation is to drill oil and gas wells in Abu Dhabi in onshore, offshore and island sites belonging to our customers. Our business is comprised of our land-based and offshore drilling rig operations and other rig related services and technologies. We provide our customers with comprehensive drilling services, including drilling, work-over, well completion and maintenance services. Starting in 2018, following the strategic alliance with Baker Hughes, we also provide integrated drilling services covering the product lines of wireline, directional drilling, cementing, pressure pumping, logging and fluids, and hydraulic fracturing. The key drivers for rig demand have been the plans and objectives of the ADNOC Upstream Operating Companies (See "*Our Customers*" below) which are responsible for all aspects of oil and natural gas exploration, evaluation, development and production in Abu Dhabi.

Our Customers

Our customers include ADNOC and the ADNOC Upstream Operating Companies, namely, Abu Dhabi Company for Onshore Petroleum Operations Limited ("**ADNOC Onshore**"), Abu Dhabi Company for Offshore Petroleum Operations Limited ("**ADNOC Offshore**"), Abu Dhabi Gas Development Company Limited ("**ADNOC Sour Gas**"), Al Yasat Petroleum Operations Company Limited ("**Al Yasat**"), and Al Dhafra Petroleum Operations Company Limited ("**Al Dhafra**") (collectively, the "**ADNOC Upstream Operating Companies**"). Our main customers are ADNOC Onshore, which accounted for 55.2%, 54.2% and 52.8% of our consolidated operating revenues during the years ended 31 December, 2020, 2019 and 2018, respectively, and ADNOC Offshore, which accounted for 42%, 45.7% and 47.1% of our consolidated operating revenues during the years ended 31 December, 2020, 2019 and 2018, respectively. See "*Investment Risks- Related to our Business and Industry - We currently derive most of our revenues from two main UAE customers, and the loss of* *either customer could have a material adverse impact on our business, financial condition and results of operations*".

Rig Services

Pursuant to our contractual arrangements with ADNOC, we provide ADNOC Upstream Operating Companies with (i) rig hire services comprising (a) the provision of any rig, equipment and personnel that is required for the drilling, testing, completion and workover of any oil and gas wells, (b) the provision of any operational support, and (c) the provision of any other equipment or services as mutually agreed between us and the relevant operating company ("**Rig-hire Services**"), and (ii) rig-related services, comprising (a) the provision of accommodation and/or caravans, (b) the provision of catering services, (c) the provision of storage tanks, and (d) the provision of any other equipment or services as mutually agreed between us and the relevant operating company ("**Rig-related Services**" and together with Rig-hire Services, "**Rig Services**"). Please see "*Related Party Transactions – Rig Services Framework Agreement*".

Pursuant to our contractual agreements with ADNOC, ADNOC is required to ensure that the ADNOC Upstream Operating Companies procure integrated drilling services (or any service equivalent or identical to, or performing the same function as, integrated drilling services) from us for the development of conventional wells and unconventional wells, provided that we are able to provide such integrated drilling services on the terms set out in the Drilling Rig Services Framework Agreement, which has a term of 40 years as of 2018 (Please see "Related Party Transactions - Rig Services Framework Agreement").

Our management periodically communicate with our customers to understand their short- and long-term rig requirements. ADNOC provides us with its 10-year rig requirements and drilling plans on an annual basis. If an ADNOC upstream operating company expects that its sustained demand for a new rig is:

(a) for at least 15 years, (i) in the case of offshore rigs, ADNOC agreed to procure that such ADNOC upstream operating company issues a commitment letter to us for our engagement to procure or construct, and for such ADNOC upstream operating company to use, a new offshore rig for at least 15 years, and (ii) in the case of onshore rigs, ADNOC agreed to procure that such ADNOC upstream operating company issues a commitment letter to us for our engagement to build, and for such ADNOC upstream operating company to purchase, a new onshore rig; or
(b) for less than 15 years, ADNOC agreed to procure that such ADNOC upstream operating company undertakes to rent a rig from us pursuant to the terms and conditions set out in the Rig Services Agreement Framework.

If we have rented a rig from a third-party supplier for onward rental to an ADNOC upstream operating company, the rates chargeable by us to such ADNOC upstream operating company shall provide for our recovery of the agreed rate for the rental of such rigs by us from any third party supplier, plus a set margin set out in the Rig Services Agreement Framework.

Integrated Drilling Services

Pursuant to our contractual arrangements with ADNOC, we provide ADNOC Upstream Operating Companies with (i) integrated drilling services, comprising (a) Rig Services, (b) drilling and completion services (including mud services and/or drilling and completion fluids services, cementing services, tubular running services, coiled tubing, directional drilling, e-line logging, casing services, slick line, drill bits, fracturing/stimulation), and (c) project management services relating to the overall coordination and integration of such services. Please see "*Related Party Transactions – Rig Services Framework Agreement*". ADNOC is required to procure that the ADNOC Upstream Operating Companies procure integrated drilling services (or any service equivalent or identical to, or performing the same function as, integrated drilling services) from us for the development of conventional wells and unconventional wells, provided that we are able to provide such integrated drilling services on the terms set out in the Rig Services Framework Agreement, which has a term of 40 years as of 2018 (Please see "*Related Party Transactions - Rig Services Framework Agreement*").

Pursuant to the Rig Services Framework Agreement, ADNOC has agreed to procure that the ADNOC Upstream Operating Companies procure the development of an agreed minimum quantity of conventional wells and unconventional wells set out as an agreed percentage (increasing annually) of the total budgeted costs of drilling, developing and completion conventional wells and unconventional wells, respectively, by the ADNOC Upstream Operating Companies during the relevant financial year. However, unlike with Rig Services, the ADNOC Upstream Operating Companies are not required to solely procure integrated drilling services from us.

Environmental, Social, and Governance (ESG) Initiatives

We are strongly committed to environmental, social and governance ("ESG") principles, with environmental, social and governance matters fully integrated into our strategic objectives. ESG is at the core of our priorities and as the leading drilling services provider in the UAE, we are cognizant of our responsibility to encourage sustainable practices in our policies, operations, and communities. We have aligned our strategic priorities to create sustainable value for all our stakeholders—our customers, our employees, our communities, and our shareholders.

<u>Environmental</u>

We believe that we have a responsibility to protect the health and safety of our people, minimise the consumption of resources and control emissions to ensure a sustainable ecosystem for future generations. We are, and will remain, committed to the protection and enhancement of the environment through monitoring, reporting and continual improvement of our environmental performance across a range of areas, including: energy; material consumption; emissions; water consumption and waste management.

<u>Social</u>

We are committed to fostering an inclusive culture and implementing workforce diversity. Ensuring fairness, equality and diversity in recruiting, compensating, motivating, retaining, and promoting employees is essential to us.

<u>Governance</u>

Our board of directors is collectively responsible for our management and strategy. The board of directors supervises the interests of stakeholders, the creation of a culture aimed at long-term value creation, the internal audit function, and the effectiveness of internal risk management and control systems. Our management team is charged with day-to-day management and is responsible for the continuity and optimisation of our business to create long-term value for our stakeholders.

In terms of ethics and compliance, we strive to conduct all business activities responsibly, efficiently, transparently, and with integrity and respect towards stakeholders. In doing so, we promote a culture of performance, collaboration, and responsibility. These values underpin everything we do and defines the day-to-day attitudes and behaviours of our employees.

Health and Safety

Our Health and Safety (HSE) Management System aims to ensure that all of our facilities and operations operate at the highest standards of operational excellence and safety. Indeed, our HSE Management System has been certified as conforming with ISO 14001, OHSAS 18001 and ISO 50001. Our HSE Division has implemented:

- extensive training programs, campaigns and awareness programs in order to increase safety awareness and minimise time lost to injuries; and
- a five-year audit plan (2021-2025) in order to measure HSE performance (the five-year plan includes internal HSE audits, external HSE audits and contractor audits).

The following table sets forth certain information with respect to the performance of our HSE Division for each of our last five fiscal years:

FTL, LTIF & TRIR for the last 5 years

	Year (ended 31 December)				
	2016	2017	2018	2019	2020
LTIF(1)	0.29	0.32	0.33	0.24	0.51
TRIR(2)	1.21	1.27	1.12	1.39	1.66
Total number of employee fatalities	0	1	2	0	0

(1) Reflects frequency of employee lost time injuries per million hours.
(2) Reflects total number of employee injuries per million hours.

Insurance

We maintain insurance policies, where practicable, covering our assets and employees that we believe is in line with general business practices in our industry, with policy specifications and insured limits that we believe are reasonable. Risks that we are insured against include property loss or damage as well as breakdowns due to defects in material, design, erection or assembly. Certain customary exceptions apply, such as acts of war, terrorism and environmental pollution. Our policies together provide an indemnity against sums for which we become legally liable to pay as compensation for injury, loss or damage to a third party arising out of and in the course of our business, an indemnity against material damage to our properties, and an indemnity against the loss of our stock of products, in each case subject to deductibles and insured limits that we believe are reasonable. See "*Investment Risks - Risks Relating to our Business and Industry - Our insurance coverage may be inadequate to cover potential losses we could suffer in the case of regional expansion into markets outside of the UAE*".

Properties

The following tables set forth information regarding our principal properties. All of our properties are leased or subleased from ADNOC. See "*Investment Risks- Risks Relating to Our Business and Industry - We do not own the land on which our assets are located. As a result, we are subject to the possibility of the loss of, or increased costs to retain, necessary land use which could adversely affect our business and results of operations*" and "*Related Party Transactions*".

	Location	Name	Function	Capacity	Ownership/ management
1.	Abu Dhabi	SKEC 2	Head Office	14,577.09 sq.m	ADNOC
2.	Mussafah	MWH	Warehouse	23,221 sq.m	ADNOC
3.	Al Dhafra	Habshan 14A	Office and workshop	543,038.16 sq.m	ADNOC
4.	Al Dhafra	Habshan 1002	Central camp	90,000 sq.m	ADNOC
5.	Al Dhafra	Tariff T2	Central camp	89,876 sq.m	ADNOC
6.	Al Dhafra	Madinat Zayed T1	Central camp	90,000 sq.m	ADNOC
7.	Al Dhafra	Asab T1005	Central camp	90,000 sq.m	ADNOC
8.	Al Dhafra	Habshan T1025	Central camp	90,000 sq.m	ADNOC
9.	Abu Al Abyad	Central Explosives Bunker	Workshop	21,358.56 sq.m	ADNOC

Lease of our Headquarters

With effect from 1 January 2020, pursuant to a commercial building lease agreement signed on 8 June 2020, we lease our headquarters at Sheikh Khalifa Energy Complex 2 from ADNOC. The lease runs for an initial term of one year from the effective date and is automatically renewable for further terms of one year.

Government Properties leased by ADNOC and subleased to us

We have entered into a lease agreement effective from 1 January 2020 for eight plots of land (2-9 above) that ADNOC has leased from the Government of Abu Dhabi and sub-leased to us for a period of one year, renewable for further terms. The annual rent for the leased properties is paid by us annually in a lump sum prior to the start of each year of the renewed term of such lease agreement.

Additionally, we have entered into (i) a lease agreement dated 17 August 2005 in respect of industrial land whereby we have leased land plot no. 7 located in Mussafah, Abu Dhabi from the Department of Municipality and Agriculture, for a term of 30 years ending on 13 January 2025, and (ii) a lease agreement in respect of industrial land dated 17 August 2005 whereby we have leased land plot no. 1 located in Mussafah, Abu Dhabi from the Department of Municipality and Agriculture for 30 years ending on 26 March 2022.

ADNOC properties leased by us

We entered into a lease and services agreement on 1 March 2011 with Petroleum Services Company – Esnaad – PJS (a wholly owned subsidiary of ADNOC) for the occupation and use of an area of land within Mussafah, Abu Dhabi, with the land/facilities comprising of: (a) a warehouse, (b) an office, (c) an open storage area.

We entered into a storage facility agreement on 10 July 2011 with ADNOC pursuant to which we lease storage facilities for our archived records at ADNOC's corporate archive facility in Mussafah and in the Petroleum Institute Sas Al Nakhl. The term of this agreement is one year and it is automatically renewable unless either party terminates the agreement.

Employees

As at 31 December 2020, we had 8,000 employees, 1,017 of whom were employed in our head office, corporate and administrative functions and in field support, 4,169 of whom were employed in our Onshore segment, 1,836 of whom were employed in our Offshore jack up segment, 708 of whom were employed in our Offshore-island segment, and 489 of whom were employed in our Oilfield services segment.

Intellectual Property

We have been granted rights to use the ADNOC logo and trade marks in certain promotional materials in certain jurisdictions. Under the commercial arrangements in place with Baker Hughes, Baker Hughes grants ADNOC Drilling certain licenses for use of its exclusive goods and equipment, including software licensed by Baker Hughes such as commercial software, internal software and non-commercial software. Please see "*Material Contracts – Agreements with Baker Hughes*".

No patents are currently owned by or registered to our name.

ADNOC grants us a limited royalty-bearing, non-exclusive licence to use the ADNOC logo, trademarks and materials in Africa, Europe and the GCC, in connection with the provision of certain services in respect of drilling and related services that we are engaged in. ADNOC also grants us the right, subject to certain terms and conditions in the Brand Usage Agreement, to sub-lease the rights and licences granted under the Brand Usage Agreement to certain parties (including its affiliates and third party franchisees). See "*Related Party Transactions*".

Our website is under the domain name https://adnoc.ae/adnoc-drilling (owned by ADNOC).

Information Technology

Our Information Technology (IT) Division aims to ensure that our information technology systems operate at the highest standards of operational excellence. The IT Division employs a series of frameworks which aim to ensure operational excellence, these frameworks concern: policies and procedures, strategy, service management systems, project management, risk management and information security management. Further, the IT Division has implemented an "IT Disaster Recovery Plan" which sets out step by step guidance for the development, maintenance, execution, invocation and recovery of IT services in the event of any IT disruption. See "*Related Party Transactions*".

ADNOC, or the ADNOC group companies, own all of the physical IT infrastructure that provide IT services to our corporate IT users (including three separate data centres). However, certain IT functions are supplemented/provided by external contractors, namely: hardware maintenance, systems support, systems implementation and software support.

Industry Overview

Introduction

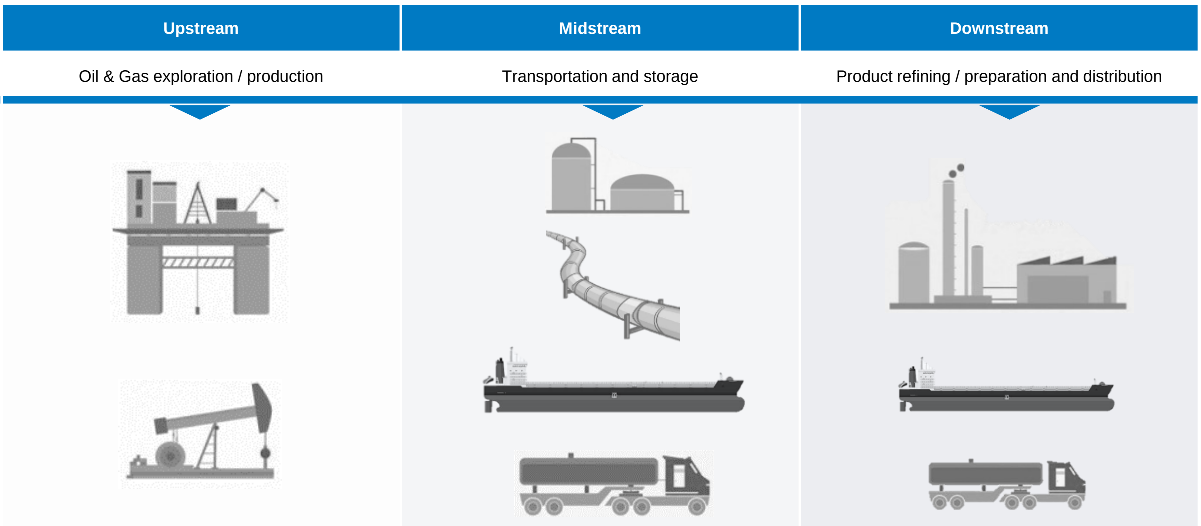
Rystad Energy AS ("**RE**"), a limited liability company incorporated in Norway under commercial register number 887448892, is an independent energy research and business intelligence company providing data, tools, analytics and consultancy services to clients exposed to the energy industry. RE has prepared the industry overview independently and believe that the report contains a true and fair representation of the industry and its outlook, within the acceptable limitations. The report is to be considered a high-level introduction to the global oil and gas market, including drilling and well services segments, with a special focus on the MENA region. The report is not to be viewed as a recommendation to buy, or not to buy, any particular securities or companies.

Under no circumstances shall RE, or its affiliates, be liable for any direct, indirect, incidental, consequential, special, or exemplary damages arising out of or in connection with access to the information contained in this report, whether or not the damages were foreseeable and whether or not RE was advised of the possibility of such damages.

Oil and gas value chain

The oil and gas value chain is often broken down into three key segments, namely upstream, midstream and downstream as illustrated in Figure 1. The upstream segment mainly focuses on the exploration for crude oil and natural gas fields, as well as production and processing. Upstream is also termed Exploration & Production ("**E&P**"). The midstream primarily involves the storage and transportation of oil and gas from upstream to downstream through a network of pipelines, trucks, rail, ships, tankers and barges. The final segment, downstream, focuses on the refining of crude oil and purifying natural gas. Sales, marketing, product distribution and retail of oil products, such as diesel, gasoline and naphtha takes place in the downstream segment. ADNOC Drilling is a service provider within the upstream/E&P segment.

Figure 1: Oil and gas value chain



Source: Rystad Energy

Exploration & Production (E&P) value chain

The upstream portion of the oil and gas activities can be further divided as seen in Figure 2. These are the main phases of upstream oil and gas activities. The Company is present in all the four phases of the upstream value chain.

The Company divides its activities between onshore and offshore. Generally, the offshore activities create additional challenges in all phases of upstream activities, which leads to additional costs. The offshore activities are consequently more capital intensive than the onshore activities.

Another division in the Company's operations is related to conventional and unconventional oil extraction. Conventional oil is extracted by natural pressure depletion in the reservoir, possibly with the aid of water and/or gas injection. Unconventional oil extraction is a combined term for all other methods of extraction.

Figure 2: Main phases of upstream activity

Source: Rystad Energy

Lifecycle descriptions

Exploration phase

The exploration phase starts with getting access to acreage believed to hold natural hydrocarbon deposits. This can be done through acquisitions, mergers, bidding on blocks in license rounds or through grants from resource holders. Hydrocarbons can be found at varying depths, in reservoirs of varying sizes and with different characteristics. The search for hydrocarbons can therefore prove to be challenging, and advanced technology is often used to improve exploration results. Seismic studies, the use of sound waves, can be used to map the geology of an area, and uncover potential drilling targets.

The main difference between onshore and offshore exploration is related to the additional cost elements incurred by offshore exploration. The offshore equipment related to exploration activity typically needs to be more technologically advanced and more robust to the elements, which makes it more expensive to operate than onshore equipment.

Development phase

In the development phase, a plan of how to best exploit the resources found in the exploration phase is prepared. Once constructed, a field may be producing for several years. Consequently, a large number of factors must be taken into account when developing a field.

The development phase requires significant capital investment. Offshore developments are typically more expensive than onshore developments, due to the additional environmental challenges and the more complex logistical requirements.

Production phase

Once a development is completed, and the field has started production, the harvesting phase of upstream activities begin. Production typically increases gradually until a peak is reached (production is often constrained by a facility's processing capacity) and then kept at this level for some years, before production naturally starts to decline as volumes and reservoir pressure are depleted.

Decommissioning phase

The last part of a field's life cycle is related to the decommissioning of the field, where wells are plugged and facilities dismantled. Depending on the regulatory and fiscal regime, capital may need to be set aside for abandonment. The regulations related to abandonment vary significantly between jurisdictions.

E&P companies

The operating companies, often referred to as E&P companies, acquire licenses to explore for and produce oil and gas resources from regulating authorities.

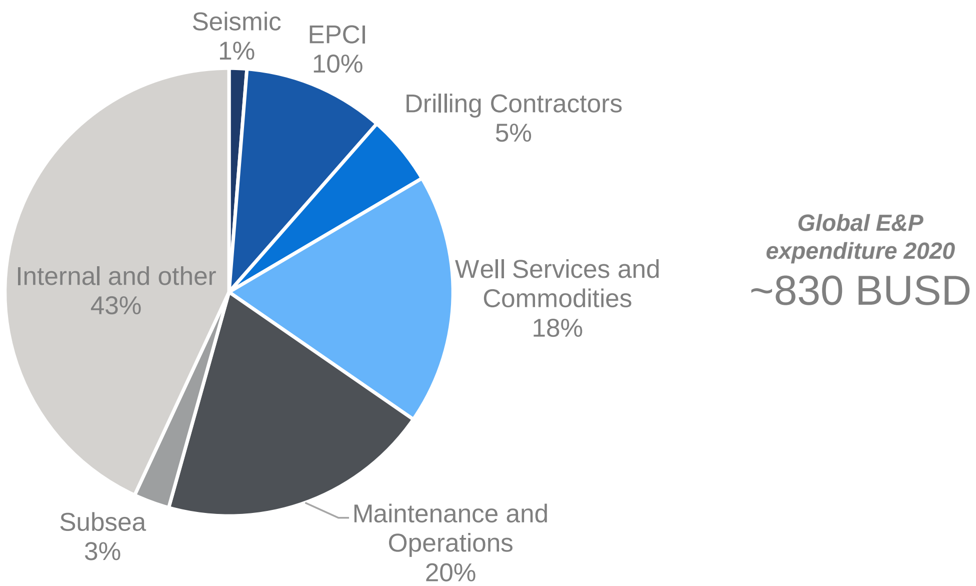
Oilfield service segments and value chain

Oilfield services companies generate their revenue by providing services and tools to the E&Ps.One fundamental factor that determines the oilfield service activity level is the E&P spending level. E&P spending has historically been driven by current and expectations for future oil and gas prices. E&P spending is distributed between the phases presented in Figure 2, with production holding the largest portion.

With the production phase being the phase where the operating companies generate their cash flow, these related services are more resilient to oil price downturns than exploration and development activities.

Figure 3 shows how the E&P spending in 2020 is distributed between these groups.

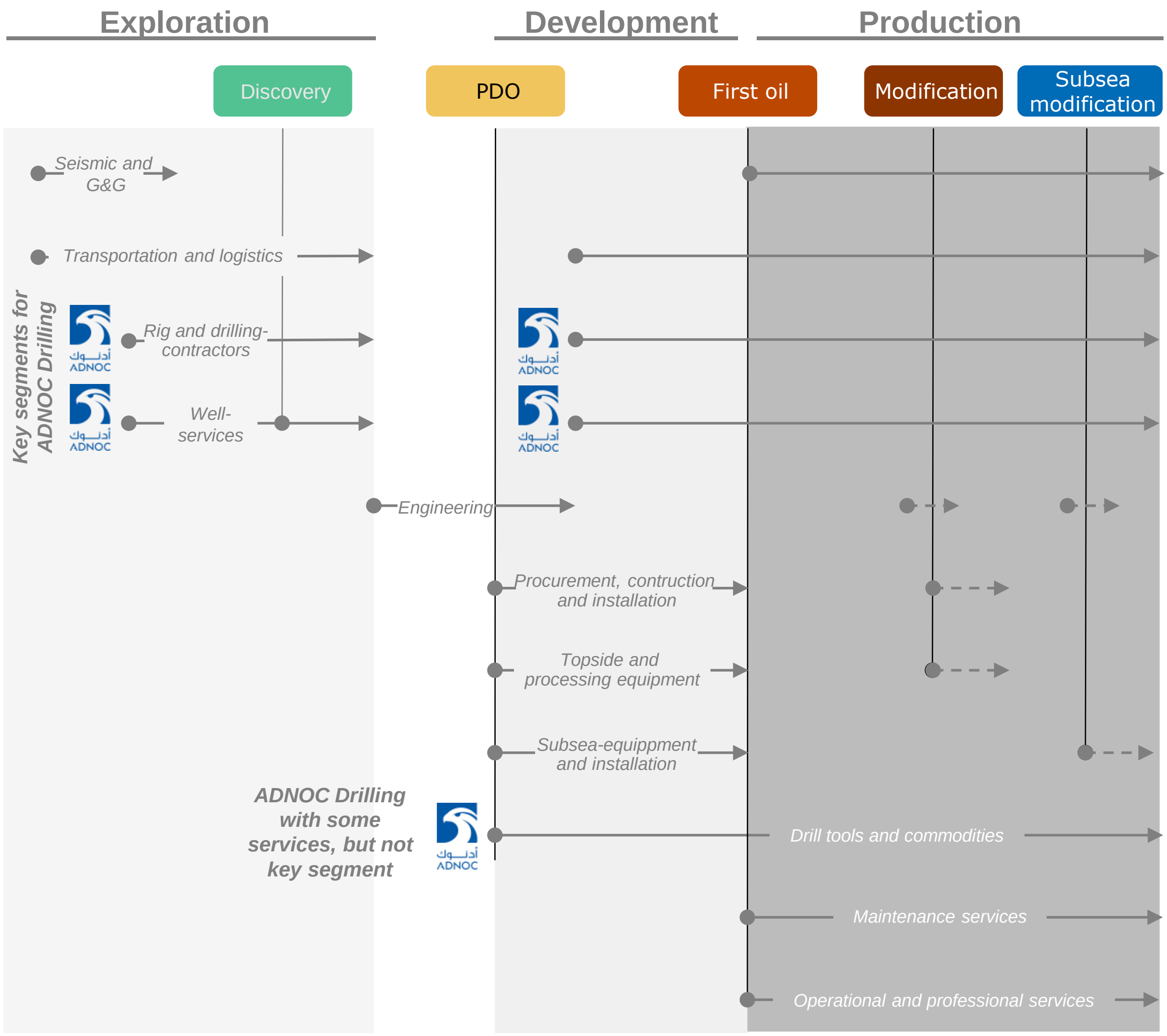
Figure 3: Global E&P expenditure 2020 by type



Source: Rystad Energy ServiceDemandCube April 2021

Figure 4 shows in which part of the field lifecycle the different services are provided.

Figure 4: Oilfield services placing the upstream value chain



Source: Rystad Energy

Drilling Rigs and Well Services

ADNOC Drilling provides services to E&P companies both in terms of leasing their drilling rigs and performing well services.

Introduction to contract drilling and well services

Drilling contractors and *Well services and commodities* cover all oilfield services related to the wells and differ throughout a well's life cycle.

Well construction

The well construction segment covers all aspects, both equipment and necessary services needed to create and ensure the structural integrity of the borehole. In addition to a drilling rig, drill pipe and drill bits are some of the main equipment used to construct the borehole.

Well completion

The well completion segment prepares the well for production (or injection) in a controlled, operational manner. Well completion can require tools such as perforating guns to create a hole within the production casing to allow communication between the reservoir and wellbores and plugs/packers used as barriers to isolate fluids and pressures within the casing string.

Well intervention

The well intervention segment covers any operation carried out on an oil or gas well during the well's productive life. The objectives behind the operations are typically to re-establish the integrity of a well or to enhance productivity.

Plugging & abandonment (P&A)

Plugging and abandonment of a well are the activities related to permanently closing a well. This implies the retrieval of well completion and establishment of barriers to isolate permeable and hydrocarbon bearing formations.

Drilling Contract Structures

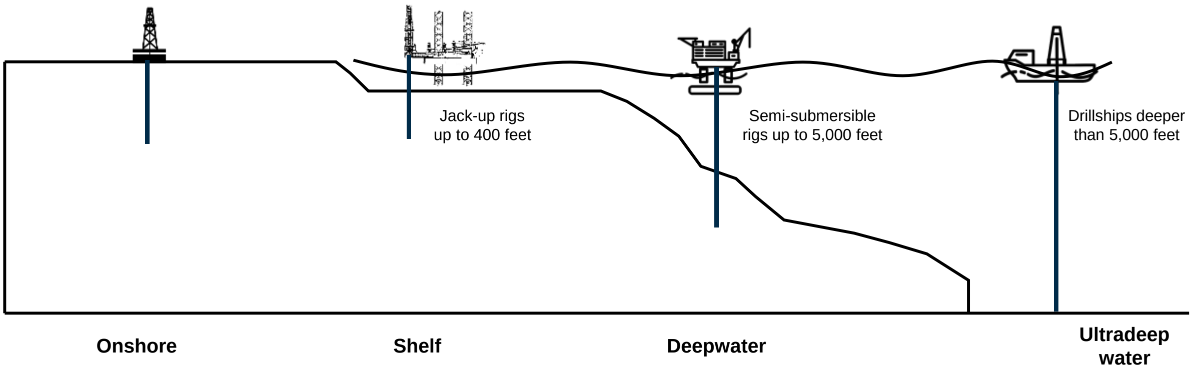
The commercial agreement between companies providing services and equipment and the E&P companies may vary significantly, both in terms of compensation method and services provided.

A drilling contractor can provide drilling only, or it can enter an integrated drilling contract. The integrated drilling contracts include well services and/or well planning and design in addition to drilling. In these agreements, the drilling contractor provides the rig, crew, equipment, materials and organizes all third-part contributions.

Drilling Rigs

The contract drilling industry primarily uses onshore (land) rigs, jack-up rigs, semi-submersible rigs and drillships to provide drilling, workover and well construction services to oil and gas E&P companies. The type of drilling unit to be utilized typically depends on location and water depth (see Figure 5 below), but rigs are also categorized based on dimensions such as operating environment, regulation and age/generation.

Figure 5: Main rig categories



Source: Rystad Energy

Rig types

Onshore rigs

Onshore rigs are categorized based on portability and the maximum operating depth. The maximum operating depth is often dependent upon the overall rig size measured in horsepower.

In terms of portability, onshore rigs can be divided into mobile or conventional rigs. As most onshore drilling rigs (including conventional) can be moved, the portability grouping refers to the effort it takes to move the entire rig system. Mobile rigs are unit transported in only a few pieces (e.g. mast and substructure moved as two whole units). These designs are common in desert regions involving fast-moving operations across deserted areas.

Jack-up rigs

Jack-up rigs are self-elevating and bottom-supported units with three of four steel legs that can be "jacked" up and down to adjust the platform's deck to the water depths. The units are mobile and can lower their legs to any ocean floor as long as a bottom foundation is established, and the water depth is within the rigs' capabilities.

Floaters

Floaters include semi-submersibles and drill ships. A semi-submersible drilling unit is a floating unit with large submerged pontoons providing buoyancy for a drill deck situated above sea level. The drill deck and pontoons are connected with columns.

Water depth categories

Offshore drilling units are often categorized in terms of their maximum water depth capability. There is no consistent industry standard for this categorization but in general, jack-ups typically operate in shallow water and floaters in mid to ultradeep water.

Operating environment

Rigs operating in regions such as Brazil, West Africa, Persian Gulf, South East Asia and parts of Australia rarely observe severe weather condition and are referred to as benign regions. Rigs operating in regions with strong winds, weather- and sea states, often combined with low temperatures as observed in for example North West Europe and Canada, are referred to as harsh regions.

Global oil and gas market

Covid-19 and liquids demand

Over the past decade, high levels of economic growth across the US, China and India boosted liquids demand across all key segments. Demand associated with road transport, both passenger vehicles and heavy transport, represented the key growth segment across key demand centers. However, in 2019, political tensions between the US and China combined with a negative economic outlook resulted in the lowest growth seen since the financial crisis. Pre Covid-19, the expectations for 2020 were around the 2019-level.

In February/March 2020, Covid-19 swiftly spread across the globe. In order to manage the pandemic, governments have implemented restrictions of varying degrees of severity, e.g. social distancing measures, travel restrictions (border closures), quarantine regimes and lock-downs/curfews. These measures have not only dramatically reduced transportation activity worldwide, but also activity in many other sectors. In the oil market, the result has been an oil demand collapse unlike anything ever seen historically at almost 10 million barrels per day.

Liquids supply and balances

After the liquids demand collapsed as a result of COVID restrictions, the oil price plunged, also driven by a supply/market share war between Russia and Saudi Arabia. In April 2020, OPEC+ agreed on record high production cuts, and in May, OPEC+ cut almost 10 million barrels of crude oil and condensate production. In addition, other supply segments and regions have contributed to lower supply, e.g. US (shale/tight oil) and Canada. Several other countries globally have also experienced lower production levels through 2020 compared to what was expected pre-Covid. From January to May 2020, the market was heavily oversupplied by liquids, and stocks built from January through June. After production was cut by OPEC+ and other countries, the balances turned to deficit mid-2020s which resulted in an increased oil price that stabilized at around 40 USD/bbl in the second half of the year. In January 2021, Saudi Arabia announced another production cut, and together with a general vaccine optimism and other positive factors, the oil price has increased to pre-Covid levels. Moving forward, the oil price recovery will depend on, among other, the Covid-19 situation/recovery and OPEC+ quota policy.

Covid-19 effect on gas market

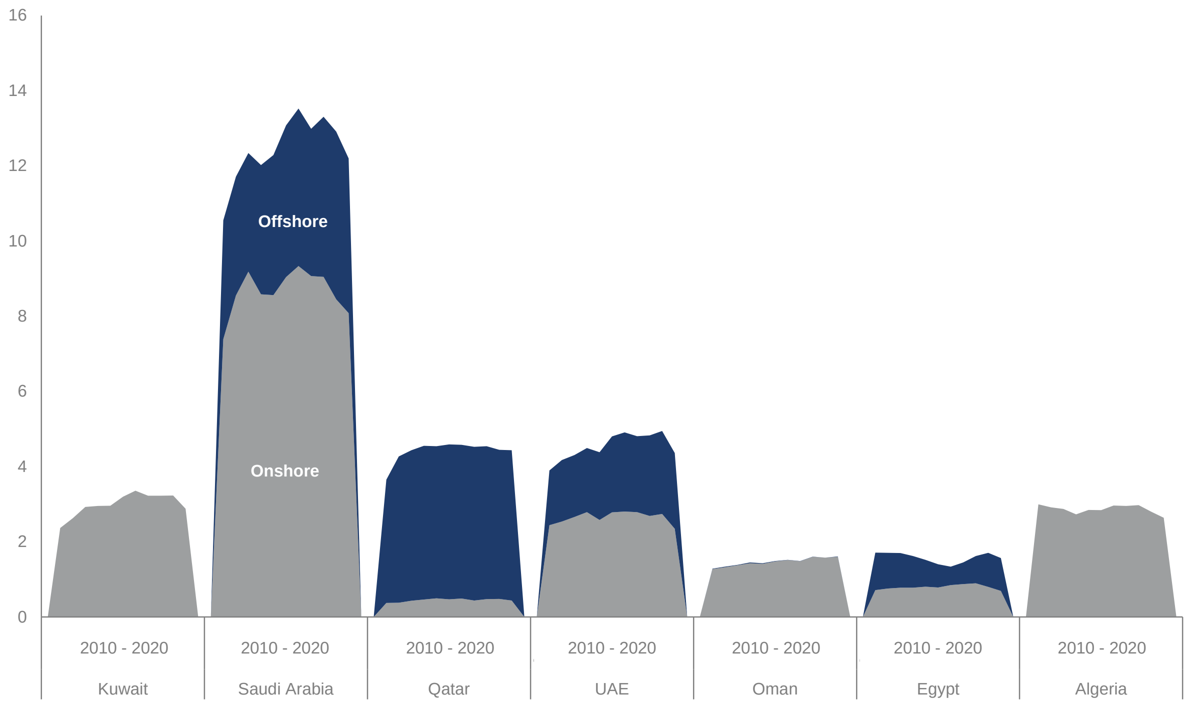
The global gas markets were already facing challenging conditions when the Covid-19 pandemic came. A mild winter and growing LNG supply from the US and Russia, among others, had already resulted in historically low prices during the winter of 2019/2020. Nonetheless, the decreased demand for gas due to Covid-19 resulted in lower prices during the spring and summer months of 2020. However, on a global scale, gas demand has limited exposure in the transportation sector (as fuel), and has as such been somewhat shielded by its major applications, e.g. power generation. Furthermore, the low gas prices mean that gas has remained competitive in the power sector against coal.

Global E&P trends

In the 2017-2019 period, the free cash flow of the E&P companies increased significantly, primarily due to higher oil prices, lower cost level in the industry, and generally lower greenfield and brownfield development activity. With improved conditions for the E&P companies, in addition to a more positive market sentiment, sanctioning activity (final investment decisions) increased in the 2017-2019 period.

MENA rig market

Figure 6: Oil and gas production in MENA, by offshore/onshore [Million boe per day]



Source: Rystad Energy UCube April 2021

Onshore

Figure 6 shows that all seven key countries have significant onshore volumes, hence all will be included in this section

Fleet

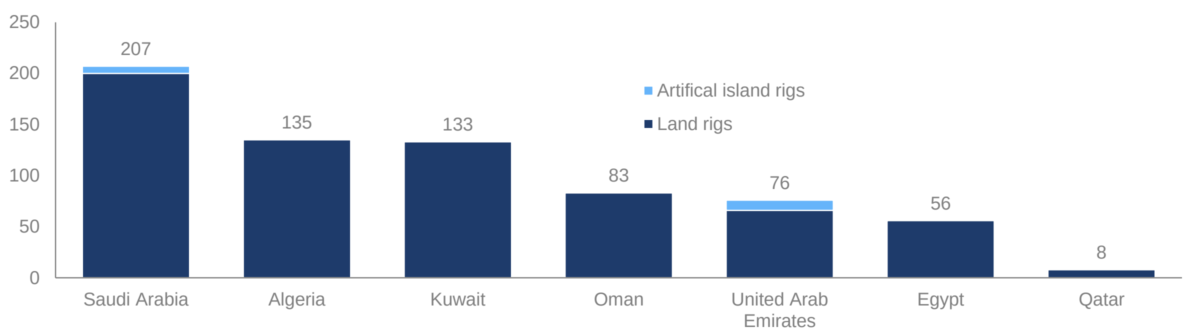
Overview

The onshore rig supply data is based on company reporting. Data shows that there are currently about 700 land rigs in the region, including both regular land rigs and those used on artificial islands.

Region

Figure 7 shows the 2020 rig supply in each of the countries. Most of the supply is located in Saudi Arabia, Kuwait and Algeria. RE reporting indicates that only 5 onshore rigs are situated in Qatar. In the MENA region, artificial islands are only present in Saudi Arabia and UAE.

Figure 7: Onshore rig supply* 2020 in MENA by country [# rigs]



* Excludes workover rigs. Source: Rystad Energy, RE reporting

Type

Onshore rig supply in the region is dominated by units with 1000 to 2000 horsepower, which in 2020 accounted for around 79% of total supply. Light units (0 to 1000 HP) and heavy units (2000+ HP) accounted for 12% and 9%, respectively.

Rig owner/contractor

In the onshore segment, Sinopec is the contractor with most units located in the MENA region, followed by ADNOC Drilling. The ADNOC Drilling onshore fleet consists of units within the entire HP classification spectra, but is dominated by the 1001-1500 segment. The ADNOC Onshore fleet is also solely located in UAE. Within the onshore segment, several other players are also focusing on one country only, e.g. ENTP (Algeria), ENAFOR (Algeria) and SANAD (Saudi Arabia).

Demand and supply

Saudi Aramco is by far the operator with highest rig demand, accounting for around 36% of the onshore MENA demand. Kuwait Petroleum Corporation (KPC), Petroleum Development Oman, ADNOC Onshore and Sonatrach are the four other main operators over the last five years. Market share

As opposed to offshore where market shares are calculated based on contracted supply, the onshore market shares are calculated based on total supply for each of the contractors. The markets in Qatar, UAE and Egypt are characterized by one main rig contractor holding more than 50% of the rig supply in the region, being respectively GDI (100%), ADNOC Drilling (91%) and EDC (62%). In Algeria, ENTP and ENAFOR make up about 85% of the market. The market shares in Saudi Arabia, Kuwait and Oman are more evenly distributed between the contractors present in the countries.

Day rates

Data on day rates as in the onshore segment is harder to come by as contracts are not as transparent as in the offshore segment. It is not uncommon that agreements are made without the details, such as rates, becoming publicly available.

Offshore

Saudi Arabia, Qatar, UAE and Egypt are the only countries (among the MENA focus countries) with significant offshore production. Kuwait and Algeria only produce hydrocarbons onshore, whereas Oman produces an insignificant amount offshore. The offshore section will thus focus on Saudi Arabia, Qatar, UAE and Egypt, with Oman being included in some of the sub-sections. Fleet

Overview

When talking about rig supply, rig years is a commonly used measure. Rig years is calculated as the number of days a rig is part of relevant supply throughout a year. If e.g. a newbuild enters a given market on the 1st of December, then it will add 31/365 = 0.08 rig years to the rig supply that year. If a rig is moved between Saudi Arabia and Oman in the middle of the year, then the rig will add 0.5 rig years to supply in Saudi Arabia, and 0.5 rig years to supply in Oman. The 2020 offshore rig supply in the defined MENA region consists of 148 rig years, where 98% (144) of these are jack-ups and only 2% (4) are floaters. These numbers include all parts of supply, both rigs on contract, warm- and cold stacked. The high share of jack-ups is a natural consequence of the shallow water depth in the MENA region.

Region

Saudi Arabia holds the largest portion of supply followed by UAE. Both these countries have a mix between rigs being younger and older than 20 years. Qatar stands out as a country dominated by younger units whereas the opposite is the case for Egypt.

Type

The majority (57%) of the jack-up rig fleet in the MENA region is classified as Standard, whereas 36% and 7% are classified as Premium and High Spec, respectively.

Rig owner/contractor

In 2020, ADNOC Drilling was the largest jack-up drilling contractor in the region with a total of 20 standard jack-up units. Valaris and Seadrill stand out as contractors with higher spec fleets compared to the other players.

Demand and supply

Saudi Aramco is by far the largest operator accounting for approximately 46% of total MENA demand. ADNOC Offshore, Qatar Petroleum, Gulf of Suez Oil Company (GUPCO) and North Oil Company are the four other main operators over the last five years.

After the financial crisis, from 2010 to 2014, when the oil price increased and reach more than 100 USD/bbl, jack-up rig demand in MENA increased rapidly from around 75 rig years in 2010 to over 100 rigs years in 2014. Demand decreased again in 2016 and 2017 following the oil price downturn. In 2019, jack-up demand in MENA reached a high of approximately 110 rig years, which continued into 2020.

Market share

From 2016 to 2020, the active MENA jack-up supply (units on contract) is split between the contractors for each of the key offshore countries; Saudi Arabia, Qatar, UAE and Egypt The jack-up contractor market in Saudi Arabia is spread over a set of companies with Valaris being the largest contractor. The top five contractors in Saudi Arabia have combined a 2/3 market share, which is smaller compared to top five in the other countries. In Egypt and Qatar, the top five players hold more than 80% of the entire market. In Qatar, Gulf Drilling International is the main player with 60% share and in Egypt the market is dominated by Advanced Energy Systems (ADES) with 45% share. In UAE, ADNOC Drilling has in principle a 100% market share, but since the company is also subcontracting to third party suppliers, its operational/direct market share is around 63%. The other top 5 contractors in UAE are Shelf drilling, Ocean Oilfield, Noble Drilling and Saipem.

Day rates

Currently, premium and standard jack-ups contracted in the MENA region receive a day rate of around 60K USD/day. Since the drilling environment in this region is usually characterized by shallow water, benign conditions the majority of the jack-ups contracted in the MENA region are standard and premium jack-ups.

MENA market size

RE estimates that the total E&P expenditure (excluding internal costs and onshore LNG investments) in MENA (Algeria, Egypt, Kuwait, Oman, Qatar, Saudi Arabia, UAE), often referred to as the total oilfield service market, amounted to approximately USD 52 billion in 2020. Well Services, which includes all services related to drilling, intervention, workover and P&A, in addition to drilling tools and commodities, amounted to around USD 11 billion in 2020.

Drilling market size

The market has historically been in the range of approximately USD 8-10 billion per year. Compared to other regions globally, the MENA market has been relatively stable, even after the downturn in 2014. In 2020, the drilling market declined by approximately 25%, reaching around USD 7.5 billion – the lowest level since 2011.

Well services market size

Over the past ten years, the MENA well services market has been stable compared to other regions globally. In 2020, countries in MENA, and especially Saudi Arabia, has reduced its production due to the collapse in liquids demand after the Covid-19 outbreak. This has naturally resulted in reduced drilling and well service activity. From 2019 to 2020, the well service market in MENA declined by around 25%, compared to the global level at around 35%. Towards 2024, the total well service market in MENA is forecast to increase moderately in the 2021-2024 period.

3. Statement of capital development

Company's current share capital structure before the commencement of the Offering

On incorporation in 1972, our share capital consisted of 100,000 Bahraini Dinars divided into 10,000 shares of 10 Bahraini Dinars each. The UAE dirham was introduced in circulation for the first time in 19 May 1973 so at the time of the Company's incorporation in 1972, the Bahraini Dinar was the commonly used currency in Abu Dhabi. Our share capital was increased to AED 105,000,000 divided into 1,050,000 shares of AED 100 each by virtue of Law No. 4 of 1981, and was subsequently increased by virtue of Law No. 21 of 2018 to AED 400,000,000 divided into 4,000,000 Ordinary Shares of AED 100 each, which have been subscribed in full by the Selling Shareholder and Baker Hughes.

Prior to Listing, pursuant to the Recapitalization, we increased the number of Shares from 4,000,000 to 16,000,000,000 through the capitalization of AED 1,200,000,000 of retained earnings and the reduction of the par value per Share from AED 100 to AED 0.10. The Recapitalization has no impact on our cash position or our total shareholders' equity.

The Selling Shareholder will offer [●]% of the Company's share capital for sale as part of the Offering.

The following table sets forth our shareholder holding our Shares (i) as at the date of this Prospectus, with a total share capital of 16,000,000,000 shares of AED 0.10 each, and (ii) immediately following the Offering, assuming that the Selling Shareholder sells all of the Shares being offered:

As at the date of this Prospectus –

Before the Offering:

	Number of Shares	**Percentage**
Shareholder		
ADNOC	15,200,000,000	95%
Baker Hughes	800,000,000	5%

After the Offering:

Name	**Nationality**	**Type of Shares**	**Number of Shares owned**	**Total value of Shares owned***	**Ownership percentage**
ADNOC	United Arab Emirates	Ordinary	[●]	[●]	[●]%
Baker Hughes	ADGM	Ordinary	[●]	[●]	5%

Company's capital structure upon completion of the Offering

Upon the completion of the Offering, the Company's paid-up share capital shall be AED 1,600,000,000 (one billion and six hundred million), divided into 16,000,000,000 (sixteen billion) Shares with a nominal value of AED 0.10 per Share.

The Founders hold [●]% [the figure in words] of the Shares as set out above. The Company has presented its plan to the Authority for the Selling Shareholder to offer [●]% [the figure in words] of the total share capital. The Selling Shareholder reserves the right to increase the size of the Offering at any time prior to the end of the subscription period at its sole discretion, subject to the applicable laws and SCA's approval.

No. of Founders' Shares:	[●] [the figure in words] Shares
No. of total Subscribers' Shares (assuming all Offer Shares are allocated including all tranches mentioned under the Prospectus):	[●][the figure in words] Shares
Total:	[●][the figure in words] Shares

4. Statement of the status of litigations actions and disputes with the Company over the past three years

There are no outstanding material governmental, legal or arbitration proceedings pending against us, and we are not aware of any such proceedings which are threatened.

5. Statement of the number and type of employees of the Company:

As at 31 December 2020, we had 8,000 employees, 1,017 of whom were employed in our head office, corporate and administrative functions and in field support, 4,169 of whom were employed in our Onshore segment, 1,836 of whom were employed in our Offshore jack up segment, 708 of whom were employed in our Offshore-island segment, and 489 of whom were employed in our Oilfield services segment.

6. Accounting policies adopted at the Company:

The Company prepares its accounts in accordance with IFRS as issued by the International Accounting Standards Board and applicable requirements of UAE laws.

7. Statement of Company's loans, credit facilities and indebtedness and the most significant conditions thereof:

The Company entered into a USD 1,500,000,000 term loan facility agreement on 8 November 2018 (the "**Facility Agreement**") with (i) Abu Dhabi Commercial Bank PJSC, Bank of America Merrill Lynch International Limited, Citibank N.A., UAE Branch, First Abu Dhabi Bank PJSC, Mizuho Bank, LTD, SGBTCI S.A., Sumitomo Mitsui Banking Corporation DIFC Branch – Dubai, Unicredit Bank Austria AG, and Union National Bank PJSC (collectively, as arrangers); (ii) First Abu Dhabi Bank PJSC, and Sumitomo Mitsui Banking Corporation DIFC Branch – Dubai (collectively, as coordinators and bookrunners); (iii) First Abu Dhabi Bank PJSC (the "**Facility Agent**"); and (iv) certain other banks and financial institutions.

The purpose of the facility is for general corporate purposes (which include, among other things, payment of dividends, payments for products and services to develop integrated drilling services capabilities and the payment of transaction costs associated with the facility). The Company may only utilize the facility by delivery to the Facility Agent of a duly completed "utilization request", in the form attached to the facility agreement, pursuant to the terms of the facility agreement. The Company is not, however, able to deliver a “utilization request” if as a result of the proposed utilization more than five loans would be outstanding under the facility agreement.

The rate of interest on each loan for each interest period is the percentage rate per annum which is the aggregate of the (i) margin of 0.90% per annum; and (ii) LIBOR.

The Company is required to repay the loan after five years from the date of the Facility Agreement, unless the Company repays the loan prior to such date.

Shareholder Loan Agreement

We entered into a shareholder loan facility of USD 1,250,000,000 (“Facility”) with ADNOC on 16 August 2021 (the “Shareholder Loan Agreement”). The purpose of the Facility is to provide financing for working capital and general corporate purposes. Pursuant to the Shareholder Loan Agreement (i) the Facility maturity date will be 30 June 2023, unless extended, cancelled in the event of non-utilization or the Facility is repaid in accordance with the terms of the Shareholder Loan Agreement; and (ii) interest will be the aggregate of six (6) month LIBOR plus a margin of 1.2% per annum, payable biannually on 30 June and 31 December of each year. The principal amount of the Facility is payable upon maturity or termination. The Shareholder Loan Agreement contains no maintenance or incurrence covenants.

8. Statement of current pledges and encumbrances on the Company’s assets:

There are no current pledges or encumbrances on the Company’s assets.

9. Decision of the Board of Directors and the General Assembly to offer shares:

On [●] 2021 the Company's general assembly approved the following:

(1) offering a percentage of the Company's shares for public subscription; and

(2) submitting an application for listing all the Company’s Shares on ADX.

10. Founders Committee:

The Founders elected a committee (the “**Founders Committee**”) to undertake all steps and procedures necessary on their behalf and on behalf of the Company to complete all the procedures required with regard to the Offering, including dealing with the competent authorities.

The Founders Committee is composed the following individuals as representatives of ADNOC Drilling Company PJSC:

1. HE Dr. Sultan Al Jaber (Chairman);
2. Mr. Abdulmunim AlKindi (Member);
3. Mr. Yaser Saeed Almazrouei (Member);
4. Mr. Ahmed Jasim Al Zaabi (Member);
5. Mr. Abdulrahman Abdulla Al Seiari (Member);
6. Mr. Salem Al Derei (Member);
7. Mr. Klaus Froehlich (Member); and
8. Mr. Mohamed Saif Alaryani (Member).

11. Investment Risks:

Investing in and holding the Shares involves financial risk. Prospective investors in the Shares should carefully review all of the information contained in this Prospectus and should pay particular attention to the following risks associated with an investment in the Company and the Shares which should be considered together with all other information contained in this Prospectus. If one or more of the following risks were to arise, our business, financial condition, results of operations, prospects or the price of the Shares could be materially and adversely affected and investors could lose all or part of their investment. The risks set out below may not be exhaustive and do not necessarily include all of the risks associated with an investment in the Company and the Shares. Additional risks and uncertainties not currently known to the Company or which it currently deems immaterial may arise or become material in the future and may have a material adverse effect on the Company' business, results of operations, financial condition, prospects or the price of the Shares.

Risks Relating to Our Business and Industry

We currently derive most of our revenues from two main UAE customers, and the loss of either customer could have a material adverse impact on our business, financial condition and results of operations.

We currently derive most of our revenues and cash flow from two main customers, ADNOC Onshore and ADNOC Offshore, which form part of the ADNOC Upstream Operating Companies, and which are also controlled, by our controlling shareholder. For the six months ended 30 June 2021, ADNOC Onshore accounted for 55.7% and ADNOC Offshore accounted for 38.3% of our total revenues, respectively. All of our drilling contracts have fixed terms, but may be terminated early due to certain events or might nevertheless be lost in the event of unanticipated developments. (Please see "*Our contractual arrangements with ADNOC Onshore and ADNOC Offshore generally cover a shorter period than that specified in the Rig Services Framework Agreement and contain termination provisions, which may result in shorter effective Rig Services contracts and could have a material adverse impact on our business, financial condition and resolutions of operations"* below).

The loss of either of these customers (or their drilling contracts) or a decline in payments under these drilling contracts, could have a material adverse effect on our business, financial condition and results of operations. Similarly, any failure to renew our Rig Services Framework Agreement with ADNOC or any future change in the ownership structure of either of our two main customers whereby either of them is no longer controlled by ADNOC may impact our current arrangements with them and have a material adverse effect on our business, financial condition and results of operations.

In addition, our drilling contracts subject us to counterparty risks. The ability of each of our counterparties to perform its obligations under a contract with us will depend on a number of factors that are beyond our control and may include, among other things, general economic conditions, the condition of the onshore and offshore drilling industry, prevailing prices for oil and natural gas, the overall financial condition of the counterparty, the day rates received and the level of expenses necessary to maintain drilling activities. Should a counterparty fail to honour its obligations under an agreement with us, we could sustain losses, which could have a material adverse effect on our business, financial condition and results of operations.

Our contractual arrangements with ADNOC Onshore and ADNOC Offshore generally cover a shorter period than that specified in the Rig Services Framework Agreement and contain termination provisions, which may result in shorter effective Rig Services contracts and could have a material adverse impact on our business, financial condition and resolutions of operations.

Our Rig Services Framework Agreement with ADNOC records the basis on which we provide, or procure the provision of, Rig Services to or on behalf of the ADNOC upstream operating companies. See "*Related Party Transactions – Rig Services Framework Agreement*". The Rig Services Framework Agreement sets out the agreed minimum initial terms and returns that we may achieve, except as otherwise provided in any current operating company contracts entered into with the ADNOC upstream operating companies. See "*Material Contracts – Customer Contracts*" and "*Related Party Transactions – Master Agreements*". These operating company contracts take the form of: These operating company contracts take the form of:

- Master agreements, consisting of the ADNOC Onshore Master Agreement and ADNOC Offshore Master Agreement (the "Master Agreements") with ADNOC Onshore and ADNOC Offshore, respectively; and
- 'Child Contracts' in respect of each rig issued under the terms and conditions of the Master Agreements
- 'Task Orders' in respect of the works and services provided in relation to such rigs, issued under the terms and conditions of the Master Agreements.

Our operating company contracts cover periods that are shorter than the 15-year base term provided under the Rig Services Framework Agreement. While all of our operating company contracts have been renewed or extended for additional terms and remain valid and effective, they nonetheless grant ADNOC Onshore and ADNOC Offshore the right to terminate the provision of Rig Services for convenience prior to the end of their respective terms.

Early termination of any of the Master Agreements or 'Child Contracts' or 'Task Orders', or failure to renew such agreements, could impact our current drilling arrangements with the ADNOC upstream operating companies and may have a material adverse impact on our business, financial condition and results of operations. See "*Related Party Transactions – Master Agreements*".

Our strategy relies on Abu Dhabi's growth plans in the oil and gas sector. Any changes to these plans could have a material adverse impact on our business, results of operations, financial condition and prospects.

In November 2020, the former Supreme Petroleum Council (now the Supreme Council for Financial and Economic Affairs) approved a AED 448 billion (approx. USD 122 billion) budget for spending on oil and natural gas over the next five years and reaching gas self-sufficiency by 2030. Accordingly, ADNOC plans to raise daily capacity of crude oil to 5 million barrels by 2030 from approximately 4 million barrels in 2020. Our forecasts and growth strategy have, in part, been based on the plan to capitalise on ADNOC's growth plans to increase crude oil production to 5 million barrels and produce 1 billion cubic feet of unconventional gas, in each case, per day by 2030. Should, however, any changes occur to ADNOC's growth plan, which may lead to a reduction in the anticipated activity levels of the ADNOC Upstream Operating Companies (including our two main customers), this may have a material adverse impact on our business, results of operations, financial condition and prospects. See "*– Risks Relating to Our Business and Industry – Any future decision by OPEC to limit or restrict oil production quotas could affect ADNOC's oil production and therefore adversely affect drilling activity and potentially our revenues, cash flows and profitability*" and "*– Risks Relating to Our Business and Industry – we currently derive most of our revenues from two main UAE customers, and the loss of either customer could have a material adverse impact on our business, financial condition and results of operations*".

Fluctuations in oil and natural gas prices could adversely affect drilling activity and potentially our revenues, cash flows and profitability.

Our operations depend on the level of spending by ADNOC Upstream Operating Companies for exploration, development and production activities. Both short-term and long-term trends in oil and natural gas prices affect these activity levels. Oil and natural gas prices, as well as the level of drilling, exploration and production activity, have been highly volatile over the past few years and are expected to continue to be volatile for the foreseeable future. Declines in oil prices are primarily caused by, among other things, an excess of supply of crude oil in relation to demand. Worldwide military, political and economic events, including initiatives by the Organization of Petroleum Exporting Countries ("OPEC") and OPEC+, affect both the supply of and demand for oil and natural gas. In addition, weather conditions, governmental regulation (both in the United States and elsewhere), levels of consumer demand for oil and natural gas, general economic conditions, oil and gas production levels by non-OPEC countries, decisions by more expensive production sources to continue producing oil and gas despite excess supply, the availability and demand for drilling equipment and pipeline capacity, availability and pricing of alternative energy sources, and other factors beyond our control may also affect the supply of and demand for oil and natural gas.

Lower oil and natural gas prices also could adversely impact our cash forecast models used to determine whether the carrying values of our long-lived assets exceed our future cash flows, which could result in future impairment to our long-lived assets. Lower oil and natural gas prices also could affect our ability to retain skilled rig personnel and affect our ability to access capital to finance and grow our business. There can be no assurances as to the future level of demand for our services or future conditions in the oil and natural gas and oilfield services industries.

The drilling industry has historically been cyclical and is impacted by oil and gas price levels and volatility. There have been periods of high demand, short rig supply and high day rates, followed by periods of low demand, excess rig supply and low day rates. Changes in commodity prices can have a dramatic effect on rig demand, and periods of excess rig supply may intensify competition in the industry and result in rigs being idle for long periods of time. In addition, certain competitors may be better suited to withstand periods of low utilisation and compete more effectively on the basis of price. Additionally, since our business depends on the level of activity in the oil and natural gas industry, any improvement in or new discoveries of alternative energy technologies that increase the use of alternative forms of energy and reduce the demand for oil and natural gas could have a material adverse effect on our business, financial condition and results of operations.

Any future decision by OPEC to limit or restrict oil production quotas could affect ADNOC's oil production and therefore adversely affect drilling activity and potentially our revenues, cash flows and profitability.

Despite Abu Dhabi's growth plans in the oil and gas sector and ADNOC's plans to increase crude oil and natural gas production, any future decision by OPEC to limit or restrict oil production quotas could affect ADNOC's oil production level and therefore adversely affect our business, financial condition and results of operations. See ("*– Risks Relating to Our Business and Industry – Our strategy relies on Abu Dhabi's growth plans in the oil and gas sector. Any changes to these plans could have a material adverse impact on our business, results of operations, financial condition and prospects*". On 12 April 2020, OPEC+ agreed to cut production by 9.7 billion barrels per day in May and June 2020, and on 6 June 2020 extended the production cut through July 2020. On 15 July 2020, OPEC+ agreed to reduce existing oil production caps by approximately 1.6 million barrels a day starting in August 2020. On 19 July 2021, OPEC+ agreed to extend the April 2020 agreement until 31 December 2022 with a further upward adjustment of overall production by 500,000 barrels per day. OPEC+ members also agreed to assess market developments and OPEC+ members' performance in December 2021 and endeavor to end production adjustments by the end of September 2022, subject to market conditions. In July 2021, it was reported that an agreement was reached among OPEC+ members for Abu Dhabi's production to be increased from 3.176 million barrels to 3.65 million barrels from April 2022. Due to the existing volatility of crude oil prices, we are unable to fully predict the level of exploration, drilling and production activities of our customers and whether some of our customers and/or vendors will be able to sustain their operations and fulfil their commitments and obligations. If oil prices decrease and/or global economic conditions deteriorate, there could be a material adverse impact on the liquidity and operations of some of our customers, vendors and other business partners, which in turn could have a material impact on our business, financial condition and results of operations.

We face risks associated with creating and executing new business models.

We aim to explore innovative business models with customers and partners in order to expand our share of the value chain, while simultaneously creating better outcomes for our customers and long-term resilience of our business through increased customer collaboration, differentiation and utilisation. Although such business model innovation is intended to offer further earnings opportunities for us, there are risks associated with creating and executing new business models, particularly when such business models involve a risk profile, remuneration, or financial scheme that is different from our core business model. For example, we are aiming to increase the number of rigs performing unconventional drilling and to move towards higher-margin business, including more integrated drilling services and oil field services as part of our strategy to become a regional leader in unconventional and biogenic development. We believe this will open up additional revenue streams for us. However, we do not enjoy any legal/regulatory advantage vis-à-vis our competitors in providing these services in Abu Dhabi or elsewhere. In addition, the development of unconventional fields, which is a key growth driver especially for the oilfield services segment, is still in appraisal phase and may therefore not yield the forecasted outcomes. Should we be unsuccessful in executing our new business models, this could have a material adverse effect on our business, financial condition and results of operations.

Expanding regionally exposes us to lower margins and more competition and risks.

We are the sole provider of drilling rig hire services and certain associated rig-related services to ADNOC Upstream Operating Companies. All rigs required for exploration operations must be procured from or through us. We, therefore, operate in "captive" market conditions which, depending on the level of activity of our customers, provide stability.

Moreover, the anticipated benefits of any strategic expansion may not be fully realized, or may be realized more slowly than expected, and may result in operational and financial consequences, including, but not limited to, the loss of key customers, suppliers or employees, or the disposition of certain assets or operations, which may have an adverse effect on our business, financial condition and results of operations.

In addition, the drilling industry outside of the UAE market is highly competitive with numerous industry participants. Drilling contracts are generally awarded on a competitive bid basis. Intense price competition is often the primary factor in determining which qualified contractor is awarded a job, although rig availability and the quality and technical capability of services and equipment are also considered. Contract drilling companies compete primarily on a regional basis, and competition may vary significantly from region to region at any particular time. Additionally, when entering into new contracts with customers outside of the UAE, we may not be afforded the same level of protection that we currently benefit from under our contracts in the UAE, which may in turn expose us to greater risks than we normally assume in our UAE operations. Most rigs and drilling-related equipment can be moved from one region to another in response to changes in levels of activity and market conditions, which may result in an oversupply of such rigs and drilling related equipment in certain areas, and accordingly, increased price competition. In addition, an important factor in determining job awards is our ability to maintain a strong safety record. If we are unable to remain competitive based on these and/or other competitive factors, we may be unable to bid competitively within external markets, which could adversely affect our business, financial condition, results of operations and cash flows.. Additionally, in Abu Dhabi, we are not required to hold certain licences to operate our business as the authority to conduct our business is provided under our establishment law. However, in the case of regional expansion, we would be required to obtain, maintain and renew certain operating licences in order to carry out drilling services. There is no assurance that we would be able to obtain, maintain and/or renew all required licences and this may in turn adversely affect our business, financial condition and results of operations.

Our insurance coverage may be inadequate to cover potential losses we could suffer in the case of regional expansion into markets outside of the UAE.

We procure and maintain all of our insurance through a group-wide, centralized insurance function administered by ADNOC. However, we are not fully insured against all risks incident to our business should we expand our operations regionally, and we may be unable to obtain or maintain insurance with the coverage that we desire at reasonable rates. As a result of market conditions, the premiums and deductibles for certain of our insurance policies have increased and could continue to do so. Certain insurance coverage could become unavailable or available only for reduced amounts of coverage. If we were to incur a significant liability for which we were not fully insured, it could have a material adverse effect on our business, financial condition and results of operations. See "*Business Description—Operations—Insurance*".

Any expansion into markets outside of the UAE may increase the compliance risk associated with applicable anti-bribery and anti-corruption laws, and applicable trade sanctions.

Any expansion into markets outside of the UAE may subject us to the requirements of anti-bribery and anti-corruption laws in other jurisdictions. We are committed to doing business in accordance with applicable anti-bribery and anti-corruption laws and have adopted policies and procedures which are designed to promote legal and regulatory compliance therewith.

Additionally, to support our business operations, we source labour, equipment, and parts from a variety of countries, including the U.S. and countries within the European Union and Asia-Pacific. Due to the international movement of assets, goods, people, and funds inherent in our operations, we are subject to economic and trade sanctions and export control laws and regulations. Under economic and trade sanctions laws and regulations, relevant authorities may seek to restrict business practices and modify compliance programmes, which may consequently restrict our business, increase compliance costs, and, in the event of any violations, subject us to fines, penalties, and other sanctions.

We are committed to doing business in accordance with applicable sanctions and export control laws and regulations and have adopted policies and procedures which are designed to promote legal and regulatory compliance therewith. However, if we were to fail to comply with applicable sanctions through our foreign trade control compliance programmes, we could be subject to substantial fines, sanctions, deferred settlement agreements, penalties, or curtailment of operations in certain jurisdictions, which could adversely affect our business, financial condition and results of operations. Similarly, our reliance on third party subcontractors to perform some parts of our projects create additional compliance risk, as such third parties' non-compliance may expose us to additional sanctions or penalties.

We rely on Baker Hughes to provide us with certain exclusive equipment to operate our business and Baker Hughes requires their consent to use their equipment outside of the UAE.

We rely on Baker Hughes to provide us with exclusive direction drilling, logging while drilling (LWD) and wireline equipment, as well as some exclusive drilling and completion fluid chemicals and cementing slurries/chemicals as set out in the Baker Hughes commercial framework agreement for use in the UAE. Baker Hughes also provides us with maintenance services and operational procedures with respect to said equipment. Additionally, Baker Hughes provides us with all necessary software to operate the provided equipment. (See "*Material Contracts – Agreements with Baker Hughes – Baker Hughes Commercial Framework Agreement*"). Baker Hughes performs certain services and provide certain equipment in areas where we do not have the requisite expertise. The failure or inability of Baker Hughes to provide us with required equipment could adversely affect our ability to manage our business, which could adversely affect our business, financial condition and results of operations. Notwithstanding the above, on and from 1 January 2022, to the extent Baker Hughes, is unable to supply us with any required equipment, we will be entitled to procure such required equipment from third party suppliers.

Additionally, the use of integrated drilling services equipment, spare parts, consumables and software supplied by a member of the Baker Hughes group outside of the UAE is subject to certain conditions, including Baker Hughes having profit sharing rights under the relevant customer contracts. If we use or permit the use of any of these proprietary goods and services outside of the UAE or by any third party in contravention with the provisions of the commercial framework agreement, then we would be liable to make certain payments to Baker Hughes depending on the price of such goods and Baker Hughes would be entitled to take certain actions such as refuse to provide maintenance, spare parts and/or any related services to us in respect of such goods, which may limit our ability to conduct our operations outside of the UAE and may in turn adversely affect our business, financial condition and results of operations.

We depend on ADNOC to provide us with certain services to operate our business and our operations are conducted under the ADNOC brand name pursuant to a brand usage agreement with ADNOC.

On or prior to Listing, we will enter into a Shareholder Services Agreement with ADNOC pursuant to which ADNOC will agree to provide us with certain treasury, insurance and other services to support our business. If ADNOC were to fail to provide these services, we would be required either to contract with another provider of these services, or to develop the capability to perform these services internally, either of which could take a considerable amount of time and increase our costs. Consequently, ADNOC's inability or unwillingness to provide these services to us could have a material adverse effect on our business, financial condition and results of operations. See "*Related Party Transactions—Shareholder Services Agreement*".

Additionally, we believe that the success of our operations is dependent in part on the continuing favourable reputation, market value and name recognition associated with the ADNOC brand. In addition to our operations, the ADNOC brand is associated with the operations of ADNOC and numerous other ADNOC-affiliated companies. Erosion of the value of the ADNOC brand for any reason or any negative events or developments that adversely affect the market perception or value of the ADNOC brand, including due to the activities and operations of these other ADNOC-affiliated companies over which we have no control, could have a material adverse effect on our business, financial condition and results of operations. There can be no assurance that we will be successful in negotiating the continued use of the ADNOC brand name, or that the royalties we will be obligated to pay to ADNOC will not have a material adverse effect on our results of operations or our financial condition. See "*Related Party Transactions—Brand Usage Agreement*".

Under most agreements, we will be required to indemnify ADNOC for damages it may incur in connection with its performance of services.

We are required to indemnify ADNOC and its affiliates, directors, officers, employees and representatives from any claims or demands arising out of our breach of the Brand Usage Agreement, including (but not limited to) any such breach which results in damage to the reputation of ADNOC or its goodwill associated with its trademarks.

Damage to our reputation and business relationships may have an adverse effect on the business.

Our business depends in part on maintaining good relationships with customers, partners, suppliers, employees and regulators. In addition to certain events or circumstances having a direct monetary impact on us, such circumstances or events may also publicly damage the reputation or damage our business relationships. Damage to our reputation and/or relationships could result in future loss of business, which could materially adversely affect our business, financial condition and results of operations.

We rely on third-party suppliers, manufacturers and service providers to secure equipment, components and parts used in rig operations, conversions, upgrades and construction.

Our reliance on third-party suppliers, manufacturers and service providers to provide equipment and services exposes us to volatility in the quality, price and availability of such items. Certain components, parts and equipment that we use in our operations may be available only from a small number of suppliers, manufacturers or service providers. The failure of one or more third-party suppliers, manufacturers or service providers to provide equipment, components, parts or services, whether due to capacity constraints, production or delivery disruptions, price increases, quality control issues, recalls or other decreased availability of parts and equipment, is beyond our control and could materially disrupt our operations or result in the delay, renegotiation or cancellation of drilling contracts, thereby causing a loss of contract drilling backlog and/or revenue to us, as well as an increase in operating costs.

Our operations also rely on consumable spare parts and equipment to maintain and repair our fleet. We also rely on the supply of ancillary services, including supply boats and helicopters. Shortages in materials, manufacturing defects, delays in the delivery of necessary spare parts, equipment or other materials, or the unavailability of ancillary services could negatively impact our future operations and result in increases in rig downtime and delays in the repair and maintenance of our fleet.

Additionally, our suppliers, manufacturers, and service providers could be negatively impacted by changes in industry conditions or global economic conditions. If certain of our suppliers, manufacturers or service providers were to curtail or discontinue their business as a result of such conditions, it could result in a reduction or interruption in supplies or equipment available to us and/or a significant increase in the price of such supplies and equipment, which could adversely impact our business, financial condition and results of operations.

A decline in our safety performance could result in lower demand for our services.

Standards for accident prevention in the oil and natural gas industry are governed by safety policies and procedures, accepted industry safety practices, customer-specific safety requirements, and health and safety legislation. Safety is a key factor that customers consider when selecting a drilling company. A decline in our safety performance could result in lower demand for services, and this could have a material adverse effect on our business, financial condition, results of operations. We are subject to various health and safety laws, rules, legislation and guidelines which can impose material liability, increase our costs or lead to lower demand for our services.

Our business involves numerous operating hazards, which may subject us to reputational damage and, in some instances, liability claims.

Our operations are subject to the usual hazards inherent in the drilling of oil and gas wells, such as blowouts, reservoir damage, loss of production, loss of well control, lost or stuck drill strings, equipment defects, fires, explosions and pollution, which may be damaging to our reputation (See "*Investment Risks – Risks Relating to Our Business and Industry – Damage to our reputation and business relationship may have an adverse effect on the business*"). Contract drilling requires the use of heavy equipment and exposure to hazardous conditions, which may subject us to liability claims by employees, customers and other parties. These hazards can cause personal injury or loss of life, severe damage to or destruction of property and equipment, pollution or environmental damage, claims by third parties or customers and suspension of operations. Our offshore fleet is also subject to hazards inherent in marine operations, either while on site or during mobilisation, such as capsizing, sinking, grounding, collision, piracy, damage from severe weather and marine life infestations. Operations may also be suspended because of machinery breakdowns, abnormal drilling conditions, failure of subcontractors to perform or supply goods or services or personnel shortages, all of which may have an adverse impact on our business, financial condition and results of operations.

We expect to require additional debt financing to achieve our business plan and there can be no assurance that we will be able to obtain such financing on attractive terms, or at all.

We expect to require additional debt financing to achieve our business plan and there can be no assurance that we will be able to obtain such financing on attractive terms, or at all. However, our ability to access capital markets and debt financing could be limited or adversely affected by, among other things, oil and gas prices, our existing capital structure, our credit ratings, interest rates and the health or market perceptions of the drilling and overall oil and gas industry and the global economy. In addition, many of the factors that affect our ability to access capital markets, such as the liquidity of the overall capital markets and the state of the economy and oil and gas industry, are outside of our control. No assurance can be given that we will be able to access capital markets or debt financing on terms acceptable to us, or at all, when required to do so, which could adversely affect our business, liquidity and results of operations.

Substantial capital and operating expenditure is required to maintain the operating capacity of our fleet, and we may be required to make significant capital expenditures to execute growth plans, each of which could negatively affect our business, financial condition and result of operations.

We must make substantial capital and operating expenditures to maintain and replace, over the long-term, the operating capacity of our fleet. For example, a portion of our fleet is relatively older in age and would therefore require replacement over time. including amounts for replacing current drilling rigs at the end of their useful lives. Maintenance and replacement capital expenditures include capital expenditures for maintenance (including special classification surveys) and capital expenditure associated with modifying an existing drilling rig, including to upgrade its technology, extending the useful life of existing drilling rigs, acquiring a new drilling rig or otherwise replacing current drilling rigs at the end of their useful lives to the extent these expenditures are incurred to maintain or replace the operating capacity of our fleet. These expenditures could vary significantly from quarter to quarter, and from year to year, and could increase as a result of changes in the following:

- the cost of labour and materials;
- customer requirements;
- fleet size;
- the cost of replacement drilling rigs;
- the cost of replacement parts for existing drilling rigs;
- the geographic location of the drilling rigs;
- length of drilling contracts;
- governmental regulations and technical standards relating to safety, security or the environment; and
- industry standards.

Changes in onshore and offshore drilling technology, customer requirements for new or upgraded equipment and competition within our industry may require us to make significant capital expenditures in order to maintain our competitiveness. In addition, changes in governmental regulations, safety or other equipment standards, as well as compliance with standards imposed by the competent authorities, may require us to make additional unforeseen capital expenditures. As a result, we may be required to take our rigs out of service for extended periods of time, with corresponding losses of revenues, in order to make such alterations or to add such equipment. In the future, market conditions may not justify these expenditures or enable us to operate our older rigs profitably during the remainder of their economic lives.

Failure to comply with or changes to governmental and environmental laws could adversely affect our business.

Many aspects of our operations are subject to various laws and regulations in the UAE, including those relating to drilling practices and comprehensive and frequently changing laws and regulations relating to the safety and to the protection of human health and the environment. Environmental laws apply to the oil and gas industry including those regulating air emissions, discharges to water, and the transport, storage, use, treatment, disposal and remediation of, and exposure to, solid and hazardous wastes and materials. These laws can have a material adverse effect on the drilling industry, including our operations, and compliance with such laws may require us to make significant capital expenditures, such as the installation of costly equipment or operational changes, and may affect the resale values or useful lives of our drilling rigs. If we fail to comply with these laws and regulations, we could be exposed to substantial penalties and/or delays in permitting or performance of projects. Violations of environmental laws may also result in liabilities for personal injuries, property and natural resource damage and other costs and claims.

Additional legislation or regulation and changes to existing legislation and regulation may reasonably be anticipated, and the effect thereof on our operations cannot be predicted. To the extent new laws are enacted or other governmental actions are taken that prohibit or restrict drilling in areas where we operate or impose additional environmental protection requirements that result in increased costs to the oil and gas industry, in general, or the drilling industry, in particular, our business or prospects could be materially adversely affected.

Our shipyard projects and operations are subject to delays and cost overruns.

Our rigs will undergo shipyard projects from time to time, which include maintenance and underwater inspection and "class" inspections (see "*Investment Risks- If any of our offshore drilling rigs fails to maintain its class certification or fails any required survey, that drilling rig would be potentially unable to operate, thereby reducing revenues and profitability*"). These shipyard projects are subject to the risks of delay or cost overruns inherent in any such construction project resulting from numerous factors, including the following:

- shipyard availability, failures and difficulties;
- shortages of equipment, materials or skilled labour;
- unscheduled delays in the delivery of ordered materials and equipment;
- design and engineering problems, including those relating to the commissioning of newly designed equipment;
- latent damages or deterioration to hull, equipment and machinery in excess of engineering estimates and assumptions;
- unanticipated actual or purported change orders;
- disputes with shipyards and suppliers;
- failure or delay of third-party vendors or service providers;
- availability of suppliers to recertify equipment for enhanced regulations;
- strikes, labour disputes and work stoppages;
- customer acceptance delays;
- adverse weather conditions, including damage caused by such conditions;
- terrorist acts, war, piracy and civil unrest;
- unanticipated cost increases; and
- difficulty in obtaining necessary permits or approvals.

These factors may contribute to cost variations and delays in the delivery of our rigs undergoing shipyard projects. Delays in the delivery of these units would result in delay in contract commencement, resulting in a loss of revenue to us, and may also cause customers to terminate or shorten the term of the drilling contract for the rig pursuant to applicable late delivery clauses. In the event of termination of any of these drilling contracts, we may not be able to secure a replacement contract on as favourable terms, if at all.

The coronavirus pandemic has affected our business, results of operations and financial condition.

The impact of the coronavirus pandemic continues to unfold which creates material uncertainty across the oil and gas market in the UAE, the region and globally. Our operations are susceptible to declines in oil prices and lower demand as a result of the coronavirus pandemic. We have taken steps to mitigate the impact of the coronavirus pandemic on our business, however, there is no assurance that these measures will be sufficient to offset the full impact of the coronavirus pandemic. Our Offshore-Island segment was impacted by the coronavirus pandemic in terms of the stacking of certain assets, including the deactivation of certain machinery/equipment and the reduction of crew members on rigs. The Offshore-Island segment experienced operational constraints such as a large number of assets being stacked to comply with our customers' revised production requirements. See "*Business – Impact of the Coronavirus Pandemic*". Additionally, we incurred increased costs related to polymerase chain reaction ("PCR") testing for our employees, expenses arising out of quarantine periods, overtime and overstay payments, as well as expenses related to travel of additional personnel to cater for rotational cycles at our rigs. We were also required to incur increased costs related to our inventory for drilling and completion services to cater for any possible business disruptions due to lock down restrictions. Even after the coronavirus pandemic has passed, the impact of this pandemic on consumer behaviour and their preferences may continue in the medium to longer-term. This could result in diminished demand for our services and impact our ability to obtain new contracts or renew existing ones. Any of the foregoing, including a prolonged period of travel, commercial or other similar restrictions, as well as any resulting deterioration in general economic conditions or change in customer behaviour, could have a material adverse effect on our business, results of operations and financial condition.

We may not be able to keep pace with a significant step-change in technological development. Additionally, new technologies may cause our drilling methods and equipment to become less competitive and it may become necessary to incur higher levels of capital expenditures in order to keep pace with the disruptive trends in the drilling industry. Growth through the building of new drilling rigs and improvement of existing rigs is not assured.

The market for our services is affected by significant technological developments that have resulted in, and will likely continue to result in, substantial improvements in equipment functions and performance throughout the industry. As a result, our future success and profitability will be dependent in part on our ability to:

- provide existing services, rigs and equipment;
- address the increasingly sophisticated needs of our customers;
- anticipate major changes in technology and industry standards and respond to technological developments on a timely basis.

Although we take measures to ensure that we develop and use advanced oil and natural gas drilling technology, changes in technology or improvements by competitors could make our equipment less competitive. There can be no assurance that we will:

- have sufficient capital resources to improve existing rigs or build new, technologically advanced drilling rigs;
- avoid cost overruns inherent in large fabrication projects resulting from numerous factors such as shortages or unscheduled delays in delivery of equipment or materials, inadequate levels of skilled labour, unanticipated increases in costs of equipment, materials and labour, design and engineering problems, and financial or other difficulties;
- successfully deploy idle, stacked, new or upgraded drilling rigs;
- effectively manage the increased size or future growth of our organization and drilling fleet;
- maintain crews necessary to operate existing or additional drilling rigs; or
- successfully improve our financial condition, results of operations, business or prospects as a result of improving existing drilling rigs or building new drilling rigs.

In the event that we are successful in developing new technologies for use in our business, there is no guarantee of future demand for those technologies. Customers may be reluctant or unwilling to adopt our new technologies. We may also have difficulty negotiating satisfactory terms for our technology services or may be unable to secure prices sufficient to obtain expected returns on our investment in the research and development of new technologies.

If we are not successful in upgrading existing rigs and equipment or building new rigs in a timely and cost effective manner suitable to customer needs, demand for our services could decline and we could lose market share. One or more technologies that we may implement in the future may not work as we expect and our business, financial condition, results of operations and reputation could be adversely affected as a result. Additionally, new technologies, services or standards could render some of our services, drilling rigs or equipment obsolete, which could reduce our competitiveness and have a material adverse impact on our business, financial condition and results of operations.

If any of our offshore drilling rigs fails to maintain its class certification or fails any required survey, that drilling rig would be potentially unable to operate, thereby reducing revenues and profitability.

Every offshore drilling rig must be "classed" by a classification society. The classification society certifies that the drilling rig is "in-class," signifying that such drilling rig has been built and maintained in accordance with the rules of the classification society and complies with applicable rules and regulations of the drilling rig's country of registry and the international conventions of which that country is a member. In addition, where surveys are required by international conventions and corresponding laws and ordinances of a flag state, the classification society will undertake such surveys on application or by official order, acting on behalf of the authorities concerned. While more than half of our drilling jack up rigs are less than ten years old, seven of our drilling jack up rigs are over 30 years old. We maintain and service our drilling rigs regularly; however, if any drilling rig does not maintain its class and/or fails any annual survey or special survey, this may impact the navigation licences granted to our offshore rigs and the drilling rigs will be unable to carry on operations and will be unemployable and uninsurable. Any such inability to carry on operations or be employed could have a material adverse impact on our business, financial condition and results of operations.

There may be limits to our ability to mobilise rigs between geographic areas, and the duration, risks and associated costs of such mobilisations may be material to us.

The offshore drilling industry is a global market as rigs can, depending on the technical capability of a rig to relocate and operate in various environments, as well as a rig's regulatory compliance with local technical requirements, be moved from one area to another. However, mobilisation of rigs is expensive and time-consuming and can be impacted by several factors including, but not limited to, governmental regulation and customs practices, availability of tugs and dry tow vessels, weather, currents, political instability, civil unrest, and military actions and rigs may as a result become stranded. Some jurisdictions enforce strict technical requirements on the rigs, requiring substantial physical modification to the rigs before they can be utilised. Such modifications may require significant capital expenditures, and as a result, may limit the use of the rigs to those jurisdictions in the future. In addition, mobilisation always carries the risk of damage to the rig. Failure to mobilise a rig in accordance with the deadlines set by a specific customer could result in a loss of compensation, liquidated damages or the cancelation or termination of the contract. Our current costs matrix does not always contemplate mobilisation costs (when it comes to moving rigs outside of Abu Dhabi), which we aim to mitigate by developing a new operating cost model for day rates to ensure the mobilisation costs are built into the day rate. In some cases, we may not be paid for the time that a rig is out of service during mobilisation. In addition, in the hope of securing future contracts, we may choose to mobilise a rig to another geographic location without a customer contract in place. If no customer contracts are acquired, we would be required to absorb these costs. Mobilisation and relocating activities could therefore potentially have a material adverse effect on our business, financial condition and results of operations.

Reactivation of stacked rigs is subject to risks, including delays and cost overruns, which could have an adverse impact on our available cash resources and results of operations.

We expect to reactivate those rigs that are currently stacked once such rigs are contracted, and may consider reactivating additional rigs in anticipation of expected positive economic returns on such reactivation. Reactivation projects are subject to execution risks, including cost overruns or delays, which may adversely affect our business, financial condition and results of operations. Capital expenditures and deferred costs for reactivation of stacked rigs could also exceed our planned capital expenditure. Failure to complete a reactivation on time may, in some circumstances, result in the delay, renegotiation or cancellation of a drilling contract and could put at risk planned arrangements to commence operations on schedule, exposing us to contractual penalties. A successful reactivation project could be impacted if incorrect or insufficient preservation processes were used during the stacking period, causing increased costs and/or delays for reactivation beyond that budgeted.

We have a significant carrying amount of long-lived assets, which is subject to impairment testing (if there are indicators of impairment), and may be required to recognize losses on impairment of long-lived assets.

The carrying amount of our property and equipment was USD 3,253 million and USD 3,180 million , representing 59.9% and 63.6% of our total assets at 30 June 2021 and 30 June 2020, respectively. In accordance with our critical accounting policies, we review our property and equipment for impairment when events or changes in circumstances indicate that the aggregate carrying amount of our assets held and used may not be recoverable. Future expectations of lower day rates or rig utilisation rates or changes in market conditions could lead us to believe that the carrying amount of our long-lived assets is unrecoverable. If we determine that the carrying amount is not recoverable, we could be required to recognize losses on impairment of our long-lived asset group, which could adversely affect our business, financial condition and results of operations.

Regulation of greenhouse gases and climate change could have a negative impact on our business, financial condition and results of operation.

In 2015, the UAE Green Agenda 2015-2030 was adopted as the implementation framework of the UAE Green Growth Strategy. In 2016, the UAE Council on Climate Change and Environment (MOCCAE) was formed and the UAE ratified the Paris Climate Agreement. The Climate Plan aims to manage emissions, to ensure that climate action furthers the achievement of economic goals for the UAE while meeting its climate change objectives by decoupling emissions from economic growth. In line with Vision 2021 and National Agenda, the UAE needs to generate 27% of the energy requirements from clean energy sources, reduce its per capita greenhouse gas emissions and achieve average oil consumption of 5 tonnes per person by 2021. These measures are aimed at reducing reliance on and future demand for oil, which could have a material impact on our business. Laws, regulations, treaties and international agreements related to greenhouse gases and climate change may unfavourably impact our business, suppliers and customers, may result in increased compliance costs and operation restrictions, and could reduce drilling in the oil and gas industry and natural gas industry, all of which would have an adverse impact on our business, financial condition and results of operations.

Our operations are subject to risks of litigation and other legal and regulatory proceedings.

We may in the future be, from time to time, involved in various litigation matters. These matters may include, among other things, contract disputes, personal injury claims, environmental claims or proceedings, asbestos claims, employment matters, governmental claims for duties and other litigation that arises in the ordinary course of our business. We cannot predict with certainty the outcome or effect of any claim or other litigation matter, and the ultimate outcome of any litigation or the potential costs to resolve them may have a material adverse effect on us. Insurance may not be applicable or sufficient in all cases, insurers may not remain solvent and policies may not be located. To the extent that one or more pending or future litigation matters is not resolved in our favour and is not covered by insurance, a material adverse effect on our business, financial condition and results of operations.

Some of our drilling contracts may not permit us to fully recoup cost increases in the event of an increase in expenses.

Some of our drilling contracts have day rates that are fixed over the contract term. In order to mitigate the effects of inflation on revenues from these term contracts, we have included and will continue to aim to include escalation provisions in our new drilling contracts. These provisions allow us to adjust the day rates based on certain published indices and our historical costs. These provisions are designed to compensate us for certain cost increases, including wages, insurance and maintenance costs. However, actual cost increases may result from events or conditions that do not cause correlative changes to the applicable indices. Furthermore, certain indices may be outdated at the time of adjustment. In addition, the adjustments are normally performed only periodically. For these reasons, the timing and amount received as a result of the adjustments may differ from the timing and amount of expenditures associated with actual cost increases, which could adversely affect our business, financial condition and results of operations. Notwithstanding the above, certain of our future drilling contracts may not include such provisions, which would further expose our results of operations to the effects of inflation on our expenses.

Our operating and maintenance expenses include fixed costs that may not decline in proportion to decreases in rig utilisation and day rates or fluctuate in proportion to changes in operating revenues.

Our drilling services operating expense includes all direct and indirect costs associated with the operation, maintenance and support of our drilling equipment, which is often not affected by changes in day rates and utilisation. During periods of reduced revenue and/or activity, certain of our fixed costs (such as depreciation) may not decline and often we may incur additional costs. Additionally, our operating and maintenance expenses will not necessarily fluctuate in proportion to changes in operating revenues. During times of reduced utilisation, reductions in costs may not be immediate as we may incur additional costs associated with maintaining and cold stacking a rig, or we may not be able to fully reduce the cost of our support operations in a particular geographic location due to the need to support the remaining drilling rigs in that region. Accordingly, a decline in revenue due to lower day rates and/or utilisation may not be offset by a corresponding decrease in drilling services and solutions expense, which could have a material adverse impact on our business, financial condition and results of operations.

Failure to recruit and retain key personnel as well as inability to attract talent could hurt operations.

We depend on the continuing efforts of highly skilled personnel to operate and provide technical services and support for our business. Historically, competition for the personnel required for drilling operations has intensified as the number of rigs activated, added to fleets or under construction increased, leading to shortages of qualified personnel in the industry and creating upward pressure on wages and higher turnover. We may experience a reduction in the experience level of the personnel involved in our operations as a result of any increased turnover, which could lead to higher downtime and more operating incidents, which in turn could decrease revenues and increase costs. If increased competition for qualified personnel were to intensify in the future, we may experience increases in costs or limits on operations.

Our labour costs and the operating restrictions under which we operate could increase as a result of changes in labour laws and regulations.

A number of factors could increase our labour costs and potentially affect other costs of operations. During historic periods of growth within the industry, the cost of qualified personnel and equipment has increased substantially. Even during periods of low growth within the industry, personnel and operating costs related to specific operations may increase as a result of increasingly-stringent local requirements, which require personnel, services, and equipment to be sourced from the UAE.

Information technology systems are subject to cybersecurity risks and threats.

We depend on digital technologies to conduct our offshore and onshore operations, to collect payments from customers and to pay vendors and employees. Threats to our information technology systems associated with cybersecurity risks and cyber incidents or attacks continue to grow. In addition, breaches to our systems could go unnoticed for some period of time. Risks associated with these threats include disruptions of certain systems on our rigs; other impairments of our ability to conduct our operations; loss of intellectual property, proprietary information or customer data; disruption of our customers' operations; loss or damage to our customer data delivery systems; and increased costs to prevent, respond to or mitigate cybersecurity events. If such a cyber-incident were to occur, it could have a material adverse effect on our business, financial condition and results of operations.

We do not own the land on which our assets are located. As a result, we are subject to the possibility of the loss of, or increased costs to retain, necessary land use which would adversely affect our results of operations and financial condition.

All of the properties used by us, including industrial land, office space, warehouse space and accommodation for our employees, are leased from either the Abu Dhabi Government or entities owned by the Abu Dhabi Government and mainly by ADNOC. We are subject to the possibility that rent increases under any of these leases or subleases will increase our operating costs. Our inability to maintain the right to utilise the properties on which we operate our businesses on acceptable terms, or increased costs to maintain such rights, could have a material adverse effect on our business, financial condition and results of operations. See "*Business - Properties*" and "*Related Party Transactions*".

Because of the restrictions on land granted to us and in our agreements with ADNOC, we are not able to, and are not able to require ADNOC to, sell, transfer, mortgage or otherwise take actions that might monetise the value of the land on which we conduct our operations, and no value is attributed to this land in our statement of financial position.

We may be unsuccessful in enhancing the integrity, reliability and efficiency of our internal control over financial reporting

Our business relies on internal controls and procedures that regulate customer and management information, finance, credit exposure and other aspects of our business. Our financial auditors have not recorded any material gaps in our internal controls in their financial reporting audits. However, there can be no assurances that these controls and procedures will be adequate for our requirements generally or our requirements as a publicly-owned company.

If material weaknesses in our internal control over financial reporting occur in the future, our financial statements may contain material misstatements, we would be required to restate our financial results and investors could lose confidence in our reported financial information. In addition, if we are unable to produce accurate and timely financial statements, the market price of our shares may be adversely affected.

Risks Relating to the UAE and to the MENA Region

General economic, financial and political conditions, especially in Abu Dhabi and elsewhere in the UAE, where we conduct substantially all of our operations, may materially adversely affect our results of operations and financial condition.

General economic, financial, and political conditions, especially in Abu Dhabi and elsewhere in the UAE where we conduct substantially all of our operations, may have a material adverse effect on our business, results of operations, financial condition and prospects. Declines in consumer confidence and/or consumer spending, changes in unemployment, significant inflationary or deflationary changes or disruptive regulatory or geopolitical events could contribute to increased volatility and diminished expectations for the economy and our markets, including the market for our products and services, and lead to demand or cost pressures that could negatively and adversely impact our business, results of operations, financial condition and prospects. The UAE's economy may be adversely affected by tightening global economic conditions and external shocks, including financial market volatility, trade disruptions and protectionist trade policies or threats thereof. In particular, a global shift in policies, including towards protectionism, with lower global growth due to reduced trade, migration and crossborder investment flows, could slow non-oil growth in the UAE and Abu Dhabi. These conditions could affect all of our business segments. Examples of such conditions could include:

- a general or prolonged decline in, or shocks to, regional or broader macro-economies;
- regulatory changes that could impact the markets in which we operate; and
- deflationary economic pressures, which could hinder our ability to operate profitably in view of the challenges inherent in making corresponding deflationary adjustments to our cost structure.

The nature of these types of risks make them unpredictable and difficult to plan for or otherwise mitigate, compounding their potential impact on our business, results of operations, financial condition and prospects. See "*—Risks Relating to Our Business and Industry— The coronavirus pandemic has affected the Company's business, results of operations and financial condition*".

Abu Dhabi's economy is significantly affected by volatility in international crude oil prices and its economy has in the past been, and is likely in the future to continue to be, materially adversely affected by lengthy periods of low crude oil prices.

Abu Dhabi's economy is significantly impacted by international crude oil prices and is highly dependent upon its hydrocarbon-related revenue. The hydrocarbon sector accounted for 50% of Abu Dhabi's nominal GDP in 2020 compared to 40.8% in 2019 and 41.7% in 2018, with the growth generally reflecting increasing crude oil prices (source: Statistics Centre Abu Dhabi 2020). Crude oil prices have historically fluctuated in response to a variety of factors beyond our control, including (without limitation):

- economic and political developments both in oil-producing regions, particularly in the Middle East, and globally (see "*—General economic, financial and political conditions, especially in Abu Dhabi and elsewhere in the UAE, where we conduct substantially all of our operations, may materially adversely affect our results of operations and financial condition*");
- global and regional supply and demand, and expectations regarding future supply and demand, for oil and gas products;
- the ability of the members of OPEC and OPEC+ to agree upon and maintain specified global production levels and prices (See "*—Risks Relating to Our Business and Industry— Fluctuations in oil and natural gas prices could adversely affect drilling activity and potentially our revenues, cash flows and profitability - and - Any future decision by OPEC to limit or restrict oil production quotas could affect ADNOC's oil production and therefore adversely affect our drilling contracts*");
- the impact of international environmental regulations designed to reduce carbon emissions, and global weather and environmental conditions (See "*—Risks Relating to Our Business and Industry— Failure to comply with or changes to governmental and environmental laws could adversely affect our business*"); and
- prices, availability and trends relating to the use of alternative fuels and technologies (See "*—Risks Relating to Our Business and Industry— Fluctuations in oil and natural gas prices could adversely affect drilling activity and potentially our revenues, cash flows and profitability*").

Many economic sectors within Abu Dhabi and the wider UAE, including Dubai, remain in part dependent, directly or indirectly, on crude oil prices, so extended periods of low crude oil prices may have a negative impact across the economic landscape of Abu Dhabi and other Emirates. For example, the Abu Dhabi, Dubai or other Emirati governments may decide to reduce government expenditures in light of the budgetary pressures caused by lower crude oil prices, which may, in turn reduce fiscal spending on infrastructure and other projects that create revenue streams for both public and private entities. Local financial institutions may experience lower liquidity (if significant government and government-owned company deposits are withdrawn to fund deficits) or higher loan losses or impairments. Furthermore, businesses that are dependent on household consumption, including consumer products, education, healthcare and housing, may be adversely affected by lower levels of economic activity created by extended periods of low crude oil prices.

On 6 March 2020, OPEC met with OPEC+ to discuss the need to cut oil supply to balance oil markets as demand concerns intensified in response to the spread of what the WHO would soon identify as the COVID-19 pandemic. No agreement was reached among OPEC+ members at this meeting and, on 7 March 2020, Saudi Aramco, a Saudi Arabian multinational petroleum and natural gas company, cut its official selling prices, prioritising market share considerations over pricing implications. As a result, crude oil prices fell materially. On 12 April 2020, OPEC+ agreed to cut production by 9.7 billion barrels per day in May and June 2020, and on 6 June 2020 extended the production cut through July 2020. On 15 July 2020, OPEC+ agreed to reduce existing oil production caps by approximately 1.6 million barrels a day starting in August 2020. As a result of the foregoing OPEC+ discussions and agreements, crude oil prices have stabilised, although they are expected to continue to be subject to significant volatility and may decline given ongoing demand concerns, particularly if there are additional waves of the COVID-19 pandemic or resurgences thereof. In addition, according to Fitch, OPEC+ is likely to face the continued challenge of trying to balance the need for higher oil prices with the risk of losing market share to U.S. shale as a result of the above. In November 2020, Fitch reported that renewed European lockdowns is likely to delay demand recovery in the global oil market. Moreover, in January 2021, Fitch reported that although demand remained subdued due to the coronavirus pandemic, oil prices have increased materially since October 2020 due to OPEC+ production cuts, reduced oil inventories and increased investor optimism, supported by the vaccine roll-out in many countries. On March 4, OPEC+ rolled over existing production quotas until April 2021 (Kazakhstan and Russia were allowed marginal production increases) and Saudi Arabia committed to keeping its voluntary cuts. According to Fitch, this should accelerate inventory normalisation and support prices. Once inventories have been normalised, Fitch expect OPEC+ to adjust its production in line with demand to avoid significant deficits or surpluses. On 19 July 2021, OPEC+ agreed to extend the April 2020 agreement (see above) until 31 December 2022 with a further upward adjustment of overall production by 500,000 barrels per day. OPEC+ members also agreed to assess market developments and OPEC+ members' performance in December 2021 and endeavor to end production adjustments by the end of September 2022, subject to market conditions. In July 2021, it was reported that an agreement was reached among OPEC+ members for Abu Dhabi's production to be increased from 3.176 million barrels to 3.65 million barrels from April 2022.

As lockdown measures and restrictions on international and domestic travel and transport are eased globally, oil-producing countries may further increase output to meet recovering demand, which may result in further volatility of crude oil prices, both in the UAE and globally. See "*— Risks Relating to Our Business and Industry— The coronavirus pandemic has affected the Company's business, results of operations and financial condition*".

Any of the factors described above, including further developments with respect to the COVID-19 pandemic (and the possibility of additional waves or resurgences thereof) and OPEC or OPEC+ agreements, could have a material adverse effect on the economic, political and fiscal position of Abu Dhabi (and the UAE generally, including Dubai), and may consequently have a material adverse effect on our business, results of operations, financial condition and prospects and the trading prices of the Shares.

Continued instability and unrest in the MENA region, or the escalation of armed conflict, may materially adversely affect our results of operations and financial condition.

Although Abu Dhabi and the wider UAE enjoy domestic political stability and generally healthy international relations, since 2011 there has been political unrest in a number of countries in the MENA region, including Bahrain, Egypt, Iran, Iraq, Libya, Syria, Tunisia and Yemen. The unrest has ranged from public demonstrations to, in extreme cases, armed conflict and civil war and has given rise to a number of regime changes and increased political uncertainty across the region. It is not possible to predict the occurrence of events or circumstances such as war or other hostilities, or the impact that such events or occurrences might have on Abu Dhabi and the UAE. The MENA region currently is subject to a number of armed conflicts including those in Yemen, Syria (in which multiple state and non-state actors are involved, such as the US, Russia, Turkey and Iran), Iraq and Palestine, as well as conflicts with militants associated with the Islamic State.

Abu Dhabi, Dubai and the other Emirates are, and will continue to be, affected by political developments in or affecting the UAE and the wider MENA region, and investors' reactions to developments in any country in the MENA region may affect securities of issuers in other markets, including the UAE. On 14 September 2019, the Abqaiq processing facility and the Khurais oil field in Saudi Arabia were significantly damaged in attacks by unmanned aerial vehicles and missiles, which caused an immediate significant reduction in the oil output of Saudi Aramco. In January 2020, direct confrontation occurred between the US and Iran when a targeted drone strike killed a senior Iranian military commander in Iraq which was followed by an Iranian attack using ballistic missiles on a US military base in Iraq. In the course of this confrontation, the government of Iran confirmed that it would no longer adhere to the terms of the Joint Comprehensive Action Plan in respect of Iran's nuclear power programme. On 11 April 2021, a major power failure occurred at the Natanz complex south of Tehran, Iran, as a result of an explosion which has been reported to be caused by an attack on the Natanz complex. Although the UAE has not experienced terrorist attacks or armed conflict such as those experienced by a number of other countries in the MENA region, there can be no assurance that extremists or terrorist groups will not initiate terrorist or other violent activity in the UAE, or that the UAE will not be impacted by any escalation of regional armed conflict. Any terrorist incidents in or affecting Abu Dhabi or the UAE and increased regional geopolitical instability (whether or not directly involving Abu Dhabi or the UAE), or any heightened levels of military conflict in the region, may have a material adverse effect on Abu Dhabi and the UAE's attractiveness for foreign investment and capital, their ability to engage in international trade, their tourist industry, and, consequently, their economic, external and fiscal positions, and therefore could adversely impact our business, results of operations, financial condition and prospects and the trading prices of the Shares.

Furthermore, the UAE is dependent on expatriate labour, including unskilled labourers as well as highly skilled professionals in a range of industry sectors, and has made significant efforts in recent years to attract high volumes of foreign businesses and tourists to the country. These steps make the UAE potentially more vulnerable should regional instability increase, foreign militants commence operations in the Emirate, or extremist or terrorist groups engage in activities in the country. In addition, as the government endeavours to further diversify the UAE's economy into other sectors, including tourism, the exposure to broader regional and global economic trends and geopolitical developments likely will increase.

Abu Dhabi and the UAE may introduce new laws and regulations, including the introduction of a corporate income tax, which could adversely affect the way in which we are able to conduct our businesses and our results of operations and financial condition.

Emerging market economies generally and the UAE in particular are characterised by less comprehensive legal and regulatory environments than are found in more developed regions. However, as these economies mature, and in part due to the desire of certain countries in the MENA region, including in particular the UAE, to accede to the World Trade Organisation, the governments of these countries have begun, and we expect will continue, to implement new laws and regulations which could impact the way we conduct our business and have a material adverse effect on our business, results of operations, financial condition and prospects.

Changes in investment policies or in the prevailing political climate in the UAE could result in the introduction of changes to government regulations with respect to:

- price controls;
- export and import controls;
- income and other taxes;
- foreign ownership restrictions;
- foreign exchange and currency controls; and
- labour and welfare benefit policies.

We are not currently subject to corporate income tax in the UAE, although some consideration has been given to the introduction of a corporate income tax in Abu Dhabi. See "*Taxation—UAE Taxation*". There can be no assurance that the introduction of a corporate income tax or any other changes to current laws would not increase our costs or otherwise materially adversely affect our business, results of operations, financial condition and prospects.

The UAE's Emiratisation initiative may increase our costs and may reduce our ability to rationalise our workforce.

Emiratisation is an initiative by the UAE government to employ its citizens in a meaningful and efficient manner in the public and private sectors and to reduce its reliance on foreign workers. Under the initiative, companies are encouraged to employ Emiratis in management, administrative and technical positions. However, the cost of employing UAE nationals typically is significantly higher than the cost of employing foreign workers. In addition, meeting and maintaining our Emiratisation targets reduces our flexibility to rationalise our workforce, which limits our ability to reduce costs in many areas of our operations and may be made further difficult as a result of the COVID-19 pandemic (particularly if additional waves or resurgences thereof occur). See "*—Risks Relating to Our Business and Industry— The coronavirus pandemic has affected the Company's business, results of operations and financial condition*". As a result, there can be no assurance that meeting and maintaining our Emiratisation targets will not have a material adverse effect on our business, results of operations, financial condition and prospects.

A downgrade in the credit rating of Abu Dhabi could adversely affect us.

As at the date of this Prospectus, ADNOC holds 95% of our issued share capital, and immediately following the Offering ADNOC will continue to hold at least 75% of our share capital, assuming that the Selling Shareholder sells all of the Shares being offered. ADNOC is owned by the government of Abu Dhabi. Abu Dhabi has a long-term foreign currency debt rating of "AA" with a stable outlook from Standard & Poor's Financial Services ("S&P"), a long-term foreign currency issuer default rating of "AA" with a stable outlook from Fitch Ratings ("Fitch"), and a long-term credit rating of "Aa2" from Moody's Investor Service ("Moody's"). Any downgrade or withdrawal at any time of a credit rating assigned to Abu Dhabi by any rating agency could have a material adverse effect on their cost of borrowing and could limit their access to debt capital markets, which could in turn adversely affect companies owned by the Abu Dhabi government, including ADNOC and us, or companies which have significant operations in the UAE. There can be no assurance that the credit ratings of Abu Dhabi will remain for any given period of time or that any such credit rating will not be downgraded or withdrawn entirely by any of the rating agencies in the future. Any such downgrade or withdrawal could have a material adverse effect on borrowing costs and access to debt capital markets for us, which could negatively impact our ability to grow and execute our strategy, and result in a material adverse effect on our business, results of operations, financial condition and prospects.

Our financial condition and results of operations may be materially adversely affected if the USD/AED exchange rate were to change.

Most of our revenue and certain of our expenses are denominated in USD. In addition, all of the indebtedness under our term loan facility agreement is denominated in USD. Although the UAE dirham has been pegged to the US dollar at a rate of AED 3.6725 to USD 1.00 since 1997, there can be no assurance that the UAE Central Bank will continue to maintain this fixed rate in the future, particularly if there continues to be increased demand for the US dollar as a result of the COVID-19 pandemic and any additional waves or resurgences thereof. The existing fixed rate may be adjusted in a manner that exposes us to volatility in rates or an increase in repayment obligations under our term loan and revolving credit facilities that we unable to hedge through our interest rate swaps or otherwise. Any change to the USD/AED exchange rate could increase the costs that we pay for our products or to service our indebtedness, or could cause our results of operations and financial condition to fluctuate due to currency translation effects, any of which could have a material adverse effect on our business, results of operations, financial condition and prospects.

Risks Relating to the Offering and to the Shares

After the Offering, ADNOC will continue to be able to exercise control over us, our management and our operations.

As at the date of this Prospectus, ADNOC holds 95% of our issued share capital, and immediately following the Offering ADNOC will continue to hold at least 75% of our share capital, assuming that the Selling Shareholder sells all of the Shares being offered. As a result, ADNOC will be able to exercise control over our management and operations and over matters requiring the consent of our shareholders, such as in relation to the payment of dividends and the election of the members of our Board of Directors and other matters. There can be no assurance that the interests of ADNOC will coincide with the interests of purchasers of the Shares. On or prior to Listing, we will enter into a relationship agreement (the "Relationship Agreement") with ADNOC that records the principal terms of the relationship between us and ADNOC. See "*Related Party Transactions*" and "*Relationship Agreement*".

Furthermore, ADNOC's significant Share ownership may (i) delay or deter a change of control of the Company (including deterring a third party from making a takeover offer for the Company), (ii) deprive shareholders of an opportunity to receive a premium for their Shares as part of a sale of the Company, and (iii) affect the liquidity of the Shares, any of which could have a material adverse effect on the market price of the Shares. In addition, there may be circumstances where our businesses compete directly or indirectly with ADNOC's businesses, and ADNOC may take decisions with respect to those businesses that are adverse to the interests of our other shareholders.

Substantial sales of Shares by ADNOC could depress the price of the Shares.

Sales of a substantial number of Shares by ADNOC following the completion of the Offering may significantly reduce our share price. ADNOC has agreed in the Underwriting Agreement to certain restrictions on its ability to sell, transfer and otherwise deal in its Shares for a period of twelve (12) months from the Closing Date, except in certain limited circumstances, unless otherwise consented to by the Joint Global Coordinators (such consent not to be unreasonably withheld or delayed). See "*Lock-up Arrangements*". Nevertheless, we are unable to predict whether substantial amounts of Shares (in addition to those which will be available in the Offering) will be sold in the open market following the completion of the Offering. Any sales of substantial amounts of Shares in the public market, or the perception that such sales might occur, could materially and adversely affect the market price of the Shares.

The Offering may not result in an active or liquid market for the Shares, and trading prices of the Shares may be volatile and may decline. In addition, the ADX is significantly smaller in size than other established securities markets, which may also affect liquidity in the Shares.

Prior to the Offering, there has been no public trading market for the Shares. We cannot guarantee that an active trading market will develop or be sustained following the completion of the Offering, or that the market price of the Shares will not decline thereafter below the offer price. The trading price of the Shares may be subject to wide fluctuations in response to many factors, as well as stock market fluctuations and general economic conditions or changes in political sentiment that may adversely affect the market price of the Shares, regardless of our actual performance or conditions in the UAE.

The Company has applied for the Shares to be listed on the ADX. The ADX was established in 2000, but its future success and liquidity in the market for the Shares cannot be guaranteed. The ADX is substantially smaller in size and trading volume than other established securities markets, such as those in the United States and the United Kingdom. As of 30 June 2021, there were 78 companies with securities traded on the ADX with a total market capitalisation of approximately AED 1,191 billion. The ADX had a total regular trading volume of AED 64 billion in 2020. Brokerage commissions and other transaction costs on the ADX are generally higher than those in Western European countries.

These factors could generally decrease the liquidity and increase the volatility of share prices on the ADX, which in turn could increase the price volatility of the Shares and impair the ability of a holder of Shares to sell any Shares on the ADX in the desired amount and at the price and time achievable in more liquid markets.

We may not pay cash dividends on the Shares. Consequently, you may not receive any return on investment unless you sell your Shares for a price greater than that which you paid for them.

While we intend to pay dividends in respect of the Shares, there can be no assurance that we will do so. Any decision to declare and pay dividends in the future will be made at the discretion of our Board of Directors and will depend on, among other things, applicable law and regulations, our results of operations, financial condition, cash requirements, contractual restrictions (including, in particular, those contained in the debt financing), our future projects and plans and other factors that our Board of Directors may deem relevant. As a result, you may not receive any return on an investment in the Shares unless you sell your Shares for a price greater than that which you paid for them. See "*Dividend Policy*".

It may be difficult for shareholders to enforce judgments against us in the UAE, or against our directors and senior management.

The Company is a public joint stock company incorporated in the UAE. All of our directors and all of our officers reside outside the United States, the United Kingdom and the European Economic Area ("**EEA**"). In addition, all of our assets and the majority of the assets of our directors and senior management are located outside the United States, the United Kingdom and the EEA. As a result, it may not be possible for investors to effect service of process outside the UAE upon the Company or our directors and senior management or to enforce judgments obtained against them in courts outside the UAE, including judgments predicated upon the civil liability provisions of the securities laws of the United States, the United Kingdom or the EEA.

Holders of the Shares in certain jurisdictions outside of the UAE, including the United States, may not be able to exercise their preemptive rights if we increase our share capital.

Under our Articles of Association to be adopted in connection with the Global Offering, holders of the Shares generally have the right to subscribe and pay for a sufficient number of our ordinary shares to maintain their relative ownership percentages prior to the issuance of any new ordinary shares in exchange for cash consideration. US holders of the Shares may not be able to exercise their preemptive rights unless a registration statement under the Securities Act is effective with respect to such rights and the related ordinary shares or an exemption from the registration requirements of the Securities Act is available. Similar restrictions exist in certain other jurisdictions outside the UAE. We currently do not intend to register the Shares under the Securities Act or the laws of any other jurisdiction, and no assurance can be given that an exemption from such registration requirements will be available to enable US or other holders of the Shares to exercise their preemptive rights or, if available, that we will utilise such exemption. To the extent that the US or other holders of the Shares are not able to exercise their preemptive rights, the preemptive rights would lapse and the proportional interests of such US or other holders would be reduced.

UAE Taxation

The following comments are general in character and are based on the current applicable tax regime in the UAE and the current practice of the UAE authorities as at the date of this Prospectus. The comments do not purport to be a comprehensive analysis of all the tax consequences applicable to all types of shareholders and do not relate to any taxation regime outside the UAE. Each shareholder is responsible for its own tax position and, if you are in any doubt as to your own tax position, you should seek independent professional advice without delay.

Taxation of Corporates and Individuals

There is no corporate tax legislation at the federal UAE level. However, corporate tax legislation has been enacted in some of the Emirates (including Abu Dhabi) through their own decrees. These tax decrees are currently only enforced on foreign oil companies and branches of foreign banks. However, it should be noted that there is no guarantee that tax will not be enforced on other corporate entities at some time in the future since there is no specific legislation that grants an exemption from tax to entities which are not foreign oil companies and branches of foreign banks.

There is currently no personal tax levied on individuals in the UAE.

Taxation of purchase of Shares

Completion of the Offering is likely to be characterised for UAE tax purposes as a purchase of Shares by the shareholders. If a shareholder is tax resident outside the UAE and/or is subject to tax in another jurisdiction, the Offering may be characterised differently and may be subject to tax in that other jurisdiction.

There are no transfer taxes in the UAE on the purchase of Shares. Accordingly, the purchase of Shares should not result in any UAE tax liabilities for shareholders who are individuals or corporations tax resident in the UAE. Non-UAE tax residents, or dual tax residents, individuals and corporations, may be subject to taxation in jurisdictions outside the UAE with respect to the ownership of, or income derived in connection with, the Shares based on local tax regulations.

Taxation of dividends and capital gains on sale

Based on the tax practice within the UAE outlined above, the purchase of Shares should not result in any UAE tax liabilities for shareholders who are individuals or corporations tax resident in the UAE, provided they are not subject to tax in the UAE by virtue of them being a foreign oil company or branch of a foreign bank. Non-UAE tax residents, or dual tax residents, individuals and corporations, may be subject to taxation in jurisdictions outside the UAE with respect to the ownership of, or income derived in connection with, the Shares based on local tax regulations.

Based on the same principles as outlined above, UAE resident shareholders who are not subject to tax in the UAE or jurisdictions outside the UAE (both corporate and individual), should not currently be taxed on the receipt of dividend income and gains on the future sale of the Shares.

Shareholders who are subject to tax in the UAE by virtue of being a foreign oil company or branch of a foreign bank, or tax resident in jurisdictions outside the UAE, as well as shareholders tax resident in the UAE but also subject to tax in jurisdictions outside the UAE (both corporate and individual), should consult their own tax advisers as to the taxation of dividend income and gains on the future sale of the Shares under the relevant applicable local laws in those jurisdictions.

There is currently no withholding tax in the UAE and as such, any dividend payments made by the Company should be made free of any UAE or Abu Dhabi withholding tax, unless the applicable tax regime changes.

It is important to note that the UAE corporate tax treatment applicable to foreign oil companies or branches of a foreign bank referred to above, applies to Emirate level (Abu Dhabi, Dubai, Sharjah, Ras Al Khaimah, Fujairah, Um Al Quwain, Ajman) taxation only. In this regard, a new corporate Federal tax law was under discussion, however, the UAE Ministry of Finance has confirmed that no Federal corporate tax will be introduced within the next few years.

UAE VAT

The UAE has adopted an excise tax, which was effective on 1 October 2017, and implemented a VAT, which was effective on 1 January 2018. The excise tax imposes a 50% tax on carbonated beverages and a 100% tax on tobacco products and energy drinks. On 27 August 2017, the VAT Law was published on the website of the Federal Tax Authority. The executive regulations of the VAT Law were issued on 28 November 2017 under Cabinet decision No. 52 of Federal Decree Law No. (8). The executive regulations provide more detail about products and services that are subject to VAT and which particular products are zero-rated or exempted. The executive regulations of the VAT Law outline the conditions and parameters of such VAT treatment. The GCC VAT Framework Agreement, which is a country level agreement between all the GCC States, sets out broad principles that should be followed by all the GCC countries in their VAT laws while providing individual member states some discretion to adopt a different VAT treatment in respect of certain matters. Each GCC country will enact its own domestic VAT legislation based on the underlying principles in this common framework.

VAT applies on the sale of goods and services in the UAE and on imports to the UAE. Unless the supply of goods and services falls within a category that is specifically exempt or is subject to the zero rate of VAT. VAT will apply at the standard rate. The standard VAT rate in the UAE is 5%.

The mandatory registration threshold is AED 375,000 and the voluntary registration threshold is AED 187,500. Businesses must register for VAT if they have annual turnover that exceeds the mandatory registration threshold and an option to register for VAT is available if the taxable supply and imports are below the mandatory registration threshold but exceed the voluntary registration threshold.

The supply of goods or services by VAT registered businesses is subject to VAT at either the standard rate or zero rate. Businesses are entitled to claim a credit for VAT paid on their purchases if they relate to a supply that is standard rated or zero-rated. However, any VAT incurred in connection with a supply that is exempt from VAT cannot be reclaimed.

Article 42 of the executive regulations outlines the scope of financial services classified as exempt and, on this basis, no VAT would be applied on any transfer of Shares. However, it should be noted that fees relating to the transfer of ownership of Shares would be standard rated at 5%.

Lock-up Arrangements

Pursuant to the terms of the Underwriting Agreement, we have contractually agreed, for a period of twelve (12) months after Listing, not to (i) directly or indirectly, issue, offer, pledge, sell, contract to sell, sell or grant any option, right, warrant, or contract to purchase, exercise any option to sell, purchase any option or contract to sell, or lend or otherwise transfer or dispose of, directly or indirectly, any Shares or other shares of the Company, or securities convertible or exchangeable into or exercisable for any Shares or warrants or other rights to purchase Shares or any security or financial product whose value is determined directly or indirectly by reference to the price of the Shares, or file any registration statement under the Securities Act or any similar document with any other securities regulator, stock exchange, or listing authority with respect to any of the foregoing, (ii) enter into any swap, or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequence of ownership of the Shares, in each case, whether any such transaction is to be settled by delivery of Shares or other securities, in cash or otherwise, or (iii) publicly announce such an intention to effect any such transaction, in each case, without the prior written consent of the Joint Global Coordinators, such consent not to be unreasonably withheld or delayed.

Third section: Financial disclosures

Summary of the Company’s Financial Statements and a Summary of Key Notes and Key Financial Indicators as of and for the Years Ended 31 December 2019 (with comparative financials for the year ended 31 December 2018) and 31 December 2020, and for the six-month period ended 30 June 2021 (and the comparative financials for the six-month period ended 30 June 2020).

The following discussion and analysis should be read in conjunction with the Company’s audited financial statements, including the notes thereto, included in this Prospectus as at and for the years ended 31 December 2019 (with comparative financial information as at and for the year ended 31 December 2018) and 2020 and the Company’s reviewed interim financial statements as at and for the six-month period ended 30 June 2021 (and the comparative financials for the six-month period ended 30 June 2020) included in this Prospectus. Investors should also read certain risks associated with the purchase of Offer Shares in the section entitled “Investment Risks”.

EBITDA and Net debt are Non-IFRS measures and were calculated by the Company based on data derived from the Company’s Financial Statements.

1. Selected Financial Information and Operating Data

The selected financial information set forth below shows our historical financial information and other unaudited operating information as at and for the years ended 31 December 2018, 2019 and 2020 and as at and for the six-month period ended 30 June 2021.

The financial information set forth below under the captions ‘‘Statement of Profit or Loss Data”, ‘‘Statement of Financial Position Data”, “Statement of Changes in Equity Data” and ‘‘Statement of Cash Flows Data” has been derived from, and should be read in conjunction with, the Financial Statements included elsewhere in this Prospectus.

2. Statement of Profit or Loss Data

	For the years ended 31 December						For the six months ended 30 June			
	2020		2019		2018		2021		2020	
	USD'000	*AED'000*	*USD'000*	*AED'000*	*USD'000*	*AED'000*	*USD'000*	*AED'000*	*USD'000*	*AED'000*
Revenue	2,097,860	7,704,391	2,061,717	7,571,655	1,961,355	7,203,076	1,123,475	4,125,962	1,001,840	3,679,257
Direct cost	(1,291,942)	(4,744,657)	(1,264,319)	(4,643,212)	(1,102,414)	(4,048,615)	(683,695)	(2,510,870)	(578,400)	(2,124,174)
Gross Profit	**805,918**	**2,959,734**	**797,398**	**2,928,443**	**858,941**	**3,154,461**	**439,780**	**1,615,092**	**423,440**	**1,555,083**
General and administrative expenses	(215,305)	(790,708)	(194,533)	(714,422)	(180,978)	(664,640)	(158,540)	(582,238)	(109,552)	(402,330)
Other income, net	2,895	10,632	29,997	110,165	13,622	50,028	9,010	33,089	4,270	15,682
Finance cost, net	(24,474)	(89,881)	(49,509)	(181,820)	(6,808)	(25,004)	(8,662)	(31,811)	(15,627)	(57,390)
Profit for the year/period	**569,034**	**2,089,777**	**583,354**	**2,142,366**	**684,777**	**2,514,845**	**281,588**	**1,034,132**	**302,531**	**1,111,045**
Other comprehensive income for the year/period	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the year/period	**569,034**	**2,089,777**	**583,354**	**2,142,366**	**684,777**	**2,514,845**	**281,588**	**1,034,132**	**302,531**	**1,111,045**

3. Statement of Financial Position Data

	As at 31 December						As at 30 June	
	2020		2019		2018		2021	
	USD'000	*AED'000*	*USD'000*	*AED'000*	*USD'000*	*AED'000*	*USD'000*	*AED'000*
ASSETS								
Non-current assets								
Property and equipment	3,261,436	11,977,624	3,243,086	11,910,232	3,262,078	11,979,983	3,252,854	11,946,106
Right-of-use assets	39,301	144,333	15,941	58,542	-	-	43,196	158,637
Advance to a related party	408	1,498	146,954	539,690	300,041	1,101,900	8,464	31,084
Advance payments	4,250	15,608	5,751	21,119	8,131	29,860	3,502	12,861
Total non-current assets	**3,305,395**	**12,139,063**	**3,411,731**	**12,529,583**	**3,570,250**	**13,111,743**	**3,308,016**	**12,148,689**
Current assets								
Inventories	177,053	650,227	124,176	456,036	84,356	309,796	162,863	598,114
Trade and other receivables	139,296	511,565	63,133	231,855	33,238	122,066	123,590	453,884
Due from related parties	902,601	3,314,802	1,688,981	6,202,782	644,715	2,367,717	1,412,891	5,188,842
Cash and cash equivalents	953,465	3,501,600	133,808	491,409	324,573	1,191,995	419,246	1,539,681
Total current assets	**2,172,415**	**7,978,194**	**2,010,097**	**7,382,082**	**1,086,882**	**3,991,574**	**2,118,590**	**7,780,522**
Total assets	**5,477,810**	**20,117,257**	**5,421,828**	**19,911,665**	**4,657,132**	**17,103,317**	**5,426,606**	**19,929,211**
EQUITY AND LIABILITIES								

	As at 31 December						As at 30 June	
	2020		2019		2018		2021	
	USD'000	*AED'000*	*USD'000*	*AED'000*	*USD'000*	*AED'000*	*USD'000*	*AED'000*
Equity								
Share Capital	108,918	400,001	108,918	400,000	108,918	400,000	108,918	400,001
Retained Earnings	3,142,893	11,542,275	3,273,654	12,022,496	2,741,794	10,069,237	2,724,481	10,005,656
Total equity	**3,251,811**	**11,942,276**	**3,382,572**	**12,422,496**	**2,850,711**	**10,469,237**	**2,833,399**	**10,405,658**
Non-current liabilities								
Borrowings	1,500,000	5,508,750	1,500,204	5,509,500	1,500,204	5,509,500	1,500,000	5,508,750
Lease liabilities	28,389	104,259	15,995	58,743	-	-	15,196	55,807
Provisions for employees' end of service benefits	86,460	317,524	87,492	321,315	77,549	284,799	110,549	405,991
Total non-current liabilities...	**1,614,849**	**5,930,533**	**1,603,692**	**5,889,558**	**1,577,753**	**5,794,299**	**1,625,745**	**5,970,549**
Current liabilities								
Trade and other payables	413,789	1,519,640	394,051	1,447,151	200,450	736,154	370,361	1,360,151
Lease liabilities	11,723	43,053	3,370	12,378	-	-	22,278	81,816
Due to related parties	185,638	681,756	38,143	140,082	28,217	103,627	574,823	2,111,037
Total current liabilities..	**611,150**	**2,244,448**	**435,565**	**1,599,611**	**228,667**	**839,781**	**967,462**	**3,553,004**
Total liabilities	**2,225,999**	**8,174,981**	**2,039,256**	**7,489,169**	**1,806,421**	**6,634,080**	**2,593,207**	**9,523,553**
Total equity & liabilities..	**5,477,810**	**20,117,257**	**5,421,828**	**19,911,665**	**4,657,132**	**17,103,317**	**5,426,606**	**19,929,211**

4. Statement of Cash Flow Data

	For the years ended 31 December					
	2020		2019		2018	
	USD'000	*AED'000*	*USD'000*	*AED'000*	*USD'000*	*AED'000*
Cash flows from operating activities						
Profit for the year	569,034	2,089,777	583,354	2,142,366	684,777	2,514,845
Adjustments for:						
Depreciation of property and equipment	357,037	1,311,218	374,936	1,376,951	380,363	1,396,884
Depreciation of right-of-use assets	9,177	33,703	7,519	27,614	-	-
Provision for employees' end of service benefit	12,691	46,608	15,119	55,526	9,565	35,129
Reversal of provision for employees end of service benefit	(2,537)	(9,317)	-	-	-	-
Credit note issued to a related party	41,717	153,206	-	-	-	-
(Reversal)/allowance for slow moving and obsolete inventories	(1,939)	(7,121)	226	829	3,496	12,840
Loss on disposal property and equipment	616	2,262	1,004	3,689	454	1,668
Finance cost	25,346	93,083	53,328	195,846	8,766	32,192
Finance income	(872)	(3,202)	(3,819)	(14,026)	(1,957)	(7,188)
	1,010,270	3,710,217	1,031,666	3,788,795	1,085,465	3,986,370
Changes in working capital						
Increase in inventories	(50,934)	(187,055)	(40,046)	(147,069)	(11,049)	(40,576)
Decrease/(increase) in advance payments	1,501	5,512	2,380	8,741	(4,044)	(14,853)
Increase in trade and other receivables	(76,163)	(279,709)	(29,895)	(109,789)	(1,529)	(5,614)
Decrease/(increase) in due from related parties	744,664	2,734,779	(1,044,265)	(3,835,065)	(191,097)	(701,805)
Increase/(decrease) in trade and other payables	22,986	84,416	94,160	345,803	(54,911)	(201,661)
Increase/(decrease) in due to related parties	147,494	541,672	9,926	36,455	(35,132)	(129,024)
Employees' end of service benefit paid	(11,190)	(41,095)	(5,176)	(19,010)	(4,830)	(17,738)
Net cash generated from operating activities	**1,788,628**	**6,568,736**	**18,750**	**68,861**	**782,872**	**2,875,099**
Cash flows from investing activities						
Additions to property and equipment	(146,565)	(538,260)	(33,371)	(122,554)	(48,177)	(176,930)
Advance to a related party	(86,141)	(316,353)	(71,050)	(260,931)	(300,041)	(1,101,900)
Finance income received	872	3,202	3,819	14,026	1,957	7,188
Net cash used in investing activities	**(231,834)**	**(851,410)**	**(100,601)**	**(369,459)**	**(346,261)**	**(1,271,642)**
Cash flows from financing activities						
Repayment of related party loan	-	-	-	-	(313,043)	(1,149,649)
Borrowings	-	-	-	-	1,500,204	5,509,500
Lease liabilities paid on principal	(11,791)	(43,302)	(4,094)	(15,035)	-	-
Dividends paid	(700,000)	(2,570,750)	(51,493)	(189,107)	(1,572,213)	(5,773,953)
Finance cost paid	(25,346)	(93,083)	(53,328)	(195,846)	(1,859)	(6,826)
Net cash used in financing activities.....................................	**(737,137)**	**(2,707,136)**	**(108,914)**	**(399,988)**	**(386,910)**	**(1,420,928)**
Net increase/(decrease) in cash and cash equivalents...........	**819,657**	**3,010,190**	**(190,765)**	**(700,586)**	**49,702**	**182,529**
Cash and cash equivalents at the beginning of the year	133,808	491,410	324,573	1,191,995	274,872	1,009,466
Cash and cash equivalents at end of the year.......................	**953,465**	**3,501,600**	**133,808**	**491,409**	**324,573**	**1,191,995**
Non-cash transactions:						
Recognition of right of use assets under IFRS 16/ Additions and modification right-of-use assets and lease liabilities	**32,537**	**119,492**	23,460	86,156	-	-
Additions to property and equipment against advances paid to a related party	**232,687**	**854,543**	224,136	**823,141**	-	-
Additions to property and equipment against payables			99,440	365,194	50,261	184,585
Accrued interest	-	-	-	-	6,907	25,366
Transfers from inventory to property & equipment	-	-	-	-	15,289	56,148

	For the six months ended 30 June			
	2021		2020	
	USD'000	*AED'000*	*USD'000*	*AED'000*
Cash flows from operating activities				
Profit for the period	**281,588**	**1,034,132**	**302,531**	**1,111,045**
Adjustments for:				
Depreciation of property and equipment	194,308	713,596	172,716	634,300
Depreciation of right-of-use assets	14,963	54,952	5,364	19,699
Provision for employees' end of service benefit	26,815	98,478	7,475	27,452
Allowance/(reversal) for slow moving and obsolete inventory	6,036	22,167	(270)	(992)
Finance cost	9,099	33,416	16,134	59,252
Finance income	(437)	(1,605)	(507)	(1,862)
	532,372	**1,955,136**	**503,443**	**1,848,894**
Changes in working capital				

	For the six months ended 30 June			
	2021		2020	
	USD'000	*AED'000*	*USD'000*	*AED'000*
Decrease/(increase) in inventories	8,154	29,946	(12,750)	(46,824)
Decrease in advance payments	748	2,747	726	2,666
Decrease/(increase) in trade and other receivables	15,706	57,680	(48,335)	(177,510)
(Increase)/decrease in due from related parties	(120,290)	(441,765)	579,730	2,129,058
Increase/(decrease) in trade and other payables	45,829	168,307	(61,339)	(225,267)
(Decrease)/increase in due to related parties	(815)	(2,993)	18,828	69,146
Employees' end of service benefit paid	(2,726)	(10,011)	(2,387)	(8,766)
Net cash generated from operating activities	**478,978**	**1,759,047**	**977,916**	**3,591,397**
Cash flows from investing activities				
Payments for purchase of property and equipment	(245,249)	(900,677)	(19,148)	(70,321)
Advance issued to a related party	(37,664)	(138,321)	(59,860)	(219,836)
Finance income received	437	1,605	507	1,862
Net cash used in investing activities	**(282,476)**	**(1,037,393)**	**(78,501)**	**(288,295)**
Cash flows from financing activities				
Payment for principal and interest portion on lease liabilities	(22,022)	(80,876)	-	-
Dividends paid	(700,000)	(2,570,750)	(700,000)	(2,570,750)
Finance cost paid	(8,699)	(31,947)	(15,926)	(58,488)
Net cash used in financing activities	**(730,721)**	**(2,683,573)**	**(715,926)**	**(2,629,238)**
Net (decrease)/increase in cash and cash equivalents	**(534,219)**	**(1,961,919)**	**183,489**	**(673,863)**
Cash and cash equivalents at the beginning of the period	953,465	3,501,600	133,808	(491,410)
Cash and cash equivalents at the end of the period	**419,246**	**1,539,681**	**317,297**	**1,165,273**
Non-cash transactions:				
Transfer of capital spares from inventory to property and equipment	-	-	830	3,048
Additions and modification right-of-use assets and lease liabilities	18,858	69,256	16,355	60,064

5. Statement of Changes in Equity Data

Statement of changes in equity for the six-month period ended 30 June 2021

	Share capital USD'000	**Share capital AED'000**	**Retained earnings USD'000**	**Retained earnings AED'000**	**Total equity USD'000**	**Total equity AED'000**
Balance at 1 January 2020 (audited)	108,918	400,001	3,273,859	12,023,247	3,382,777	12,423,249
Total comprehensive income for the period	-	-	302,531	1,111,045	302,531	1,111,045
Dividends	-	-	(700,000)	(2,570,750)	(700,000)	(2,570,750)
Balance at 30 June 2020 (unaudited)	108,918	400,001	2,876,390	10,563,542	2,985,308	10,963,544
Balance at 1 January 2021 (audited)	108,918	400,001	3,142,893	11,542,275	3,251,811	11,942,276
Total comprehensive income for the period	-	-	281,588	1,034,132	281,588	1,034,132
Dividends	-	-	(700,000)	(2,570,750)	(700,000)	(2,570,750)
Balance at 30 June 2021 (unaudited)	**108,918**	**400,001**	**2,724,481**	**10,005,656**	**2,833,399**	**10,405,658**

Statement of changes in equity for the year ended 31 December 2020

	Share capital USD'000	**Share capital AED'000**	**Retained earnings USD'000**	**Retained earnings AED'000**	**Total equity USD'000**	**Total equity AED'000**
At 1 January 2019	108,918	400,001	2,741,997	10,069,984	2,850,915	10,469,985
Total comprehensive income for the year	-	-	583,355	2,142,371	583,355	2,142,371
Dividends paid	-	-	(51,493)	(189,108)	(51,493)	(189,108)
At 1 January 2020	108,918	400,001	3,273,859	12,023,247	3,382,777	12,423,249
Total comprehensive income for the year	-	-	569,034	2,089,777	569,034	2,089,777
Dividends paid	-	-	(700,000)	(2,570,750)	(700,000)	(2,570,750)
At 31 December 2020	**108,918**	**400,001**	**3,142,893**	**11,542,275**	**3,251,811**	**11,942,276**

Statement of changes in equity for the year ended 31 December 2019

	Share capital USD'000	**Share capital AED'000**	**Retained earnings USD'000**	**Retained earnings AED'000**	**Total equity USD'000**	**Total equity AED'000**
At 1 January 2018	108,918	400,000	3,629,229	13,328,345	3,738,147	13,728,345
Total comprehensive income for the year	-	-	684,777	2,514,845	684,777	2,514,845
Dividends declared	-	-	(1,572,213)	(5,773,953)	(1,572,213)	(5,773,953)
At 1 January 2019	108,918	400,000	2,741,794	10,069,237	2,850,711	10,469,237
Total comprehensive income for the year	-	-	583,354	2,142,366	583,354	2,142,366
Dividends declared	-	-	(51,493)	(189,107)	(51,493)	(189,107)
At 31 December 2019	**108,918**	**400,000**	**3,273,654**	**12,022,496**	**3,382,572**	**12,422,496**

6. Other Financial Information

For the years ended 31 December						For the six months ended 30 June			
2020		2019		2018		2021		2020	
USD'000	AED'000	USD'000	AED'000	USD'000	AED'000	USD'000	AED'000	USD'000	AED'000

	For the years ended 31 December						For the six months ended 30 June			
	2020		2019		2018		2021		2020	
EBITDA(1)	959,722	3,524,579	1,015,317	3,728,751	1,071,949	3,936,733	499,521	1,834,491	496,238	1,822,434
Net debt(2)	(546,535)	(2,007,150)	(1,366,192)	(5,018,091)	(1,175,427)	(4,317,505)	(1,080,754)	(3,969,069)	(1,182,703)	(4,343,477)

(1) In this Prospectus, we present EBITDA as a measure to assess the financial performance of our business. EBITDA represents earnings for the period before interest, tax, and depreciation and amortisation. EBITDA is termed a "non IFRS measure" because it excludes amounts that are included in, and includes amounts that are excluded from, the most directly comparable measure calculated and presented in accordance with IFRS, being profit for the period. Information regarding EBITDA is sometimes used by investors to evaluate the efficiency of a company's operations and its ability to employ its earnings toward repayment of debt, capital expenditures and working capital requirements. We use EBITDA in assessing our growth and operational performance. There are no generally accepted principles governing the calculations of EBITDA, and the criteria upon which EBITDA is based can vary from company to company. EBITDA does not by itself provide a sufficient basis to compare our performance with that of other companies and should not be considered in isolation or as a substitute for operating profit or any other measure as an indicator of operating performance, or as an alternative to cash generated from operating activities as a measure of liquidity. In addition, this measure should not be used instead of, or considered as an alternative to, our historical financial results. We have presented this non-IFRS measure because we believe it is helpful to investors and financial analysts in highlighting trends in our overall business. EBITDA has limitations as an analytical tool. Some of these limitations are: (a) it does not reflect cash expenditures or future requirements for capital expenditure or contractual commitments; (b) it does not reflect changes in, or cash requirements for, our working capital needs; (c) it does not reflect the significant interest expense, or the cash requirements necessary to service interest or principal payments, on our debt; (d) although depreciation and amortisation are non cash charges, the assets being depreciated and amortised will often have to be replaced in the future, and EBITDA does not reflect any cash requirements for such replacements; and (e) it is not adjusted for all non cash income or expense items that are reflected in our statements of cash flows. The table below sets forth a reconciliation of EBITDA to profit for each period presented:

	For the years ended 31 December						For the six months ended 30 June			
	2020		2019		2018		2021		2020	
	USD'000	*AED'000*	*USD'000*	*AED'000*	*USD'000*	*AED'000*	*USD'000*	*AED'000*	*USD'000*	*AED'000*
Profit for the year	**569,034**	**2,089,777**	**583,354**	**2,142,366**	**684,777**	**2,514,845**	**281,588**	**1,034,132**	**302,531**	**1,111,045**
Finance cost	24,474	89,881	49,509	181,820	6,808	25,004	8,662	31,811	15,627	57,390
Depreciation included in direct cost	356,702	1,309,988	376,724	1,383,519	377,819	1,387,542	186,203	683,831	166,612	611,883
Depreciation included in general and administrative expenses	9,512	34,933	5,731	21,046	2,544	9,342	23,068	84,717	11,468	42,116
EBITDA	**959,722**	**3,524,579**	**1,015,317**	**3,728,751**	**1,071,949**	**3,936,733**	**499,521**	**1,834,491**	**496,238**	**1,822,434**

(2) Net debt represents total borrowings (including current and non-current borrowings) less cash and cash equivalents. Net debt is sometimes used by investors to evaluate a company's level of indebtedness after taking into account its available cash. We use net debt in assessing our capital structure. For purposes of calculating the net debt amount, an exchange rate of USD 1: AED 3.673 was used for total borrowings for the years ended 31 December 2018 and 2019 which amounted to USD 1.5 billion at the end of each period.

Dividend Policy

Our ability to pay dividends is dependent on a number of factors, including the availability of distributable reserves and our capital expenditure plans and other cash requirements in future periods, and there is no assurance that we will pay dividends or, if a dividend is paid, what the amount of such dividend will be. See "*Investment Risks —Risks Relating to the Global Offering and to the Shares—We may not pay cash dividends on the Shares. Consequently, you may not receive any return on investment unless you sell your Shares for a price greater than that which you paid for them*." Any level or payment of dividends will depend on, among other things, future profits and the business plan of the Company, at the discretion of our Board of Directors.

Subject to the foregoing, our Board has approved a dividend payment of USD 360.3 million, reflecting the dividends for the first half of 2021, to be distributed to existing shareholders ahead of the Offering. We intend to pay dividends twice each fiscal year after the Offering, with an initial payment in April and a second payment in October of each year. Subject to the foregoing, we expect to pay a fixed dividend amount of USD 325 million for the second half of 2021, to be paid in April 2022. Thereafter, we expect to grow the dividend amount from USD 650 million (annualized dividend of second half of 2021), by a growth rate of 5% per annum on a dividend per share basis over the next five years (2022 – 2026). This dividend policy is designed to reflect our expectation of strong cash flow and our expected long-term earnings potential, while allowing us to retain sufficient capital to fund ongoing operating requirements and continued investment for long-term growth. This dividend policy is subject to consideration by our Board of Directors of the cash management requirements of our business for operating expenses, interest expense, and anticipated capital expenditures. In addition, we expect that our Board of Directors also will consider market conditions, the then current operating environment in our markets, and the Board of Directors' outlook for our business.

Material events and contracts concluded by the Company (including related party agreements)

The following is a summary of certain terms of our material contracts. The following summaries do not purport to describe all of the applicable terms and conditions of such contracts and are qualified in their entirety by reference to the actual agreements.

Principal Shareholders and Selling Shareholder

The following table sets forth our shareholder holding our Shares (i) as at the date of this Prospectus, with a total share capital of 16,000,000,000 shares of AED 0.10 each, and (ii) immediately following the Offering, assuming that the Selling Shareholder sells all of the Shares being offered:

	As at the date of this Prospectus		Immediately following the Offering(1)	
	Number of Shares	**Percentage**	**Number of Shares**	**Percentage**
Shareholder				
ADNOC	15,200,000,000	95%	[●]	[●]%
Baker Hughes	800,000,000	5%	[●]	5%

(1) Assumes that the maximum number of Shares offered in the Offering are sold. [●] Shares are being offered in the Offering.

Prior to Listing, pursuant to the Recapitalization, we increased the number of Shares from 4,000,000 to 16,000,000,000 through the capitalization of AED 1,200,000,000 of retained earnings and the reduction of the par value per Share from AED 100 to AED 0.10. The Recapitalization has no impact on our cash position or our total shareholders' equity.

ADNOC is wholly owned by the government of Abu Dhabi. No Shares have voting rights that differ from those of any other Shares. As at the date of this Prospectus, the Company is not aware of any arrangements that may result in a change in control of the Company.

Founders Committee

The Founders Committee is a committee elected by the Founders to undertake all steps and procedures necessary on their behalf and on behalf of the Company to complete all the procedures required with regard to the Offering, including dealing with the competent authorities. The Founders Committee is composed of the following individuals as representatives of the Company:

1. HE Dr. Sultan Al Jaber (Chairman);
2. Mr. Abdulmunim AlKindi (Member);
3. Mr. Yaser Saeed Almazrouei (Member);
4. Mr. Ahmed Jasim Alzaabi (Member);
5. Mr. Abdulrahman Abdulla Al Seiari (Member);
6. Mr. Salem Al Derei (Member);
7. Mr. Klaus Froehlich (Member); and
8. Mr. Mohamed Saif Alaryani (Member).

Related Party Transactions

We are and have been a party to various agreements and other arrangements with related parties comprising ADNOC and certain of its other subsidiaries and Baker Hughes. The most significant of these transactions are described below. For details of the impact of related party transactions on our financial position and financial results as at and for the years ended 31 December 2018, 2019 and 2020, as at 30 June 2021, and for the six months ended 30 June 2020 and 2021, please refer to note 14 of the financial statements, included elsewhere in this Prospectus.

Relationship Agreement

We intend to enter into the Relationship Agreement with ADNOC on or prior to Listing. For a description of the principal terms of this agreement, please see "*Relationship Agreement*".

Brand Usage Agreement

In October 2018, we entered into a brand usage agreement (the "**Brand Usage Agreement**") with ADNOC pursuant to which ADNOC had granted us a limited, royalty-bearing, non-exclusive licence to use certain of ADNOC's trademarks, logo and materials in Africa, Europe and the GCC, in connection with the provision of certain services in respect of drilling wells and related services that the Company is engaged in. ADNOC also granted us the right to sub-licence the rights and licences granted under the Brand Usage Agreement to certain parties (including its affiliates and third-party franchisees). The licence granted under the Brand Usage Agreement is royalty-free for the first four years. Thereafter, ADNOC has the right to charge a licence fee to be agreed in good faith among the parties. The Brand Usage Agreement will continue in force unless terminated (i) on 12 months' prior written notice by either party in the event the parties are unable to agree a licence fee, or (ii) by ADNOC on 12 months' prior written notice to the Company.

Shareholder Services Agreement

On or prior to Listing, we will enter into a Shareholder Services Agreement with ADNOC on an arms' length basis pursuant to which ADNOC will provide us with, or procure the provision of, certain administrative services and other support in the areas such as communications, tax, legal and compliance support, HR, logistics, information technology, procurement, insurance, risk management, record keeping, reporting and other services, to the extent required and determined by us based on our business requirements. Pursuant to the terms of the Shareholder Services Agreement, we will be entitled to request that additional services be performed or procured by ADNOC in order to supplement our own capabilities. ADNOC will provide or procure the provision of such services (or additional services) through the use of highly qualified and experiences personnel of third-party services providers (as appropriate for the agreed service or additional service). In consideration for the performance of the services by ADNOC, we will pay to ADNOC an amount equal to the actual cost incurred by ADNOC, provided that in each year of the term of the Shareholder Services Agreement, the fees shall not exceed an amount equal to the applicable budgeted service fee plus 15%. The Shareholder

Services Agreement has an initial four-year term which may be terminated earlier or extended by agreement of us and ADNOC.

Lease Agreements entered into with ADNOC

All properties used by, including industrial land, office space, warehouse space and accommodation for our employees, are leased or subleased from ADNOC. Please see "*Business Description – Properties*".

ADNOC VAT Group Risk Management Deed

On or prior to Listing, we will enter into the ADNOC VAT Group Risk Management Deed with ADNOC (in its capacity as the "Representative Member" of the ADNOC VAT group) and other members of the ADNOC VAT group as set out therein. We will enter into the ADNOC VAT Group Risk Management Deed to record certain matters relating to the joint and several liability of the ADNOC VAT group. Pursuant to the ADNOC VAT Group Risk Management Deed, when determining the liability for VAT, Supplies (as defined below) will not be automatically deemed to have been made by or to the Representative Member but will instead be attributed to the relevant VAT group member that was a party to that Supply. Under the ADNOC VAT Group Risk Management Deed, we, along with the other VAT group members signatories to this deed, agree and acknowledge that we will be severally (and not jointly) liable for any VAT imposed, on or in connection with, any errors included in, any omissions from, any late or incomplete submission of, or any failure to submit, any VAT return, in each case to the extent that such error, omission or other compliance failing relates to a supply of goods or a supply of services as interpreted under the relevant VAT law and executive regulations ("Supply" or "Supplies") to which the relevant VAT group member was a party or results from the conduct of that member. We along with the VAT group members signatories to this deed also agree that the Representative Member will not be liable for any VAT imposed on or in connection with any errors, omissions or other compliance failing in respect of any VAT return. We, along with the other VAT group members, also agree to indemnify and hold harmless the Representative Member against any and all claims, losses, damages, costs, expenses and liabilities arising in respect of or in connection with VAT, any VAT return, and the Representative Member's role as representative member for the purposes of VAT law of the ADNOC VAT group.

Shareholder Loan Agreement

We entered into the Shareholder Loan Agreement on 16 August 2021. Please see "*Statement of Company's loans, credit facilities and indebtedness and the most significant conditions thereof*"

Master Agreements

We entered into master agreement no. 15672.00 with ADNOC Onshore on 1 October 2015 for the provision of drilling, workover and water well services ("ADNOC Onshore Master Agreement") for an initial period of three years, up to 30 September 2018. The ADNOC Onshore Master Agreement has been renewed for additional short terms since then. All of the 'Child Contracts' and 'Task Orders' between us and ADNOC Onshore are issued under the terms and conditions of the ADNOC Onshore Master Agreement. We also entered into contract no. 15067 for hoist services with ADNOC Onshore on 15 July 2012 for a period of 10 years.

We also entered into master agreement no. 39648 with ADNOC Offshore on 5 November 2002 for the provision of drilling and workover services ("ADNOC Offshore Master Agreement") for an initial period of three years (with an effective date of 1 July 2001). The ADNOC Offshore Master Agreement has been renewed for additional short terms since then. All of the 'Child

Contracts' and 'Task Orders' between us and ADNOC Offshore are issued under the terms and conditions of the ADNOC Offshore Master Agreement. We also entered into contract no. CTDR UZ900954 for the hire of cluster type onshore drilling rigs dated 18 May 2011 with ADNOC Offshore ("UZ Project Contract"). The contracts based on the UZ Project Contract are not due to expire until 22 January 2023.

The ADNOC Onshore Master Agreement, ADNOC Offshore Master Agreement and UZ Project Contract contain certain early termination provisions. Upon a termination for convenience, we are entitled to receive:

(i) stacking costs:
   a. in relation to rigs leased under the ADNOC Offshore Master Agreement and the UZ Project Contract, the daily standby / non-operating rates for:
      i. if 60-days' notice of termination is given, 90 days;
      ii. if 180-days' notice of termination is given, 30 days;
   b. in relation to rigs leased under the ADNOC Onshore Master Agreement, for 30 days (or until we secure other services for the rig);

(ii) moving costs associated with the move of the rigs to a different location;

(iii) repatriation and mothballing costs (either as a lump sum (in the case of the ADNOC Offshore Agreement) or based on actual documented costs (in the case of the ADNOC Onshore Agreement)), provided that, such costs are payable if we are unable to secure other work for the rig in question within one month of termination;

(iv) for rigs leased under the ADNOC Onshore Master Agreement: (a) the net book value of the rig (being the purchase cost less accumulated depreciation up to the termination date), which is due 12 months following termination in cases where we could not secure alternative revenue from the sale, use or hire of such rig, and (b) in respect of certain rigs, if such rigs are released at the end of the term of the ADNOC Onshore Master Agreement but prior to completion of 15 years of operations, the abovementioned costs in (i)(b) to (iii) and the shortfall from the sale below the net book value of the rig and relevant equipment at the time of termination, if and when we sell the rigs;

(v) for rigs leased under the ADNOC Offshore Master Agreement, the costs mentioned in items (i)(a), (ii) and (iii) above, and if and when we sell the rig, the shortfall from the sale of the rig below the net book value or the rig at the time of termination, provided that, in the event we sell or secure other work for such rig within twelve months following the expiry date of the contract, ADNOC Offshore is not liable to pay such shortfall; and

(vi) for rigs leased under the UZ Project Contract, the costs mentioned in items (i)(a) and (ii) above, repatriation costs and, if and when we sell the rig, the shortfall from the sale of the rig below the net book value at the time of termination. In the event we do not sell or secure other work for such rig within 24 months following the termination of the contract, ADNOC Offshore is not liable to pay such shortfall. ADNOC Offshore is liable to pay the applicable early termination charges after two years of the early termination date.

Rig Services Framework Agreement

We entered into a rig services framework agreement (the "Rig Services Framework Agreement") with ADNOC on 8 October 2018 in order to record the basis on which we will continue to provide, or procure the provision of, Rig Services to or on behalf of the ADNOC Upstream Operating Companies (i.e., any current and future upstream, exploration or drilling company controlled by ADNOC that requires the performance of any Rig Services, including (a) ADNOC Offshore, (b) ADNOC Onshore, (c) ADNOC Sour Gas, (d) Al Dhafra, and (e) Al Yasat). Except as may otherwise be set out in any current operating company contract entered into with the ADNOC Upstream Operating Companies, during the "Initial Rig Base Term" (being, with respect to any rig owned by us, the period commencing on the date of initial delivery of such rig by us to an ADNOC upstream operating company and expiring on the 15th anniversary of such date, the rates charged by us for the Rig Services provide for the recovery of no less than a 11% IRR and no more than a 13% IRR in respect of any offshore rig and no less than a 10% IRR and no more than a 12% IRR in respect of any onshore rig, as determined by us at our sole discretion, on our capital and operational costs incurred during the relevant period.. Following the expiry of the Initial Rig Base Term, the rates we charge for the Rig Services:

(i) in respect of onshore rigs, provide for the recovery of operating costs on a cost-plus basis to allow for no less than 15% EBIT Margin and no more than 17% EBIT Margin (as determined by us at our sole discretion); and

(ii) in respect of offshore rigs, the higher of:

(a) the GCC average rate for all active contracts (as set out in the RigLogix database) and excluding any contracted rig owned by us (and any duplications or anomalies) following application of a 16% discount; and

(b) rates which provide for the recovery of operating costs on a cost-plus basis to allow for no less than 15% EBIT Margin and no more than 17% EBIT Margin (as determined by us at our sole discretion).

Pursuant to the Rig Services Framework Agreement, we will be entitled, at any time, to review the rates charged by us to any operating company under any future operating company contracts to ensure that the agreed minimum IRR (our nominal rate of return for the provision of the relevant service) and EBIT Margins (in relation to the relevant service, our earnings before interest and taxes divided by total revenue) set out in the Rig Services Framework Agreement are maintained, provided that, the rates relating to the provision of services for (i) offshore rigs are reviewed at least on an annual basis, and (ii) onshore rigs are reviewed at least every three years. If upon such review, we determine that our actual IRR or EBIT Margin is lower than the agreed minimum, we are entitled to immediately adjust the rates charged by us to any ADNOC upstream operating company under any future operating company contracts (and ADNOC agreed to procure that such ADNOC upstream operating company agrees to such adjusted rates) to maintain the agreed minimum IRR and EBIT Margins set out in the Rig Services Framework Agreement. The term of the Rig Services Framework Agreement is 40 years from the effective date, unless terminated earlier (or extended) by mutual agreement.

Integrated Drilling Services Framework Agreement

We entered into an integrated drilling services framework agreement (the "IDS Framework Agreement") with ADNOC on 8 October 2018 in order to record the basis on which ADNOC will procure that the ADNOC Upstream Operating Companies (i.e., any current and future upstream, exploration or drilling company controlled by ADNOC that may require or benefit from any integrated drilling services, including (a) ADNOC Offshore, (b) ADNOC Onshore, (c) ADNOC Sour Gas, (d) Al Dhafra, and (e) Al Yasat) procure integrated drilling services from us, and for us to provide, or procure the provision of, integrated drilling services to or on behalf of the ADNOC Upstream Operating Companies. Pursuant to the terms of the IDS Framework Agreement, ADNOC agreed to procure that the ADNOC Upstream Operating Companies procure integrated drilling services (or any service equivalent or identical to, or performing the same function as, any integrated drilling service) from us for the development of conventional wells and unconventional wells, provided that we are able to provide such integrated drilling services to the ADNOC Upstream Operating Companies. Under the IDS Framework Agreement, the intention of the parties is to achieve, within seven complete financial years following the effective date (being, the completion date as defined in the share sale and purchase agreement entered in between ADNOC (as seller) and Baker Hughes (as purchaser) on 8 October 2018), no less than 50% of all of the conventional wells to be developed by or on behalf of the ADNOC Upstream Operating Companies on the basis of integrated drilling services performed by us. The term of the IDS Framework Agreement is 40 years from the effective date, unless terminated earlier (or extended) by mutual agreement.

Relationship Agreement

On or prior to Listing, we will enter into a Relationship Agreement with ADNOC pursuant to which ADNOC will agree, for so long as the Shares are listed on the ADX and ADNOC owns or controls more than 50% of the Shares, to take or not to take certain specified actions. These include: (a) not to take certain actions that might interfere with our status as an independent company, including (i) ADNOC will not take any action that would interfere with our ability to comply with our obligations under certain ADX and SCA listing and governance rules, and (ii) ADNOC will conduct all transactions with us on arms' length terms and on a commercial basis and will allow us to carry out our business independently; (b) not to terminate, and to renew at our request, any real estate lease or land-use agreement, the Brand Usage Agreement, and the Shareholder Services Agreement, in each case so long as we are not in material default of our obligations under those agreements; and (c) to acquire or lease, on our behalf and at our expense, any real estate needed for the operation of our business, and to enter into a corresponding lease agreement, sub-lease agreement or land use agreement with us for such land, save that if ADNOC ceases to hold the majority of the Company's shares, it shall continue to adhere to the provisions described in (b) and (c) as if it still held such majority, subject to any instruction or direction from a Governmental Authority, until such time as an alternative arrangement giving effect to the same can be entered into. In addition, ADNOC will agree not to seek to induce certain specified senior employees to become engaged (whether as an employee, consultant or otherwise) with ADNOC for a period of twelve months from the listing date.

Pursuant to the Relationship Agreement, we also will agree to enter into transactions with ADNOC and other members of the ADNOC group only with the approval of a majority of our directors, including a majority of the independent non-executive directors (other than transactions that, in accordance with our delegation of authority, do not require Board approval). Any enforcement of the provisions of the Relationship Agreement against ADNOC requires approval by our Board of Directors. However, for so long as ADNOC holds the majority of the Company's shares, ADNOC will agree to procure that there shall be a majority of independent non-executive directors appointed to the Board at all times and, and, if the overall size of the Board increases, that the number of independent non-executive directors appointed to the Board shall, if necessary, also be increased so they amount to more than half of the total number of directors on the Board.

Material Contracts

We entered into the Facility Agreement on 8 November 2018.

Agreements with Baker Hughes

Baker Hughes invested in our business and agreed with ADNOC to an activity- and milestone-based deferred consideration mechanism, beginning in 2023, linked to the development of ADNOC's new conventional and unconventional development program. Any payments under this deferred consideration mechanism would be between ADNOC and Baker Hughes, and would not result in any payments to or from us.

Simultaneously, Baker Hughes entered into a series of agreements with us to enable us to become the first provider of integrated drilling services in the region, acting as the sole interface with customers. The partnership with Baker Hughes added oil field services equipment, services, technology and further manpower capabilities to our existing in-house rig rental and rig management capabilities.

Baker Hughes Commercial Framework Agreement

On 8 October 2018 we entered into a commercial framework agreement ("**CFA**") with Baker Hughes relating to integrated drilling services (i.e. rig-hire services, rig related services, drilling and completion services and project management services). The CFA, amongst other things, sets out the terms of the relationship between us and Baker Hughes, and contemplates a series of other framework agreements which govern specific aspects of the commercial arrangement between us and Baker Hughes, specifically the:

(i) Framework Purchase Agreement for the purchase of goods;

(ii) Framework AMO Services Agreement for AMO services;

(iii) Framework Consultancy Agreement for training services and consulting services;

(iv) Framework Software License Agreement for the provision / licensing of software; and

(v) Framework Software Support Agreement for the provision of software services,

(together the "**Baker Hughes Framework Agreements**") each as discussed below.

Under the CFA, we may not, without the prior express written consent of Baker Hughes: (i) resell or offer to resell any of Proprietary Goods whether inside or outside of the UAE, or (ii) use or allow the use of the proprietary goods outside of the UAE, unless we are providing integrated drilling services using proprietary goods to (a) ADNOC or a person controlled by ADNOC, or (b) a person controlled by the Government of Abu Dhabi (other than ADNOC) or in which the Government of Abu Dhabi holds directly or indirectly a set percentage of the voting rights. If we were to use the proprietary goods or provide services to persons that utilize, incorporate or disclose any proprietary goods outside of the UAE, then we would be required to pay Baker Hughes a set percentage of the net profits in respect of the contract entered into with such persons (which varies depending on whether the contract is entered into with a person under limb (a) or (b) above).

Framework Purchase Agreement

Pursuant to the CFA, we entered into a Framework Purchase Agreement with Baker Hughes on 8 October 2018. The Framework Purchase Agreement sets out the terms and conditions which Baker Hughes agrees to supply goods to us (e.g. certain new and refurbished equipment, and new spare parts or consumables related to the provision of integrated drilling services). The Framework Purchase Agreement is a master agreement under which the parties may execute purchase orders for the supply of goods.

Framework AMO Services Agreement

We entered into a framework AMO services agreement (the "Framework AMO Services Agreement") with Baker Hughes on 8 October 2018 in accordance with the terms of the CFA for the provision of integrated drilling services and associated products and services. Pursuant to the relevant articles of the CFA, we agreed to enter into the Framework AMO Services Agreement for assembly, maintenance and/or overhaul services, in relation to integrated drilling services on certain goods related to the provision of integrated drilling services purchased from Baker Hughes by us, for the term of the CFA. The parties may from time to time during the term of the Framework AMO Services Agreement execute separate “call-off orders”, in the form attached to the Framework AMO Services Agreement, regarding each desired service. The “call-off orders” form an integral part of the Framework AMO Services Agreement and are binding on the parties upon execution. We pay Baker Hughes the fees in accordance with the terms of the applicable “call-off order”, in consideration for providing the works. The Framework AMO Services Agreement will remain in full force and effect, unless terminated earlier pursuant to its terms. If the CFA is terminated, either party may, on written notice to the other party terminate the Framework AMO Services Agreement, provided that the effective date of the termination may not be earlier than the date of termination of the CFA.

Framework Consultancy Agreement

We entered into a framework consultancy agreement (the “Framework Consultancy Agreement”) with Baker Hughes on 8 October 2018 involving the provision of training services and consulting services, in relation to integrated drilling services. Pursuant to the Framework Consultancy Agreement, Baker Hughes agreed to perform and complete the works and services and any other deliverables to be performed pursuant to a “call-off order”, in the form attached to the Framework Consultancy Agreement, for our benefit. Separate “call-off orders” are required to be entered into between the parties in respect of each desired service unless varied in accordance with the terms of the Framework Consultancy Agreement. The “call-off orders” form an integral part of the Framework Consultancy Agreement and are binding on the parties upon execution. Under the Framework Consultancy Agreement, we have the right to request Baker Hughes to carry out a variation of an agreed “call-off order” with respect to the works or the requirements for the works, as long as it is within the ambit of the scope of work, by providing a written request describing the nature of the variation. No variation, however, will in any way invalidate the terms of the Framework Consultancy Agreement. We pay Baker Hughes the fees in accordance with the terms of the applicable “call-off order”, in consideration for providing the works. The Framework Consultancy Agreement will remain in full force and effect, unless terminated earlier pursuant to its terms. If the CFA is terminated, either party may, by written notice to the other party, terminate the Framework Consultancy Agreement, provided that the effective date of the termination may not be earlier than the date of termination of the CFA.

Framework Guarantee

As part of the CFA and the other Baker Hughes framework agreements, we entered into a deed of guarantee with Baker Hughes HoldingsLLC (“Baker Hughes Guarantor”) whereby the Baker Hughes Guarantor unconditionally and irrevocably guarantees the obligations of Baker Hughes under the Baker Hughes Framework Agreements (including all payment obligations). The guarantee is continuing and remains in full force and effect until all obligations, warranties, duties and undertakings under the CFA and the Baker Hughes Framework Agreements have been satisfied or performed in full.

Framework Software License Agreement

Pursuant to the CFA, we entered into a Framework Software License Agreement with Baker Hughes on 8 October 2018. The agreement sets out the terms and conditions upon which Baker Hughes licenses software to the Company. The software licensed by Baker Hughes under the agreement includes commercial software, internal software and non-commercial software. Third party software (i.e. software that is owned and licensed by third parties to Baker Hughes) is excluded from the agreement, and if such third-party software is provided to us as part of the

Baker Hughes software, then Baker Hughes has no liability towards us in relation to the use of such third party software.

Framework Software Support Agreement

Pursuant to the CFA, we entered into a Framework Software Support Agreement with Baker Hughes on 8 October 2018. The agreement sets out the terms and conditions upon which Baker Hughes will supply certain software services in relation to the software provided under the Software License Agreement. The services include maintenance services and certain works required to be performed in relation to the software provided under the Software License Agreement.

Customer Contracts

We entered into the ADNOC Onshore Master Agreement and ADNOC Offshore Master Agreement in relation to the provision of Rig-hire Services to our customers, ADNOC Onshore and ADNOC Offshore. The Rig-hire Services performed under the Master Agreements are performed pursuant to 'Child Contracts' or 'Task Orders' issued under specified terms and conditions, or pursuant to specific amendments to terms and conditions applicable to specific portions of said services. See "*Related Party Transactions – Master Agreements*".

Supply Contracts

We receive certain goods, equipment and services, and we lease equipment and vehicles from third party suppliers in connection with the performance of our business. The majority of our supply contracts are based on our standard terms and conditions, which vary depending on whether the supply contract concerns the supply of goods or equipment, the provision of services or the lease of equipment and vehicles. The majority of our supply of goods contracts are pricing agreements valid for terms of two to three years and all such pricing agreements have an option to extend the term upon the mutual agreement of the parties. The majority of the supply of services contracts are valid for terms of three to four years, however one of our supply of services contract with Abu Dhabi Oil Refinery Company TAKREER is valid for an initial term of 15 years (subject to automatic extensions thereafter). The majority of equipment leases are valid for terms of two to three years.

Fifth section: Other details

1. The Company's proposed management structure

- **Company's Board structure**

The Board consists of seven Directors, [seven] of whom are independent.

The management expertise and experience of each of the Directors is set out below:

Name	Experience
H.E. Dr. Sultan Ahmed Al Jaber	His Excellency Dr. Sultan Ahmed Al Jaber has served as Group Chief Executive Officer and Managing Director of ADNOC since February 2016. Prior to taking on the leadership position at ADNOC, Dr. Al Jaber served as Chief Executive Officer of the Energy platform, of Mubadala Development Company. Dr. Al Jaber is a member of the UAE Federal Cabinet, Minister of Industry and Advanced Technology, a position he has held since July 2020, and the UAE's special envoy for climate change. He also holds several additional leadership roles and advisory positions and counsels on issues related to Energy, Economics, Strategic Communications and Sustainable Development. In July 2020, Dr. Al Jaber was appointed Chairman of Emirates Development Bank, a key partner in providing financial services for the sustainable economic and social development of the UAE. In December 2020, Dr. Al Jaber was appointed as a board member to the Abu Dhabi Supreme Council for Financial and Economic Affairs. He is an active member of the Emirates Diplomatic Academy Board of Trustees, and Chairman of the Board of Trustees of the Mohamed bin Zayed University of Artificial Intelligence and holds a Ph.D. in Business and Economics from Coventry University, UK, an MBA from California State University, USA, and a BSc in Chemical and Petroleum Engineering from the University of Southern California, USA.
Abdulmunim Saif Hamoud Ahmed AlKindi	Mr. Abdulmunim Saif Hamoud Ahmed AlKindi has served as our Chairman from March 2016 to immediately prior to Admission. Mr. AlKindi serves as Executive Director, People Technology and Corporate Support Directorate at ADNOC since January 2020. Prior to that, from March 2016 to January 2020, Mr. AlKindi served as Executive Director, ADNOC Upstream Directorate. Mr. AlKindi also serves as a member of the Board of Directors of several ADNOC-affiliated companies. Mr. AlKindi holds an MBA from Brunel University, UK.
Yaser Saeed Ahmed Omran Almazrouei	Mr. Yaser Saeed Ahmed Omran Almazrouei has served as Executive Director, Upstream Directorate, at ADNOC since January 2020. He also served as the Chief Executive Officer of ADNOC Onshore from May 2018 through January 2020. Mr. Almazrouei also serves as a member of the Board of Directors of several ADNOC-affiliated companies. Mr. Almazrouei

	holds a Master's Degree in Petroleum Engineering from the University of London, UK.
Ahmed Jasim Yousif Naser Al Zaabi	Mr. Ahmed Jasim Yousif Naser Al Zaabi has served as Group Chief Financial Officer of ADNOC since December 2019, and as Director, Finance & Investments Directorate of ADNOC from February to December 2019. He also serves as a member of the Board of Directors of Khalifa Fund for Enterprise Development, Abu Dhabi Oil Refining Company (ADNOC Refining), Abu Dhabi National Oil Company for Distribution PJSC (ADNOC Distribution) as well as several ADNOC-affiliated companies. Mr. Al Zaabi holds a Master's degree in Economics Science with Honors from University of Aberdeen, UK.
Mohamed Saif Ali Abed Alaryani	Mr. Mohamed Saif Ali Abed Alaryani has served as Senior Vice President, Strategic Investments at ADNOC since 2019. Mr. Alaryani is a CFA Charter holder and holds a Bachelor's and Master's degree in Chemical Engineering from Imperial College (London University), UK.
Muna Khalifa Mohamed Hazeem Almheiri	Ms. Muna Khalifa Mohamed Hazeem Almheiri is the Chief Executive Officer of Ruwais Fertilizer Industries LLC (Fertil). Ms. Almheiri held various senior positions in ADNOC Onshore, where she served as Senior Vice President (Terminals and Pipelines Operations) from July 2019 to January 2020. From 2017 to July 2019, Ms. Almheiri served as Senior Vice President (Strategy and Business Support) and from 2015 to September 2017, she served as Senior Vice President (Corporate Support). Ms. Almheiri holds a Bachelor's degree in Chemical Engineering and a Master's degree in Business Administration from United Arab Emirates University, UAE.
Omar Ahmed Hassan Suwaina Alsuwaidi	Mr. Omar Ahmed Hassan Suwaina Alsuwaidi currently serves as an Undersecretary at the Ministry of Industry and Advanced Technology. Mr. Alsuwaidi held various positions in ADNOC, starting as a geologist in 1990. From October 2020 to February 2021, Mr. Alsuwaidi served as a Director, Commercial and In-Country Value. Prior to that, Mr. Alsuwaidi served as a Director, The Executive Office Directorate, from May 2017 to November 2020. Mr. Alsuwaidi holds a BSc in Geological Engineering from Colorado School of Mines, USA.

- **Senior Management**

- In addition to the members of the Board of Directors, the day-to-day management of our operations is conducted by our senior management team, as follows:

Name	Year of birth	Position	Date of appointment

Abdulrahman Abdulla Hasan Bamajboor AlSeiari	1964	Chief Executive Officer	2020
Fuad Shamekh Al Shamekh AlBadi	1973	Senior Vice President, Onshore	2018
Ahmed Rashid Juma AlMughanni AlHmoudi	1970	Senior Vice President, Administration	2020
Hamad Saleh Hamad Saleh Aljneibi	1975	Senior Vice President, Offshore	2016
Ali Essa Hoor Alqushairi AlMahri	1973	Senior Vice President, Technical	2018
Emri Mahmoud Yousri Mohamed Zeineldin	1969	Senior Vice President, Oil Field Services	2018
Alexander Kennedy Urquhart	1971	Chief Financial Officer	2018
Alaina Ramsay	1983	General Counsel	2018

- The management expertise and experience of each of the senior management team is set out below:

- Mr. Abdulrahman Abdulla AlSeiari has over 42 years of onshore and offshore drilling experience within the ADNOC upstream group companies, with his most recent appointment being in 2020 as our Chief Executive Officer. From 1999 to 2019, Mr. Alseiari held numerous senior positions within ADNOC Onshore and within the Company, including ADNOC Drilling Assistant General Manager and Acting General Manager for operations onshore and offshore from 2000-2008. Thereafter Mr. Alseiari was appointed as Senior Vice President of operations, where he was responsible for and had full oversight of the company's entire onshore and offshore operations. Mr. Alseiari was also responsible for a number of efficiency objectives within the Company, including camp centralisation initiatives, training centre set up and optimisation of rig moves across the fleet. From 2016 to 2019, Mr. Alseiari was appointed as Senior Vice President of drilling within ADNOC Onshore, where we had oversight of all major drilling operations in the company's largest and most complex fields. During his appointment with ADNOC Onshore, Mr. Alseiari was involved in some of the company's major achievements to date including rig stacking strategies, enhancing performance driven culture, as well as the development of young UAE national talent.

- Mr. Fuad AlBadi joined us in 2018 as Senior Vice President, Operations (Land). Prior to that, Mr. Al Badi served as Drilling Department Manager in ADNOC, where he was responsible for developing ADNOC upstream drilling strategies, policies, short and long-term goals in order to enhance the drilling activities, optimise the drilling cost, maximise well quality and minimise drilling risks. Prior to that, Mr. Al Badi served as Vice President, Crisis Management & Business Continuity at ADNOC Onshore, where he was responsible for the development of business strategy and operational plans for the quality and performance improvement team as well as the development of and continuous improvement in Health, Safety and Crisis Management in accordance with the company's business management system, strategy, mission and vision. Prior to that, Mr. Al Badi held numerous senior positions within the ADNOC group companies and the Abu Dhabi Tawteen Council where he gained a wealth of experience in the implementation of drilling and production operations as well as project management. Mr. Al Badi holds a Bachelor of Science in Petroleum Engineering from UAE University.

- Mr. Ahmed AlMughanni joined us in 2019 as Senior Vice President, Human Capital and Shared Services. Before joining us, Mr. Almughanni was Senior Vice President, Strategy & Corporate Support at ADNOC Gas Processing, where he was responsible for guiding the development of the company's corporate strategy, long-term business plans, and corporate balance scorecard in line with the corporate vision and mission.

Prior to that, Mr. Almughanni was Vice President, Information Technology at ADNOC Onshore, where he was responsible for developing the company's information and technology vision, mission, plans and programs in accordance with its corporate strategy and business plan. Prior to that, Mr. Almughanni was Head, Plant & Engineering Solutions at ADNOC LNG, where he was responsible for planning, directing and supervising the activities of the Manufacturing and Knowledge Management IS solutions department. Mr. Almughanni holds a Bachelor of Business in Management Information Systems from the University of Toledo.

- Mr. Hamad AlJneibi joined us in January 2016 as Senior Vice President, Operations, with oversight and responsibility over our offshore jack up, island rig and marine service divisions. Mr. Al Junaibi has a wealth of drilling operational experience, with his experience focused on drilling operations from both service provider and operator perspectives. Prior to his appointment with us, Mr. Al Junaibi served in ADNOC Offshore as a Drilling Supervisor, located on site for over 7 years. Mr. Al Junaibi has since held several senior operational positions within ADNOC Offshore, overseeing their drilling operations, including Senior Drilling Engineer, Drilling Engineering Manager and Senior Drilling Engineering Manager. Mr. Al Junaibi holds a Petroleum Engineering degree from UAE University and an MBA from Abu Dhabi University.

- Mr. Ali AlMahri joined us in 2018 as Senior Vice President, Technical, with responsibility over our Engineering, Projects, Maintenance, Business Development and Asset Integrity Departments. Prior to that, Mr. Al Mehri served as Vice President, Drilling, in ADNOC Offshore from 2017 to 2018 with responsibility over their offshore and islands drilling activities in their various field concessions. From 2015 to 2017, Mr. Al Mehri served as Vice President, Drilling, in Upper Zakum Development Co. (ZADCO) with responsibility over the Extended Reach Drilling (ERD) project. Mr. Al Mehri holds a Bachelor degree in Petroleum Engineering from the National University of UAE.

- Mr. Emri Zeineldin joined us in December 2018 as Senior Vice President, Oil Field Services. Before joining us, Mr. Zeineldin held various senior positions within the Baker Hughes oilfield services division from 2003 to December 2018, including as Director and General Manager of BHGE in the UAE and Yemen from 2017 to 2018, where he was responsible for all the BHGE activities for OFS, OFE, Turbomachinery & Digital business. Prior to that, from 2016 to 2017, Mr. Zeineldin was the Managing Director and General Manager for the UAE, Qatar & India geomarket. From 2014 to 2016 Mr. Zeineldin held the position of Director of sales, marketing & business development for the Middle East & Asia Pacific Region while being based in Dubai, UAE. Prior to that, from 2009 to 2014, Mr. Zeineldin held various senior roles in the Baker Hughes OFS organization, Director of Technical & Sales for the Egyptian geomarket until 2011 during which time he was based in Cairo, Egypt.. From 2003 to 2009 Mr. Zeineldin also held various managerial roles within the Baker Hughes Oil Field Services Organization. Prior to his time with Baker Hughes, Mr. Zeineldin was the country manager in the UAE for Smith International while being based in Abu Dhabi from 1997 to 2003. Prior to his time with Smith International, Mr. Zeineldin worked as a geophysicist with Schlumberger in Cairo until 1997. Mr. Zeineldin holds a Bachelor Degree with Honors and a Masters Degree in Geophysics from Ain Shams University, Egypt, where he also worked as an assistant lecturer from 1991 - 1996.

- Mr. Alexander Urquhart joined us in 2018 as Deputy Chief Financial Officer, and has served as our Chief Financial Officer since 2020. Before joining us, Mr. Urquhart had a long career with BP spanning 23 years where he held various finance positions across BP businesses and geographies with his last one being Vice President of Finance for BP's Global Exploration Function. Mr. Urquhart holds a Master's degree in Engineering from Imperial College, Master of Business Administration from London Business School and is a Fellow of the Institute of Global Management Accountants.

- Ms. Alaina Ramsay joined us in 2018 as General Counsel and Board Secretary. Before joining us, Ms. Ramsay was General Counsel and Board Secretary within National Petroleum Services from 2017, where she was responsible for the company's regional legal, governance and compliance matters. Prior to that Ms. Ramsay held several senior positions within Transocean PLC., across several of the Transocean business and geographies, including UKCS, MENA and Asia Pacific. Prior to her time with Transocean, Ms. Ramsay was working within the Wood organization, where she had legal oversight of the company's aero and gas turbine division in the UK and Europe. Ms. Ramsay holds a BA Honors in Law and Management; a BA in Law and a Diploma in Legal practice from the Robert Gordon University, Scotland. Ms. Ramsay is an active member of the Law Society of Scotland

- **Company's Organization Chart**

  The Company does not have any subsidiaries.

- **Employment positions of members of the senior executive in subsidiaries and other joint stock companies:**

  Not applicable.

- **Employment positions of members of the board of directors in subsidiaries and other joint stock companies:**

  Not applicable.

- **Conditions of eligibility, election, removal and proposed names of the Company's first Board formation:**

  Board members will be elected by an Ordinary General Assembly Meeting by cumulative voting by secret ballot. However, the first appointment of the Directors was made by the Founders.

- **Director's competencies and responsibilities:**

  The principal duties of the Board are to provide the Company's strategic leadership, to determine the fundamental management policies of the Company and to oversee the performance of the Company's business. The Board is the principal decision making body for all matters that are significant to the Company, whether in terms of their strategic, financial or reputational implications. The Board has final authority to decide on all issues save for those which are specifically reserved to the General Meeting of Shareholders by law or by the Company's Articles of Association.

  The key responsibilities of the Board include:

  - determining the Company's strategy, budget and structure;
  - approving the fundamental policies of the Company;
  - implementing and overseeing appropriate financial reporting procedures, risk management policies and other internal and financial controls;
  - proposing the issuance of new ordinary shares and any restructuring of the Company;
  - appointing executive management;
  - determining the remuneration policies of the Company and ensuring the independence of Directors and that potential conflicts of interest are managed; and
  - calling Shareholder meetings and ensuring appropriate communication with Shareholders.

Members of the Board are appointed by the Shareholders for three-year terms. Board members may serve any number of consecutive terms.

2. Board Committees

In line with the Governance Rules, the Board will be assisted by two Board-level committees: Audit Committee and Nomination and Remuneration Committee.

- **Audit Committee**

  The Audit Committee assists the Board in discharging its responsibilities with regard to financial reporting, external and internal audits and controls, including reviewing and monitoring the integrity of the Company's annual and interim financial statements, reviewing and monitoring the extent of the non-audit work undertaken by external auditors, advising on the appointment of external auditors, overseeing the Company's relationship with its external auditors, reviewing the effectiveness of the external audit process, and reviewing the effectiveness of the Company's internal control review function. The ultimate responsibility for reviewing and approving the annual report and accounts remains with the Board. The Audit Committee will give due consideration to the applicable laws and regulations of the UAE, the Authority and the ADX, including the provisions of the Governance Rules.

  The Governance Rules, as reflected in the Audit Committee Terms of Reference, require that the Audit Committee must be comprised of at least three members who are non-executive Directors, at least two of whom must be independent. One of the independent members must be appointed as the Chairman of the Audit Committee. In addition, at least one member is required to have recent and relevant audit and accounting experience. The Audit Committee will be chaired by one of the independent members and will include other members elected by the Board. The Audit Committee will meet not less than four times a year.

  The Audit Committee has taken appropriate steps to ensure that the Company's Auditors are independent of the Company as required by the Governance Rules and has obtained written confirmation from the Company's Auditors that they comply with guidelines on independence issued by the relevant accountancy and auditing bodies.

- **Nomination and Remuneration Committee**

  The Nomination and Remuneration Committee assists the Board in discharging its responsibilities relating to the composition and make-up of the Board and any committees of the Board. It is responsible for evaluating the balance of skills, knowledge and experience and the size, structure and composition of the Board and committees of the Board and, in particular, for monitoring the independent status of the independent Non-Executive Directors. It is also responsible for periodically reviewing the Board's structure and identifying potential candidates to be appointed as Directors or committee members as the need may arise. In addition, the Nomination and Remuneration Committee assists the Board in determining its responsibilities in relation to remuneration, including making recommendations to the Board on the Company's policy on executive remuneration, setting the over-arching principles, parameters and governance framework of our remuneration policy and determining the individual remuneration and benefits package of each of the Company's Executive Directors and senior management.

- The Governance Rules, as reflected in the Nomination and Remuneration Committee Terms of Reference, require the Nomination and Remuneration Committee to be comprised of at least three non-executive Directors, at least two of whom must be independent. The chairman of the Nomination and

Remuneration Committee must be chosen from amongst the independent committee members, and its other members will be appointed by the Board.The Nomination and Remuneration Committee will meet based on the Company's requirement from time to time.

3. Internal Audit Committee

An external, independent auditor will be appointed to undertake our internal control review function, and in the long-term we expect to create our own internal control review function.

4. Shareholders' rights and responsibilities

The Shareholders' key rights as per the Companies Law and the Articles of Association are as follows:

- The right to dividend distributions determined by the General Assembly.
- The priority right to subscribe for new shares in the case of a share capital increase of the Company offerings and to receive their share of the assets upon liquidation of the Company.
- The right to attend General Assembly Meetings and receive a copy of the Company's financial statements.
- The right to request the nullity of any resolutions passed at the General Assembly and to prosecute the board members.
- The right to be nominated as a member of the Board of Directors.
- The right to appoint the auditors of the Company and determine their remuneration.
- The right to act in any way with respect to the shares, in accordance with the law.
- The limitation of liability of each Shareholder to the payment of the purchased share value, but not for the Company's debts except within the limits of the nominal value of his shares.

5. Memorandum of Association and Articles of Association

The full text of the Memorandum of Association and Articles of Association of the Company are annexed to the Prospectus.

6. Legal matters

The following summary is qualified by the relevant provisions of the Company's Memorandum of Association and the Articles of Association and the Companies Law.

- **Articles of Association**

  The Company's Articles of Association describe the rights and obligations associated with the ownership of the Shares in detail.

- **Attending General Assembly and voting rights**

  Each Shareholder shall have the right to attend the General Assembly meetings and shall have a number of votes equal to the number of his Shares.

- **Share register**

Upon listing on the ADX, the Shares will be dematerialized and the share register will be maintained by the ADX.

- **Financial information**

  A Shareholder is entitled to request a copy of the annual audited financial statements of the Company.

- **Financial year**

  The financial year of the Company will start on the 1st of January and end on 31st of December of each year.

- **Dividends and liquidation proceeds**

  The Company shall pay dividends on Shares in compliance with the regulations and decisions issued by the Authority. Eligible Shareholders shall have the sole right to the profits due on those Shares. In the event of liquidation of the Company, each Shareholder shall be entitled to a part of the Company's assets in accordance with Article 169 of the Companies Law.

- **Interim Dividends**

  Subject to the shareholders' approval, the Company may distribute interim dividends on a semiannual or quarterly basis.

- **General Assembly**

  The Board may convene a General Assembly whenever it deems necessary. The Shareholders may also require the Board to convene a meeting if it is requested by a number of Shareholders holding not less than [●]% (twenty per cent). of the Company's issued share capital. In any event, the General Assembly must convene at least once a year upon an invitation by the Board within the four (4) months following the end of the financial year at the place and the time specified in the invitation to the meeting.

  Any resolution adopted by the General Assembly without consideration to the Company's interests in favor of a particular group of Shareholders, causing damage to them or providing a private benefit to the members of the Board or to third parties, may be revoked.

  The judgment annulling a resolution of an Ordinary General Assembly shall consequently lead to the resolution being considered as non-existent vis a vis all Shareholders. The Board must publish the annulment judgment in two local daily newspapers published in the Arabic language.

  Proceedings for annulment are time barred on the expiry of one year from the date of adopting the resolution contested. Initiating the proceedings will not prevent the implementation of the resolution unless the court decides otherwise.

- **Liability of the Board**

  The Board shall be liable towards the Company, the Shareholders and third parties for all acts of fraud, abuse of power, violation of the law or the Company's Articles of Association, in addition to mismanagement. The Company shall have the right to initiate proceedings against the members of the Board claiming damages suffered by the Shareholders as a result of the Board's abuse of power, violation of the law or the Company's Articles of Association and mismanagement. A resolution of the General Assembly shall be adopted specifying who shall initiate the proceedings on behalf of the Company.

Any Shareholder may independently initiate proceedings if the Company fails to do so, if the Board's acts have caused a particular damage to the initiating Shareholder. However, he must notify the Company of his intention to initiate proceedings beforehand.

- **Appointment of the Chairman and the Powers of the Chairman**

  The Articles of Association provide that the Board of Directors shall elect, from amongst their members, a chairman and a vice-chairman. The chairman shall represent the Company before the courts and shall execute the resolutions adopted by the Board of Directors. In the event that there is an equality of votes by the directors, then the Chairman shall have a casting vote.

7. Independent Auditors

Deloitte & Touche (M.E.), undertook the task of auditing the Company's financial statements for the year ended 31 December 2020 and reviewing the interim, unaudited financial statements for the six-month period ended 30 June 2021, as described in their report which is attached as in Annex 1.

PricewaterhouseCoopers (Abu Dhabi Branch) undertook the task of auditing the Company's reissued financial statements for the year ended 31 December 2019 (with comparative financial information for the year ended 31 December 2018), as stated in their report (which contains an emphasis of matter paragraph drawing attention to Notes 2.1.2 and 27 to the financial statements which describe the details of amendments made to the previously issued financial statements for the year ended 31 December 2019 and which contains an emphasis of matter paragraph drawing attention to Notes 2.12 and 4(g) to the financial statements which sets out the key considerations and judgements applied by management in the treatment of the shares and dividend loans which is classified as equity).

<u>**For the year ended 31 December 2020 and six-month period ended 30 June 2021**</u>	<u>**For the year ended 31 December 2019 (with comparative financial information for the year ended 31 December 2018)**</u>
Deloitte & Touche (M.E.)	**PricewaterhouseCoopers (Abu Dhabi Branch)**
11 Floor, Al Sila Tower, ADGM Square	Al Khatem Tower, Level 25, Al Maryah Island
P.O. Box 990	Abu Dhabi Global Market, P.O. Box 45263
Telephone Number: +971 (0)2 408 2424	Telephone Number: [●]
Fax Number: +971 (0)2 408 2525	Fax Number: [●]
	Email address: [●]
Abu Dhabi, United Arab Emirates	Abu Dhabi, United Arab Emirates

8. Details of any employee ownership scheme

Other than the Offering of Shares to the ADNOC Group Companies Employees under the Third Tranche, as set out in this Prospectus, the Company does not have any employee ownership scheme.

Acknowledgement issued by the Founders Committee and members of the Board

The members of the Founders Committee and members of the Board of **ADNOC Drilling Company PJSC** (a public joint stock company), in their joint and several capacity, hereby acknowledge full responsibility with respect to the validity of the data and information contained in the subscription Prospectus. Having exercised the standard of care of a reasonable person, we confirm that there is no material facts or information the lack of which in the Prospectus will make any statement contained therein to be misleading or influential in the investment decision of the Subscribers.

They are committed to the issuance and disclosure rules issued by the Authority and undertake to notify the Authority of any material events or changes that may affect the financial position of the Company as of the date of submitting the application to offer the Shares for public subscription to the Authority until the date of starting the subscription process. They also confirm that they applied adequate diligence in concluding agreements that determine the duties and responsibilities of the parties participating in the subscription process according to the best terms available at the contractual date and pursuant to the requirements issued by the Authority.

Upon any change or amendment in the subscription information or conditions, they undertake to notify the Authority immediately and to obtain the approval of the Authority on the advertisements, publication and promotional campaigns that the company may wish to publish to promote and introduce the subscription.

Upon the completion of the subscription, they undertake to convene the constitutive general assembly on the date, time and place mentioned in this Prospectus and to complete the registration and listing of the subscribed Shares with the competent bodies within a period not exceeding the time appointed by the Authority.

Chairman of the Founders Committee

Annex 1 – Financial Statements

Annex 2 – Articles and Memorandum of Association

Annex 3 - Receiving Banks' Branches

Lead Receiving Bank - First Abu Dhabi Bank PJSC

S.No	Branch name	Branch Location-Area	Customer Timing	IPO Subscription Timings	Branch Address
1	Business Park, Abu Dhabi	Abu Dhabi	08: am to 02:00 pm (Sat- Wed); 08:00 am to 01:00 pm (Thu)	8 am to 1 pm - Sat - Thurs.	Khalifa Park Al Qurm, PO BOX:6316
2	Al Ain New	Al Ain - Abu Dhabi	08:00 am to 02:00 pm (Sat-Wed); 08:00 am to 01:00 pm (Thu)	8 am to 1 pm - Sat - Thurs.	Al Ain New PO BOX: 17822
3	FAB One Tower, Abu Dhabi	Abu Dhabi	08: am to 03:00 pm (Sat- Thur);	8 am to 1 pm - Sat - Thurs.	Intersection of Shaikh Khalifa street and Baniyas street, PO BOX:2993
4	Al Batin	Abu Dhabi	08: am to 03:00 pm (Sat- Thur);	8 am to 1 pm - Sat - Thurs.	Street No. 9 Next to Bateen Bus Terminal and Al Bateen Mall; PO BOX:7644
5	Sheikh Rashid Road Branch	Abu Dhabi	08: am to 02:00 pm (Sat- Thur);	8 am to 1 pm - Sat - Thurs.	Airport Street – Ramy Hotel Building – Abu Dhabi
6	Bur Dubai	Dubai	08:00 am to 02:00 pm (Sat-Wed); 08:00 am to 01:00 pm (Thu)	8 am to 1 pm - Sat - Thurs.	Abdulla Al Rostamani Building, Khalid Bin Walid Road, Bur Dubai; PO BOX:115689
7	Sheikh Zayed Rd.	Dubai	08:00 am to 02:00 pm (Sat-Wed); 08:00 am to 01:00 pm (Thu)	8 am to 1 pm - Sat - Thurs.	ALQUZE NEXT TO GOLDEN DAIMOND ;PO BOX:52053
8	Jumeirah Branch	Dubai	08:00 am to 02:00 pm (Sat-Wed); 08:00 am to 01:00 pm (Thu)	8 am to 1 pm - Sat - Thurs.	Link International Building, Jumeirah Beach Road Umm suqeim
9	Deira Branch (ABS)	Dubai	08:00 am to 02:00 pm (Sat-Wed); 08:00 am to 01:00 pm (Thu)	8 am to 1 pm - Sat - Thurs.	Abu Baker Al Siddique Rd, Deira
10	Jabal Ali Branch	Dubai	08:00 am to 02:00 pm (Sat-Wed); 08:00 am to 01:00 pm (Thu)	8 am to 1 pm - Sat - Thurs.	Near Gate No.5, Adjacent to Dubai Chamber Office
11	RAK (LNBAD)	RAK	08:00 am to 02:00 pm (Sat-Wed); 08:00 am to 01:00 pm (Thu)	8 am to 1 pm - Sat - Thurs.	FAB RAK (LNBAD) , Corniche Al Qawasim Road , Near to NMC Royal Medical Center , RAK
12	Fujairah	Fujairah			

			08:00 am to 02:00 pm (Sat-Wed); 08:00 am to 01:00 pm (Thu)	8 am to 1 pm - Sat - Thurs.	Opposite to Plaza Theatre Hamdan Bin Abdulla street; PO BOX:79
13	Sharjah	Sharjah	08:00 am to 02:00 pm (Sat-Wed); 08:00 am to 01:00 pm (Thu)	8 am to 1 pm - Sat - Thurs.	Al Reem Plaza, Ground floor Buheira Corniche, Sharjah;PO BOX:1109
14	Umm al-Quwain	UAQ	08:00 am to 02:00 pm (Sat-Wed); 08:00 am to 01:00 pm (Thu)	8 am to 1 pm - Sat - Thurs.	Building No 211, King Faisal Road Al Maidan Area, Umm Al Quwain;Po BOX:733
15	Ajman	Ajman	08:00 am to 02:00 pm (Sat-Wed); 08:00 am to 01:00 pm (Thu)	8 am to 1 pm - Sat - Thurs.	Lulu Center, Al Ittihad street, Downtown, Ajman
16	Salam Street	Abu Dhabi	08:00 am to 02:00 pm Sat – Wed 08:00 am to 01:00 pm (Thu)	8 am to 1 pm - Sat - Thurs.	Salam Street, Abu Dhabi
17	Khubeirah	Abu Dhabi	08: am to 02:00 pm (Sat- Thur);	8 am to 1 pm - Sat - Thurs.	Near Spinneys, Khalidya Street Abu Dhabi
18	Oud Al Touba	Al Ain - Abu Dhabi	08:00 am to 02:00 pm Sat – Wed 08:00 am to 01:00 pm (Thu)	8 am to 1 pm - Sat - Thurs.	Oud Al Touba Area, National housing loans bulding, Ali Bin Abi Talieb street, Al Ain.
19	Ruwais	Abu Dhabi	08:00 am to 02:00 pm Sat – Wed 08:00 am to 01:00 pm (Thu)	8 am to 1 pm - Sat - Thurs.	Central Market, ADNOC Housung complex, Ruwaise
20	ADNOC HO	Abu Dhabi	08 am to 0300 pm (Sun - Thu)	8 am to 1 pm - Sat - Thurs.	ADNOC HQ - ABUDHABI Corniche Street
21	ZADCO - Khalifa Energy Complex	Abu Dhabi	08 am to 0300 pm (Sun - Thu)	8 am to 1 pm - Sat - Thurs.	ZADCO CASH OFFICE - Corniche Street, Abu Dhabi

Receiving Bank - Abu Dhabi Commercial Bank PJSC

S.No	Branch name	Branch Location-Area	Branch Customer Timing	IPO Subscription Timings	Branch Address
1.	Khalidiya Tower Branch	Abu Dhabi	08:00 AM - 03:00 PM Saturday to Thursday	08:00 AM - 01:00 PM Saturday to Thursday	Corniche Road, Opp Emirates Palace Hotel P.O Box: 59919 Abu Dhabi
2.	ADNEC	Abu Dhabi	08:00 AM – 03:00 PM Saturday to Thursday	08:00 AM - 01:00 PM Saturday to Thursday	AD-1 Tower, ADNEC AREA P.O.Box: 939 Abu Dhabi
3.	Dalma Mall	Abu Dhabi	10:00 AM - 09:00 PM Saturday to Thursday	08:00 AM - 01:00 PM Saturday to Thursday	Dalma Mall- 1st floor - Mussafah
4.	Shahama Branch	Abu Dhabi	08:00 AM - 03:00 PM Saturday to Thursday	08:00 AM - 01:00 PM Saturday to Thursday	Dubai Abu Dhabi Road, Near Bani Yas Coop P.O.Box: 76122
5.	Hazza Bin Zayed Stadium Branch	Abu Dhabi, Al Ain	08:00 AM - 07:00 PM Saturday to Thursday	08:00 AM - 01:00 PM Saturday to Thursday	Hazza Bin Zayed Stadium, Al Ain
6.	Zayed Town Branch	Abu Dhabi, Al Dhafra Region	08:00 AM - 03:00 PM Saturday to Thursday	08:00 AM - 01:00 PM Saturday to Thursday	Zayed Town Main Street, Near Zayed Town Court P.O.Box: 50013 Zayed Town
7.	Al Riggah Branch	Dubai	08:00 AM - 03:00 PM Saturday to Thursday	08:00 AM - 01:00 PM Saturday to Thursday	Al Riggah Road, Near Al Riggah Metro-Station P.O.Box: 5550
8.	Business Bay Branch	Dubai	08:00 AM - 03:00 PM Saturday to Thursday	08:00 AM - 01:00 PM Saturday to Thursday	Business Bay, Al Khaleej Al Tejari, Dubai, Nearest landmark - Business Bay metro station
9.	Al Zahiya City Centre Branch	Sharjah	10:00 AM - 09:00 PM Saturday to Thursday	08:00 AM - 01:00 PM Saturday to Thursday	Sheikh Mohammed Bin Zayed Street, Al Zahia City Centre, Ground level, near Entrance A, P.O.Box: 23657
10.	Ajman	Ajman	08:00 AM - 03:00 PM Saturday to Thursday	08:00 AM - 01:00 PM Saturday to Thursday	Al Ittihad Street, Near Lulu centre P.O.Box: 1843
11.	Umm Al Quwain	UAQ	08:00 AM - 03:00 PM Saturday to Thursday	08:00 AM - 01:00 PM Saturday to Thursday	Nesto Hypermarket King Faisal Street P.O.Box: 214 Umm Al Quwain
12.	Ras Al Khaimah	RAK	08:00 AM - 03:00 PM Saturday to Thursday	08:00 AM - 01:00 PM Saturday to Thursday	Al Naeem Mall, New central business district P.O.Box: 1633
13.	Fujairah	Fujairah	08:00 AM - 03:00 PM Saturday to Thursday	08:00 AM - 01:00 PM Saturday to Thursday	Hamed Bin Abdulla Street, Near ADNOC P.O.Box: 770

Receiving Bank - Abu Dhabi Islamic Bank PJSC

S. No	Branch name	Branch Location-Area	Customer Timing (Saturday-Thursday)	IPO Subscription Timings (Saturday-Thursday)	Branch Address
1	Al Bateen Branch	Abu Dhabi	8:00 AM to 2:00 pm	9:00 AM to 1:00 PM	Abu Dhabi - Al Bateen king Abdulla bin AbdulAziz Al Sauod Street - near UAE Central Bank
2	Najda Street Branch	Abu Dhabi	8:00 AM to 2:00 pm	9:00 AM to 1:00 PM	Next to Al Mariah Mall (on the intersection of Al Najda street and Hamdan Street).
3	Abu Dhabi Police GHQ Branch	Abu Dhabi	8:00 AM to 2:00 pm	9:00 AM to 1:00 PM	Abu Dhabi police general head quarter- Al Saada Street, opposite Sheikh Khalifah University
4	Sheikh Zayed Main Branch	Abu Dhabi	8:00 AM to 2:00 pm	9:00 AM to 1:00 PM	Sheikh Rashid Bin Saeed St (Old Airport Road) opposite to Hilton Capital Grand Hotel
5	Abu Dhabi Judiciary Branch	Abu Dhabi	8:00 AM to 2:00 pm	9:00 AM to 1:00 PM	Al Khaleej Al Arabi Street –Judicial Department Building – Ground Floor Office (GR-A-051)
6	Sheikh Khalifa Energy Complex Branch	Abu Dhabi	8:00 AM to 3:00 pm	9:00 AM to 1:00 PM	Sheikh Khalifa Eneregy complex - Corniche Street
7	Marina Mall Branch	Abu Dhabi	10:00 AM to 10:00 pm	10:00 am to 2:00 pm 04:00 pm to 09:00 pm	Corniche Street - Marina Mall - First floor, next to Yas Perfumes
8	Nation Towers Branch	Abu Dhabi	10:00 AM to 10:00 pm	10:00 am to 2:00 pm 04:00 pm to 09:00 pm	Nation Towers Galleria – Corniche Road, First Floor
9	Baniyas Branch	Abu Dhabi	8:00 AM to 2:00 pm	9:00 AM to 1:00 PM	Al Mafraq –Dubai Road opposite Al Mafraq Hospital - Baniyas
10	Mussafah Branch	Abu Dhabi	8:00 AM to 2:00 pm	9:00 AM to 1:00 PM	Industrial Area- M9
11	Khalifa A City Branch	Abu Dhabi	8:00 AM to 2:00 pm	9:00 AM to 1:00 PM	Khalifa A city, street # 16/21 southwest.
12	Shahama Branch	Abu Dhabi	8:00 AM to 2:00 pm	9:00 AM to 1:00 PM	Old Shahama area near Police Station
13	Al Silaa Branch	Abu Dhabi West (Gharbiya)	08:00 am to 02:00 pm	9:00 AM to 1:00 PM	Al Sila'a Area, opposite Al Areej School
14	Madinat Zayed Branch	Abu Dhabi West (Gharbiya)	08:00 am to 02:00 pm	9:00 AM to 1:00 PM	Madinat Zayed City - Western Region
15	Ghayathi Branch	Abu Dhabi West (Gharbiya)	08:00 am to 02:00 pm	9:00 AM to 1:00 PM	Ghayathi Area- Western Region
16	Al Marfaa Branch	Abu Dhabi West (Gharbiya)	08:00 am to 02:00 pm	9:00 AM to 1:00 PM	Al Marfaa Area - Western Region

17	Ruwais Mall Branch	Abu Dhabi West (Gharbiya)	10:00 am to 10:00 pm	10:00 am to 2:00 PM 04:00 pm to 09:00 PM	First Floor of Ruwais Mall, Ruwais Area
18	Oud Al Tobba Ladies Branch	Al Ain	08:00 am to 02:00 pm	9:00 AM to 1:00 PM	Al Ain City - Oud Al Touba street no.133
19	Bawadi Mall Branch	Al Ain	10:00 am to 3:30 pm 04:00 pm to 09:00 pm	10:00 am to 2:00 PM 04:00 pm to 09:00 PM	Al Ain City - Al Bawadi Mall, Ground Floor, Mizyad Area
20	Al Ain Branch	Al Ain	08:00 am to 02:00 pm	9:00 AM to 1:00 PM	Al Ain City - Central District - Shaikh Zayed Bin Sultan Street - Near Clock Tower
21	Al Yahar Branch	Al Ain	08:00 am to 02:00 pm	9:00 AM to 1:00 PM	Al Ain City - Al Yahar Main Street
22	Al Hili Mall Branch	Al Ain	10:00 am to 3:30 pm 04:00 pm to 09:00 pm	10:00 am to 2:00 pm 04:00 pm to 09:00 pm	Al Ain City - Hili Mall - Ground Floor
23	Al Twar Branch	Dubai	08: 00am to 02:00 pm	9:00 AM to 1:00 PM	Al Nahda Street, Al Twar Center Near to Ministry of Education
24	Al Mamzar Branch	Dubai	08: 00am to 02:00 pm	9:00 AM to 1:00 PM	Abu Hail Area - Al Wahaida Street, Hor Al Anz
25	Second of December Branch	Dubai	08: 00am to 02:00 pm	9:00 AM to 1:00 PM	Jumeirah beach street, Dubai
26	Sheikh Zayed Road Branch	Dubai	08: 00am to 02:00 pm	9:00 AM to 1:00 PM	Emarat Atrium Building, Sheikh Zayed Road
27	Dubai Internet City - Arenco Branch	Dubai	08: 00am to 02:00 pm	9:00 AM to 1:00 PM	Arenco Tower, Dubai Internet City
28	Fujairah Branch	East Coast	08: 00am to 02:00 pm	9:00 AM to 1:00 PM	Shaikh Hamad Bin Abdulla Street
29	Ras Al Khaimah Branch	East Coast	08: 00am to 02:00 pm	9:00 AM to 1:00 PM	Opposite Al Manar Mall, Al Muntasir Road
30	Dibba Branch	East Coast	08: 00am to 02:00 pm	9:00 AM to 1:00 PM	Sheikh Zayed Street, Opposite Dibba Police Station - Fujairah
31	Kalba Branch	East Coast	08: 00am to 02:00 pm	9:00 AM to 1:00 PM	Al Wahda Street - Khamis Khalfan Al Zahmi Building - Block No:19
32	Al Dhaid Branch	East Coast	08: 00am to 02:00 pm	9:00 AM to 1:00 PM	Al Dhaid Main Street - Mosque Square
33	Khorfakkan Branch	East Coast	08: 00am to 02:00 pm	9:00 AM to 1:00 PM	Corniche Road, Banks Area
34	Umm Al Quwain Branch	Sharjah North East Area	08: am to 02:00 pm	9:00 AM to 1:00 PM	King Faisal Street opposite Umm Al Quwain Mall
35	Sharjah Main Branch	Sharjah North East Area	08: am to 02:00 pm	9:00 AM to 1:00 PM	Al Mussala Area opposite Etisalat building
36	Al Rahmania Mall Branch	Sharjah North East Area	10:00 am to 03:30 pm 04:00 pm to 10:00 pm	10:00 am to 2:00 pm 04:00 pm to 09:00 pm	Al Rahmania Mall - First Floor

Receiving Bank - Emirates NBD Bank PJSC

S. No	Branch name	Branch Location - Area	Customer Timing	IPO Subscription Timings	Branch Address
1	Group Head Office Branch	Dubai	Sunday to Thursday (8:00 AM - 3:00 PM)	Sunday to Thursday (8:00 AM - 1:00 PM)	Ground Floor, Emirates NBD Group Head Office, Baniyas Road, Deira, Dubai
2	Jumeirah Branch	Dubai	Saturday to Thursday (8:00 AM - 2:00 PM)	Saturday to Thursday (8:00 AM - 1:00 PM)	Emirates NBD Building, Al Wasl Rd Intersection, Umm Suquiem 3, Jumeirah, Dubai
3	Al Qusais Branch	Dubai	Saturday to Thursday (8:00 AM - 2:00 PM)	Saturday to Thursday (8:00 AM - 1:00 PM)	Damascus St, Near Dubai Grand Hotel, Al Qusais, Dubai
4	Al Karama Branch	Dubai	Saturday to Thursday (8:00 AM - 2:00 PM)	Saturday to Thursday (8:00 AM - 1:00 PM)	Za'abeel Rd, Near General Post Office, Karama, Dubai
5	Hamriya Branch	Dubai	Saturday to Thursday (8:00 AM - 2:00 PM)	Saturday to Thursday (8:00 AM - 1:00 PM)	Ground Floor, Union Cooperative Hyper Market, Hamriya Shopping Complex, Hor Al Anz, Dubai
6	Jebel Ali Branch	Dubai	Saturday to Thursday (8:00 AM - 2:00 PM)	Saturday to Thursday (8:00 AM - 1:00 PM)	Jebel Ali Free Zone, Next to CBD and HSBC
7	Rashidiya Branch	Dubai	Saturday to Thursday (8:00 AM - 2:00 PM)	Saturday to Thursday (8:00 AM - 1:00 PM)	Rashidiya Central Market, Rashidiya, Dubai
8	Al Mankhool Branch	Dubai	Saturday to Thursday (8:00 AM - 2:00 PM)	Saturday to Thursday (8:00 AM - 1:00 PM)	Nashwan Building, Al Mankhool Rd, Dubai
9	Oud Metha Branch	Dubai	Saturday to Thursday (8:00 AM - 2:00 PM)	Saturday to Thursday (8:00 AM - 1:00 PM)	Ground Floor, Gulf Residence Building, Oud Metha Road, Dubai
10	Sheikh Zayed Road Branch	Dubai	Saturday to Thursday (8:00 AM - 2:00 PM)	Saturday to Thursday (8:00 AM - 1:00 PM)	Ground Floor, Saeed Tower, Sheikh Zayed Rd, Dubai
11	Al Barsha Branch	Dubai	Saturday to Thursday (8:00 AM - 2:00 PM)	Saturday to Thursday (8:00 AM - 1:00 PM)	Emirates NBD Building, Al Barsha 2, Dubai
12	Burj Al Arab Branch	Dubai	Saturday to Thursday (8:00 AM - 2:00 PM)	Saturday to Thursday (8:00 AM - 1:00 PM)	Umm Suqueim 3, Opposite Jumeira Beach Hotel, Jumeira Road, Dubai
13	Abu Dhabi Main Branch	Abu Dhabi	Saturday to Thursday (8:00 AM - 2:00 PM)	Saturday to Thursday (8:00 AM - 1:00 PM)	Ground Floor, Al Neem Building, Shaikh Khalifa street, Abu Dhabi
14	Electra Street Branch	Abu Dhabi	Saturday to Thursday (8:00 AM - 8:00 PM)	Saturday to Thursday (8:00 AM - 1:00 PM)	Zayed The Second Street, Near Electra Park, Abu Dhabi

15	Al Muroor Branch	Abu Dhabi	Saturday to Thursday (8:00 AM - 2:00 PM)	Saturday to Thursday (8:00 AM - 1:00 PM)	New Airport Road, Muroor, Abu Dhabi
16	Al Ain Main Branch	Abu Dhabi	Saturday to Thursday (8:00 AM - 2:00 PM)	Saturday to Thursday (8:00 AM - 1:00 PM)	Sheikh Khalifa Bin Zayed St, (in front of Burjeel Hospital), Al Ain
17	Sharjah Main Branch	Sharjah	Saturday to Thursday (8:00 AM - 2:00 PM)	Saturday to Thursday (8:00 AM - 1:00 PM)	Ground Floor, Emirates NBD Building, Immigration Road, Al Qassimia Area, Sharjah
18	Ajman Main Branch	Ajman	Saturday to Thursday (8:00 AM - 2:00 PM)	Saturday to Thursday (8:00 AM - 1:00 PM)	Emirates NBD Building, Sheikh Rashid Bin Humaid St, Al Sawan, Ajman
19	Umm Al Quwain Branch	UAQ	Saturday to Thursday (8:00 AM - 2:00 PM)	Saturday to Thursday (8:00 AM - 1:00 PM)	King Faisal Road, Al Raas B, Umm Al Quwain, Near Umm Al Quwain Hospital, Umm Al Quwain
20	Fujairah Main Branch	Fujairah	Saturday to Thursday (8:00 AM - 2:00 PM)	Saturday to Thursday (8:00 AM - 1:00 PM)	Sheikh Hamad Bin Abdullah Street, Town Centre 3, Fujairah,Opposite Al Diar Siji Hotel, Fujairah
21	Ras Al Khaimah Main Branch	Ras Al Khaimah	Saturday to Thursday (8:00 AM - 2:00 PM)	Saturday to Thursday (8:00 AM - 1:00 PM)	Al Muntasir Road, Al Mamourah Road Intersection, Ras Al-Khaimah

III. Annual Report 2022

MOELIS & COMPANY

ADNOC Drilling

FOURTH QUARTER & FULL YEAR 2022 RESULTS PRESENTATION

FEBRUARY 13, 2022

DISCLAIMER

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AGENDA & PRESENTERS

- 4Q & FY Highlights
- Strategic Progress
- Operational Highlights
- Financial Performance
- Guidance
- Summary
- Appendix

Abdulrahman Abdullah Al Seiari

Chief Executive Officer

Esa Ikaheimonen

Chief Financial Officer

Emri Zeineldin

Senior Vice President, Oilfield Services

RECORD FINANCIAL PERFORMANCE WITH HIGHEST-EVER OPERATIONAL RIG COUNT

Safety & environment

- **50,678**
  GJ/Rig energy intensity in 4Q22 vs. target of 52,539 GJ/Rig
- **537.7**
  ktCO2eq GHG absolute emissions in 4Q22, vs. target of 661.5 ktCO2eq
- **0.60 TRIR**
  Improvement from 0.82 at the end of FY21

Financial

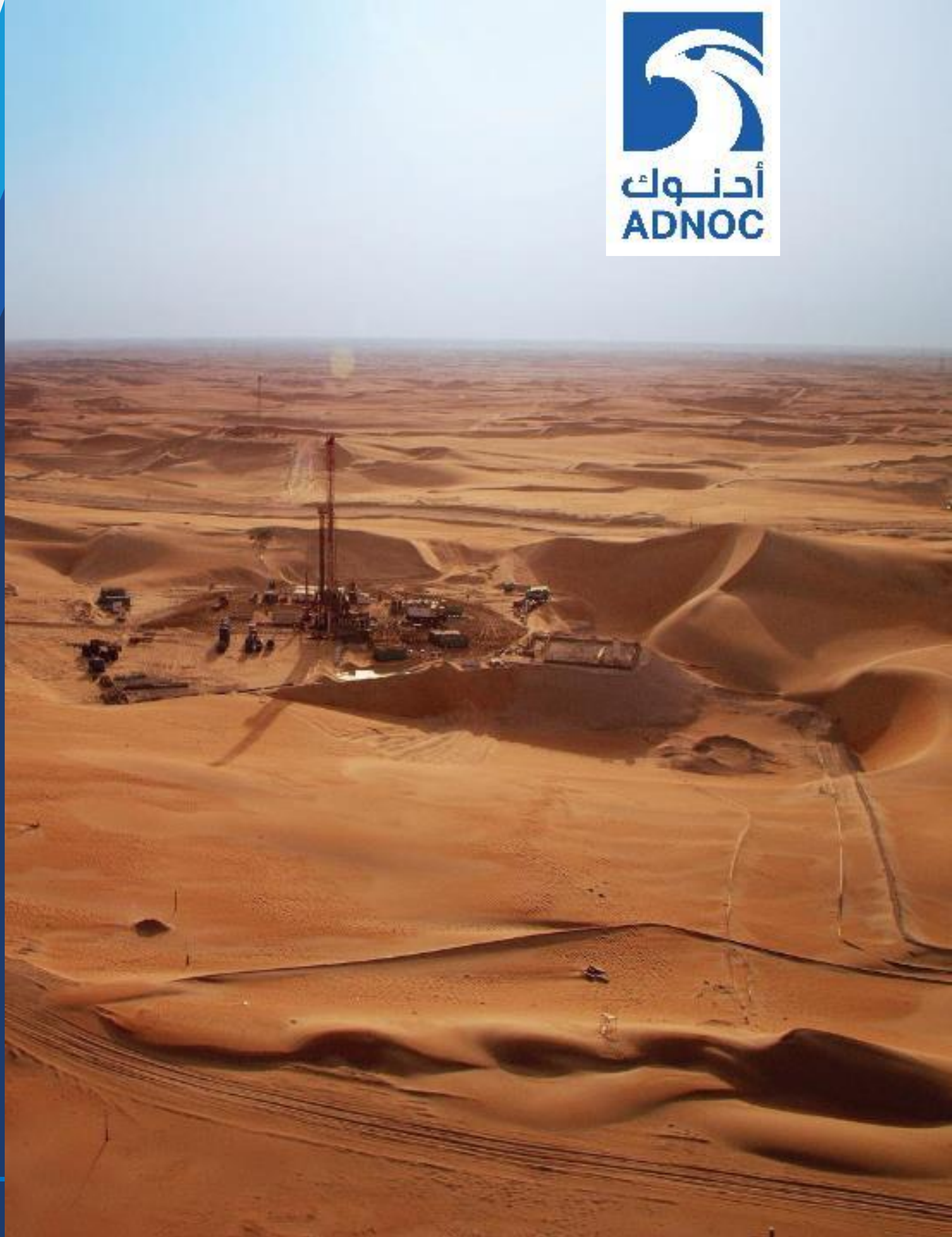
- **27%**
  YoY revenue increase in 4Q22 to record $733 million
- **$434 million**
  CapEx in 4Q22 up 236% YoY
- **$234m**
  Net profit in 4Q22, up 61% YoY

Operational

- **16**
  New rigs added to the ADNOC Drilling fleet in FY22
- **95%**
  Rig availability in FY22
- **$10bn+**
  Total contract awards added to backlog

ADNOC Drilling

STRATEGIC PROGRESS



STRATEGIC PARTNER AT THE HEART OF ADNOC UPSTREAM

Our value creation profile

Significant leverage to growth

- Key enabler of delivering ADNOC's long-term upstream targets
- Strong in-house capability set drives accelerated growth into oilfield services (OFS)
- Further potential for disciplined domestic and regional expansion

Delivering superior financial results

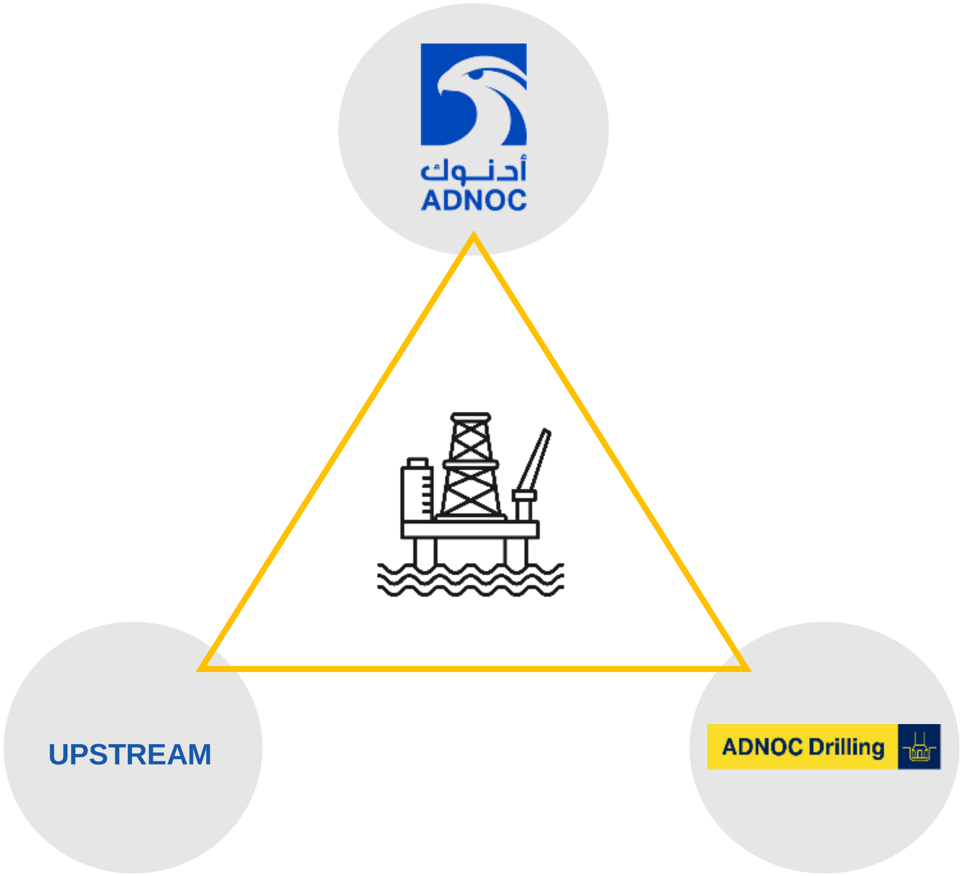
- Undisputed returns leadership throughout the cycle
- Strong cash conversion, robust capital stewardship and solid balance sheet
- Attractive cash return focused dividend policy

High return, limited risk proposition

- Integral position to ADNOC operations driving bespoke contractual agreement
- Attractive returns, high visibility and strong downside protection
- Compelling IRRs generated over a long time, driving significant cash generation

RIG SERVICES FRAMEWORK AGREEMENT

Preferential contractual framework with ADNOC provides attractive returns, high visibility and strong downside protection



ADNOC Upstream operating companies procure **rig services solely from ADNOC Drilling** based on agreed contractual terms

Initial Rig Base Term - 15 years | rate structured to provide:

- Targeted **IRR of 11-13%** for **Offshore** rigs
- Targeted **IRR of 10-12%** for **Onshore** rigs

Post Initial Rig Base Term | rate structured to provide:

- **Onshore rigs:** recovery of operating costs on a cost-plus basis
- **Offshore rigs:** The higher of (a) cost-plus basis; and (b) GCC average rate for all active contracts

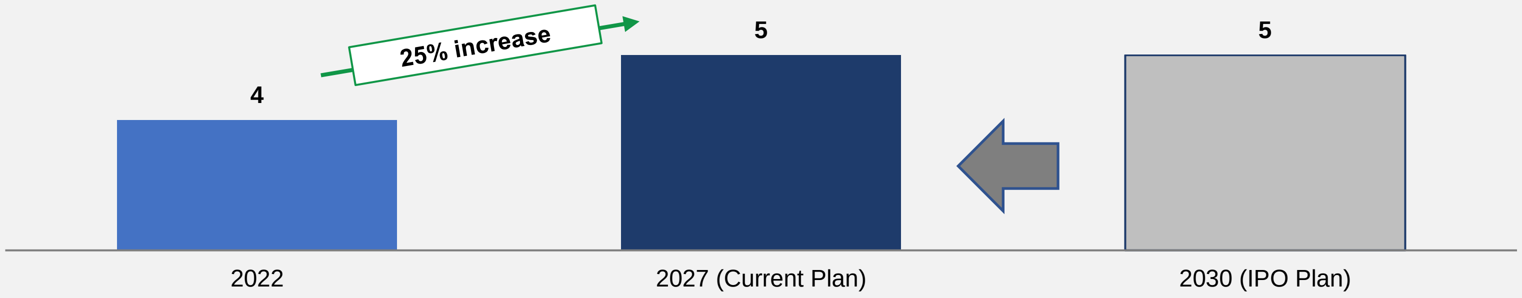
Provisions for inflation and cost escalations

WELL-POSITIONED FOR FUTURE GROWTH

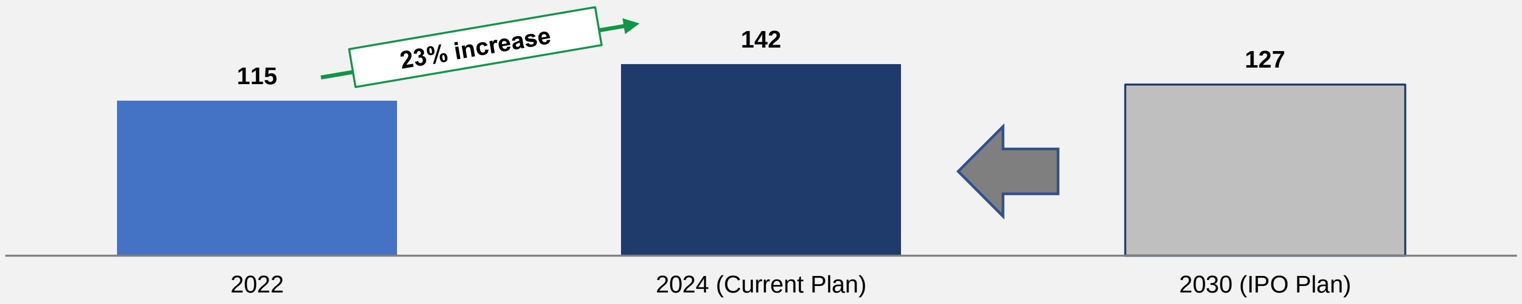
A critical enabler of ADNOC's accelerated production capacity targets

Accelerated Growth Targets

Production Capacity Targets (mm barrels / day)



Peak Rig Count Requirement



Commentary

ADNOC Drilling has accelerated its own growth plans to enable ADNOC's strategic imperative of expanding production capacity from four to five million barrels per day by 2027.

Peak owned rig count of 142 by the end of 2024, compared to IPO guidance of 127 rigs by the end of 2030.

Long-term growth drivers:

- Maintenance of production capacity
- UAE's goal to achieve gas self-sufficiency and the development of unconventional resources
- Continued expansion of the OFS segment's Integrated Drilling Solutions
- Pursuit of regional expansion opportunities
- New revenue streams such as complimentary services, manufacturing opportunities and technology

EXECUTING ON OUR STRATEGY

Our long-term strategy for growth is focused on four areas

Capitalize on ADNOC increasing production

Capitalize on ADNOC's plans to increase production capacity to 5 million barrels per day and 1bcf of gas.

▶ **Added 16 rigs** to fleet in FY22

Unconventional development

Become a Middle East regional leader in **unconventional** development.

▶ **2 rigs drilled UC gas wells during** FY22

Integrated Drilling Services ramp-up

Launch a major **rig fleet expansion** program to support **upstream growth** plans.

▶ **Performed IDS on 40 rigs** in FY22

New Revenue Streams

Pursue new business **inside and outside** of **Abu Dhabi** for **rigs, services and technology**

▶ **Regional expansion** being explored

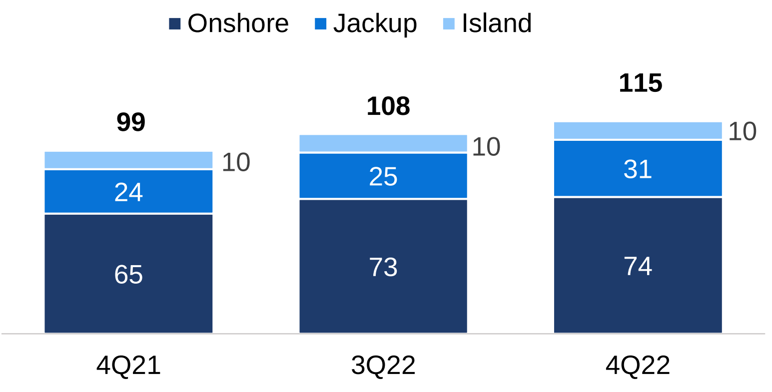
ADNOC Drilling

OPERATIONAL HIGHLIGHTS

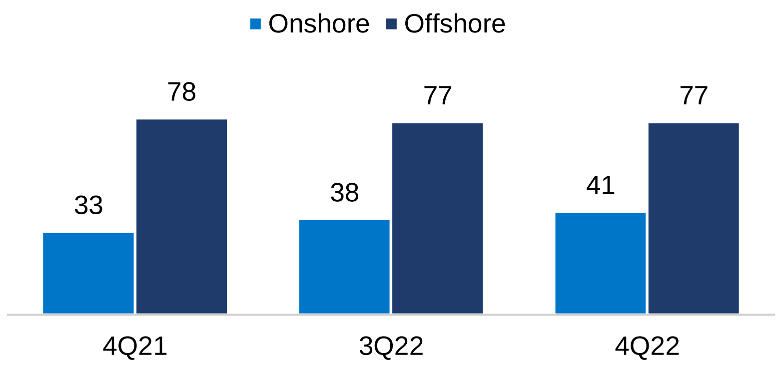
GROWING FLEET IS DRILLING MORE WELLS

Key operational highlights

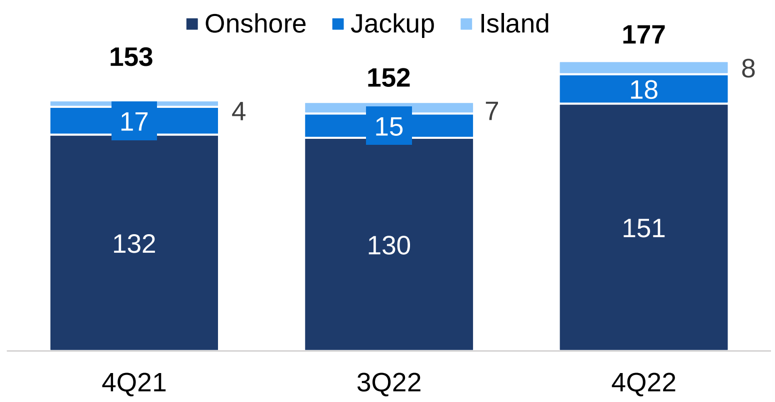
Owned Rigs



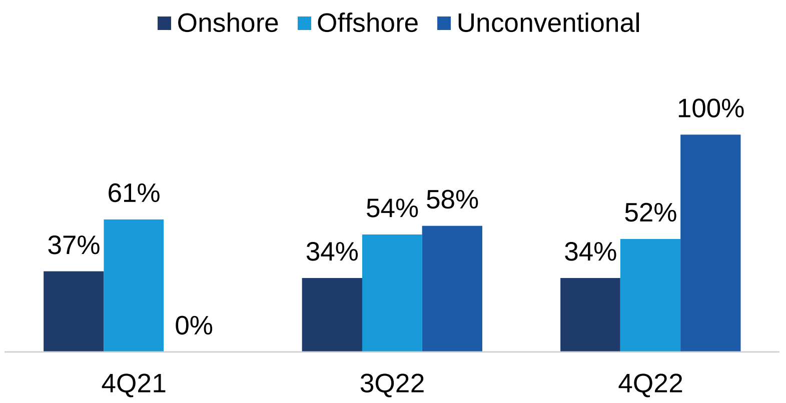
Drilling Average Duration (days)



Wells Drilled



Oilfield Services Market Share



Commentary

- **620 wells drilled** in FY22 compared to 549 wells drilled in FY21
- **8 Onshore H&P FlexRigs** integrated into operations in 2022

- **OFS** performed **IDS on 40 rigs** (39% market share) in 2022
- 14.3% YoY improvement in **drilling efficiency**
- Awarded five-year **framework agreement valued at up to $1.6 billion** for Integrated Drilling Fluids Services
- **Extended the ADNOC Onshore and Offshore IDS contracts** for 2 extra years with a total value of **$2.7 billion**
- **Several new services added** to our OFS portfolio driving market share growth such as TRS, Fishing, Mud logging and Coring

ONSHORE AND OFS DRIVE PERFORMANCE

Segmental operating highlights

Onshore

- **91% Rig Availability** for Onshore operations in FY22 (vs. 95% in FY21)
- **93% Rig Efficiency** for Onshore operations in FY22 (vs. 93% in FY21)
- **Drilled longest onshore lateral section** of 17,148 feet, 6.79 days ahead schedule

Offshore Jackup and Offshore Island

- **98% Rig Availability** for **Offshore Jackup** and **100%** for **Offshore Island** rigs in FY22 (vs. 100% and 100% in FY21)
- **92% Rig Efficiency** for **Offshore Jackup** and **95%** for **Offshore Island** rigs in FY22 (vs. 94% and 91% in FY21)
- **Awarded two contracts** in 4Q22 at a combined value of **$2.5 billion** to provide 14 jackup rigs and 2 island rigs to ADNOC Offshore

Oilfield Services

- **205 wells delivered** in 2022. Of 76 benchmarked wells, 56 were delivered ahead of schedule and budget
- **FRAC'd 19 stages in 4Q22, 12 stages in 3Q22, 13 stages in 2Q22**, and **17 stages in 1Q22 a total of 61 stage in FY22**
- **Awarded $1.6 billion framework agreement** by ADNOC for integrated drilling fluids services (IDFS) in November 2022
- **Extended the ADNOC Onshore and Offshore IDS contracts** for 2 extra years with a total value of **$2.7 billion** in October 2022

WE CONTINUE TO PURSUE AMBITIOUS ESG GOALS

Our ESG framework and 4Q22 performance highlights

Climate, emissions and energy

- Support ADNOC's target to decrease GHG intensity by **25% by 2030 and 50% by 2050**
- Energy intensity at a target of 52,539 GJ/Rig vs. the current actual of 50,678 GJ/Rig

Economic and social contribution

- **In-country value (ICV)** at 60.0% versus a target of 60%
- Economic performance of the Company improved with the increase in number of rigs

Health, safety and security

- **Zero recordable incidents** in Offshore and OFS
- **TRIR at 0.60** versus target of 1.0 for 2022

Local environment

- Minimizing impacts through **best-in-class** environmental management system
- **Zero spill incidents** in 4Q22

Workforce diversity and development

- **Women Empowerment established**, with 16* female employees at leadership level
- 79 nationalities across the workforce

*managers and above

Business sustainability

- Integrate risk management across operations & business planning
- Strengthen collaboration in environmental protection, conservation and sustainable development

ADNOC Drilling

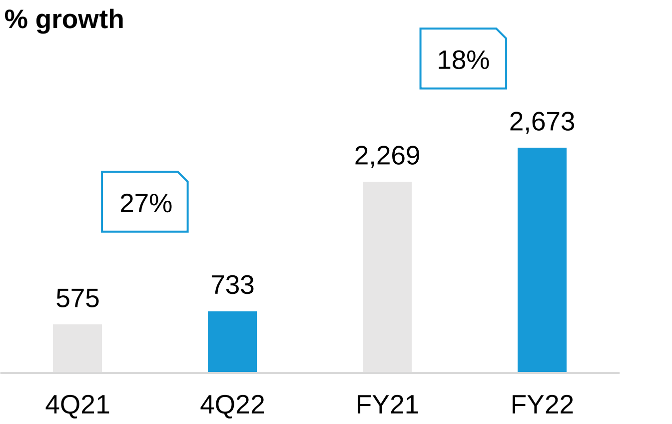
FINANCIAL PERFORMANCE

FINANCIAL HIGHLIGHTS

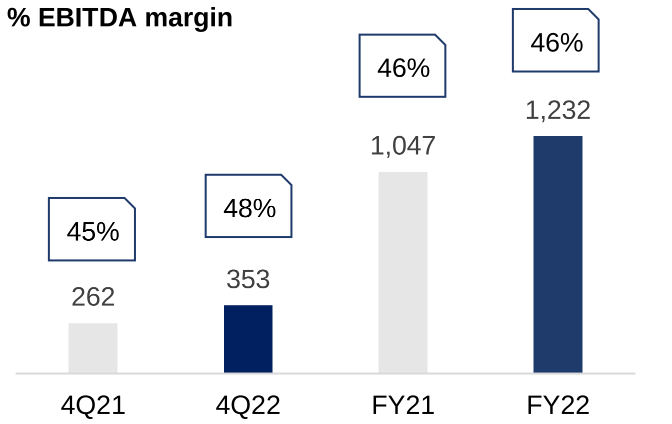
Strong revenue momentum with industry-leading EBITDA margins

$ millions

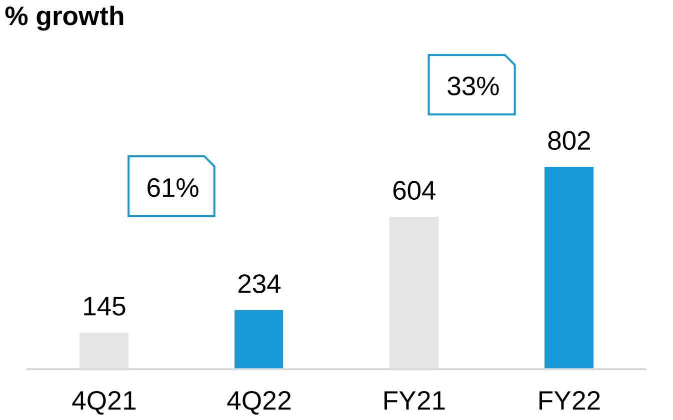
Revenue



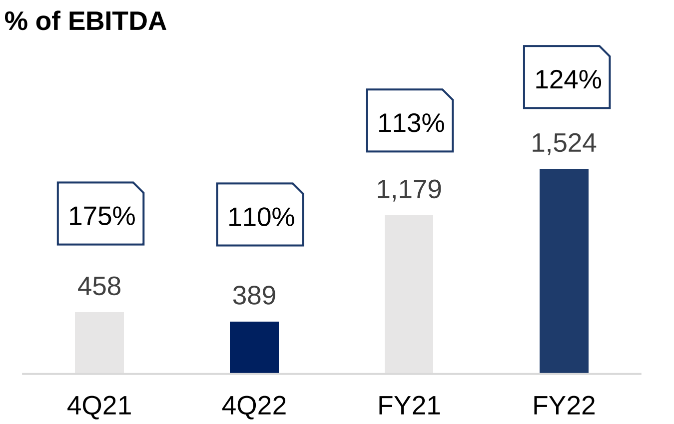
EBITDA



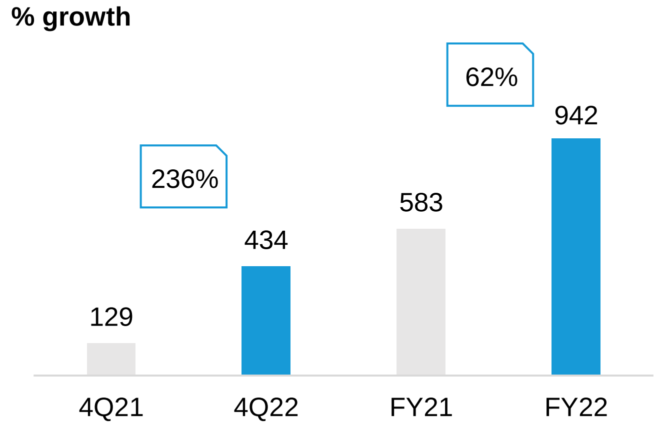
Net Income



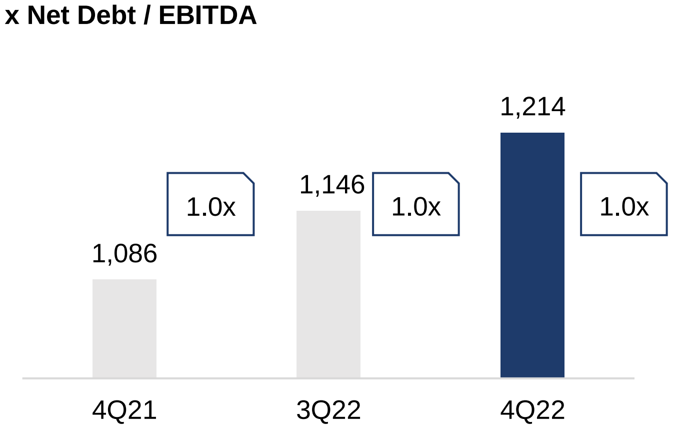
Cash from Operations



CapEx



Net Debt

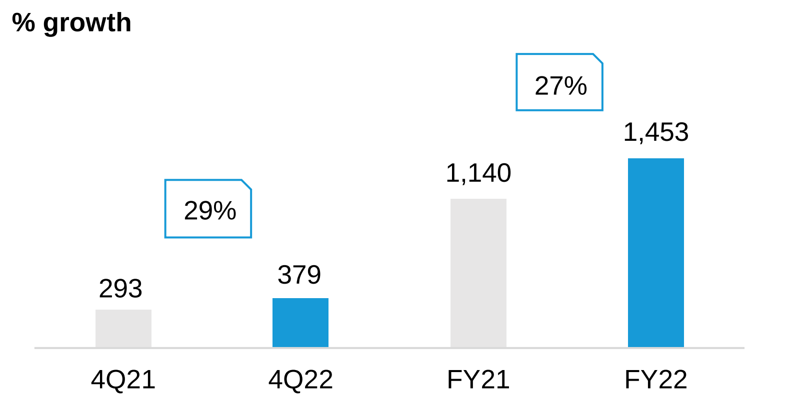


SEGMENTAL REVENUE

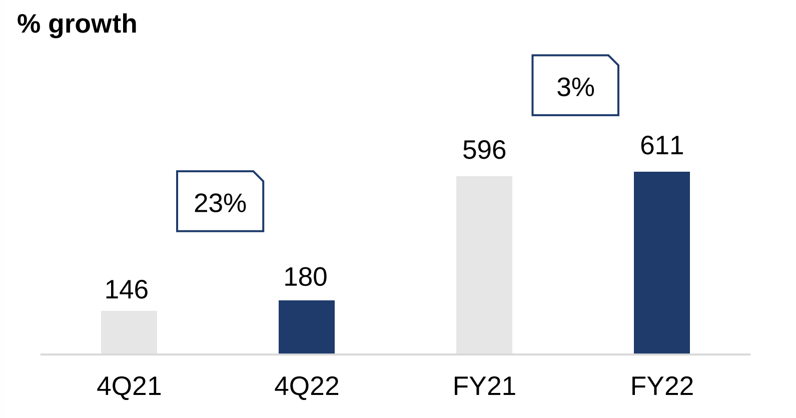
Onshore and OFS powering record quarterly revenue in 4Q22

$ millions

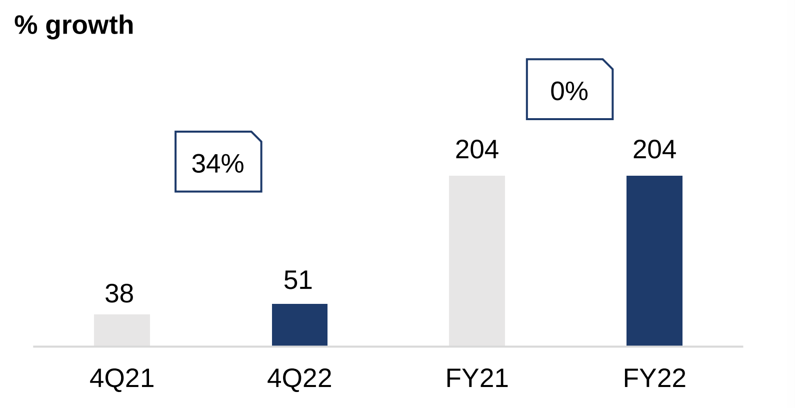
Onshore



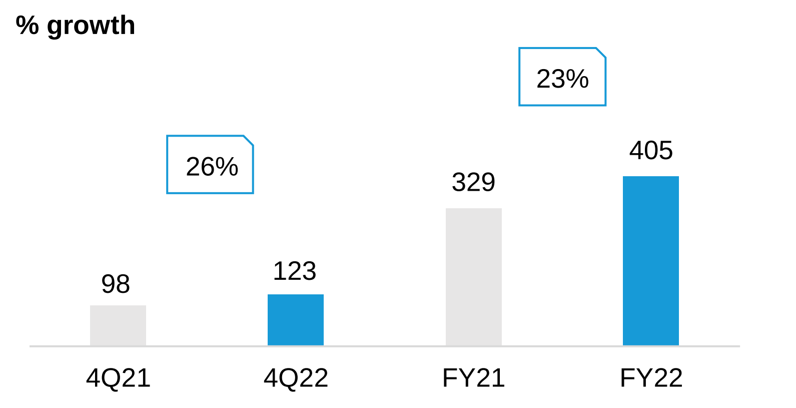
Offshore Jackup



Offshore Island



Oilfield Services



Commentary

Onshore and Oilfield Services drove overall FY22 revenues to $2.67 billion, up 18% year-on-year. 4Q revenue increased 27%.

Onshore: 4Q22 revenue increased 27% YoY, primarily due to additional rigs being added to the fleet

Offshore Jackup: 4Q22 revenue increased 23% YoY, reflecting five new jackup rigs joining the operational fleet

Offshore Island: 4Q22 revenue increased 34% YoY, mainly due to the reversal of claims to ADNOC Offshore in the comparative period

OFS: 4Q22 revenue up 26% YoY, driven by increased activity volumes and the introduction of new services to the portfolio

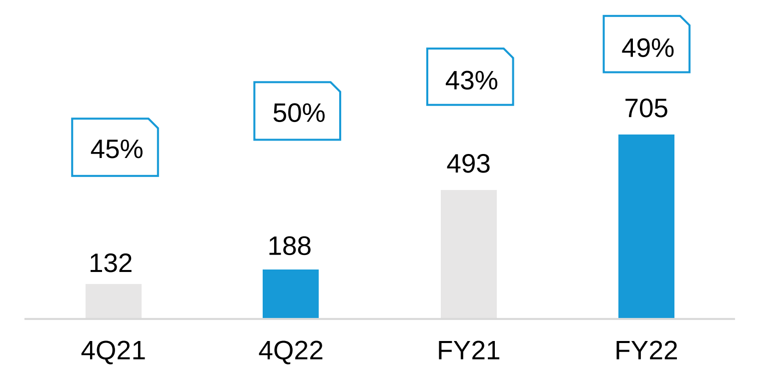
EBITDA GENERATION

Significant EBITDA growth across segments in 4Q22

$ millions

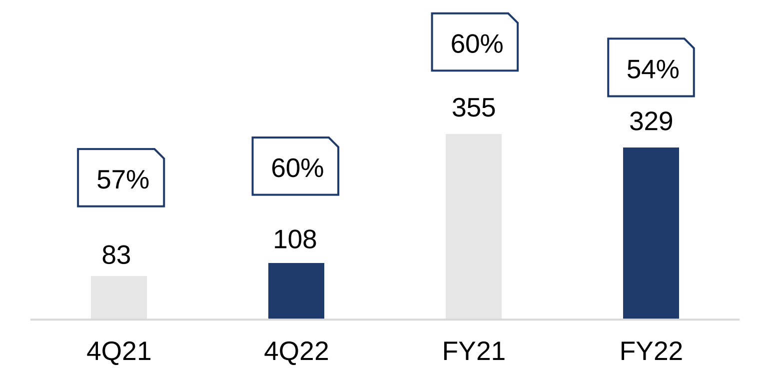
Onshore

% EBITDA margin



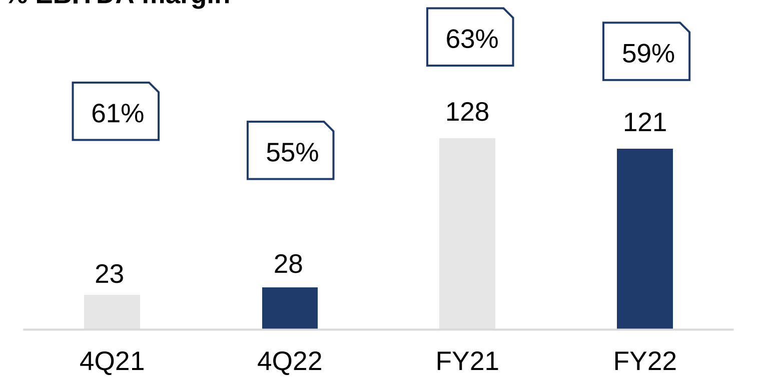
Offshore Jackup

% EBITDA margin



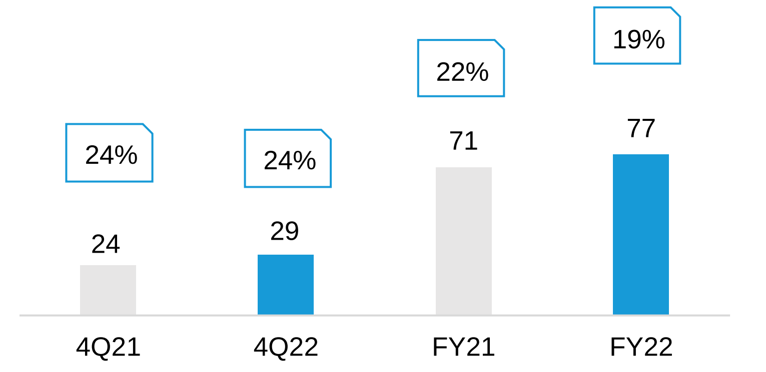
Offshore Island

% EBITDA margin



Oilfield Services

% EBITDA margin



Commentary

FY22 EBITDA up 18% at an industry-leading margin of 46%. 4Q22 EBITDA increased by 35% year-on-year.

Onshore: 4Q22 EBITDA up 42%, YoY, reflecting increased activity and cost optimization

Offshore Jackup: 4Q22 EBITDA increased 30% YoY, from the activation of new jackups

Offshore Island: 4Q22 EBITDA increased 22% YoY, due to the reversal of claims in the comparative period

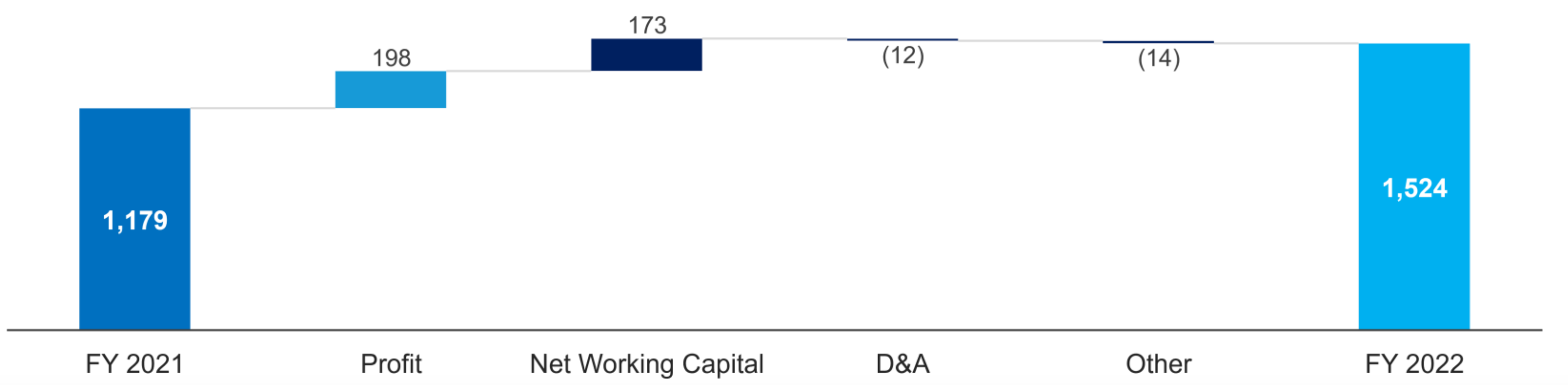
OFS: 4Q22 EBITDA increased 21% YoY, supported by revenue growth

STRONG CASHFLOW AND BALANCE SHEET

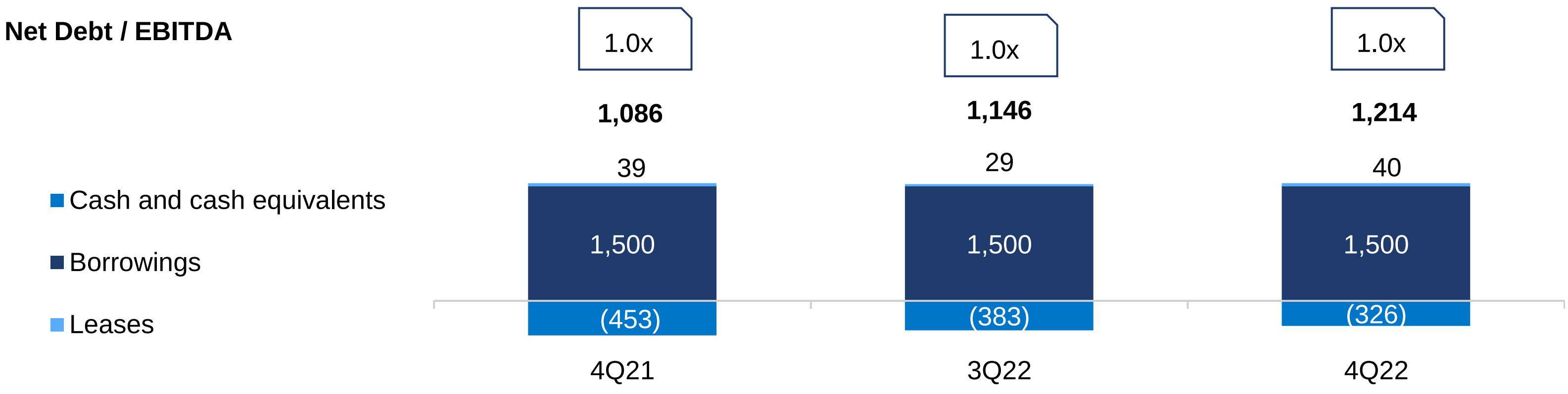
Healthy cash position with ample liquidity to power accelerated rig acquisition program

$ millions

Net Cash from Operating Activities



Net Debt



Commentary

Net Cash from Operating Activities

- FY22 cash generated from operating activities was $1.52 billion, an increase of 29% from the prior year
- Mainly attributable to growth in OFS and Onshore business segments coupled with improvements in working capital management

Net Debt

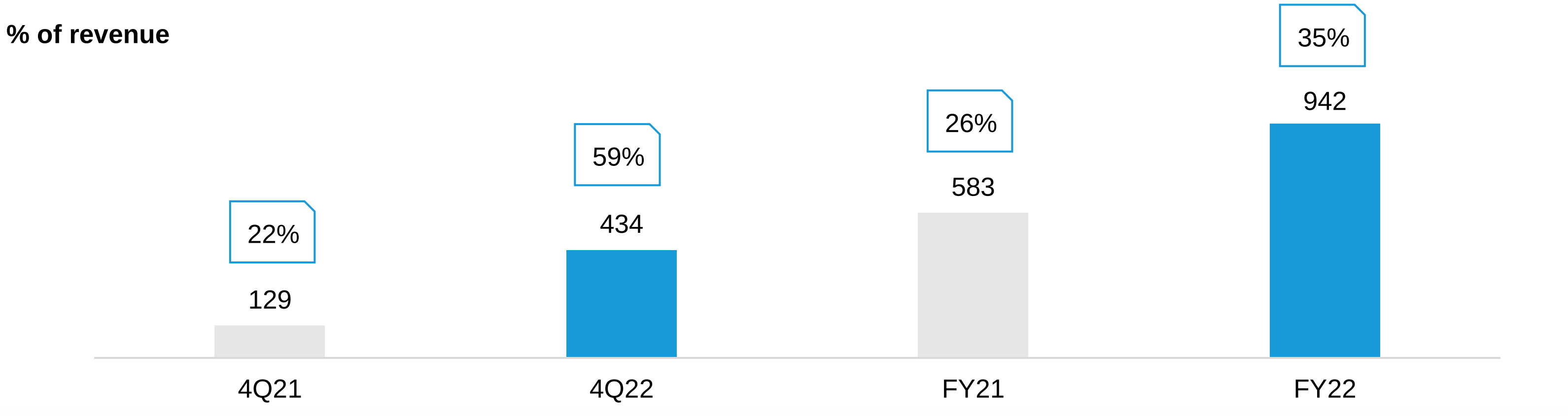
- The Net Debt / EBITDA ratio remained flat versus both the previous quarter and year
- Cash and cash equivalents decreased to $326 million in 4Q22
- Liquidity (including unutilized syndicated term and revolving facilities) stood at $1.5 billion

WORKING CAPITAL OPTIMIZED, CAPEX RAMPS UP

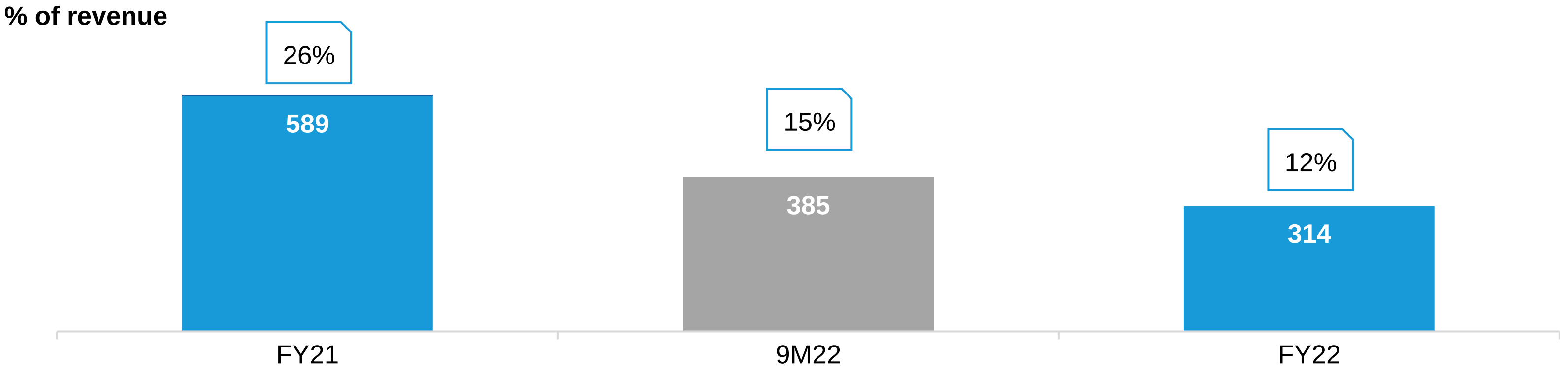
Working capital within targeted range; Capex accelerated significantly in 4Q22

$ millions

CapEx



Operating Working Capital



Commentary

CapEx

- During FY22, significantly increased CapEx of $942 million supported rig fleet expansion, with initial payments made towards offshore jackup rigs
- The accelerated rig fleet expansion program is progressing well, with 16 new rigs joining the fleet during the year
- Increased CapEx expected for further rig acquisitions in FY23

Operating Working Capital

- Operating Working Capital improved by 47% compared to year-end 2021 and 18% Q-o-Q, due to strong collections from related parties
- Working capital is within the targeted range of 10-11% of annualized revenue

ADNOC Classification: Internal

GUIDANCE

ACCELERATED GROWTH TARGETS

FY 2023 guidance introduced; medium-term guidance refreshed

(USD Millions)	FY 2023 Guidance
Revenue	**3,000 - 3,200**
Onshore Revenue	1,500 - 1,600
Offshore Jackup Revenue	800 - 900
Offshore Island Revenue	200- 250
Oilfield Services Revenue	500- 550
EBITDA	**1,350 - 1,500**
EBITDA Margin	*45% - 47%*
Net Income	**850 - 1,000**
Net Income Margin	*28% - 31%*
CapEx	**1,300-1,750**
Leverage Target	**< 2.0x**

Refreshed Medium-Term Guidance

- Revenue CAGR in the 12-16% range
- EBITDA Margins around 50% with drilling margins exceeding 50% and OFS Margin in a range of 22-26% medium term versus 2021
- Conservative long-term leverage target of up to 2.0x net debt / EBITDA, excluding material M&A
- Net working capital as percentage of revenue target of 10% -11%
- Peak owned rig count to total 142 by the end of 2024, compared to IPO guidance of 127 rigs by the end of 2030
- CapEx over the coming two-year period ending 2024 to increase between $2.0 - $2.5 billion
- Maintenance CapEx post-2024 of $200-$250 million per annum
- Annual dividend growth of at least 5% per annum over the next four years (2023-2026)

ADNOC Drilling

SUMMARY

A RECORD-BREAKING YEAR

Stellar growth enabled by expanded rig fleet and increased drilling activity

16 new rigs added in FY22, establishing one of the world's largest operating fleets

Onshore and OFS segments enabling powerful top-line performance

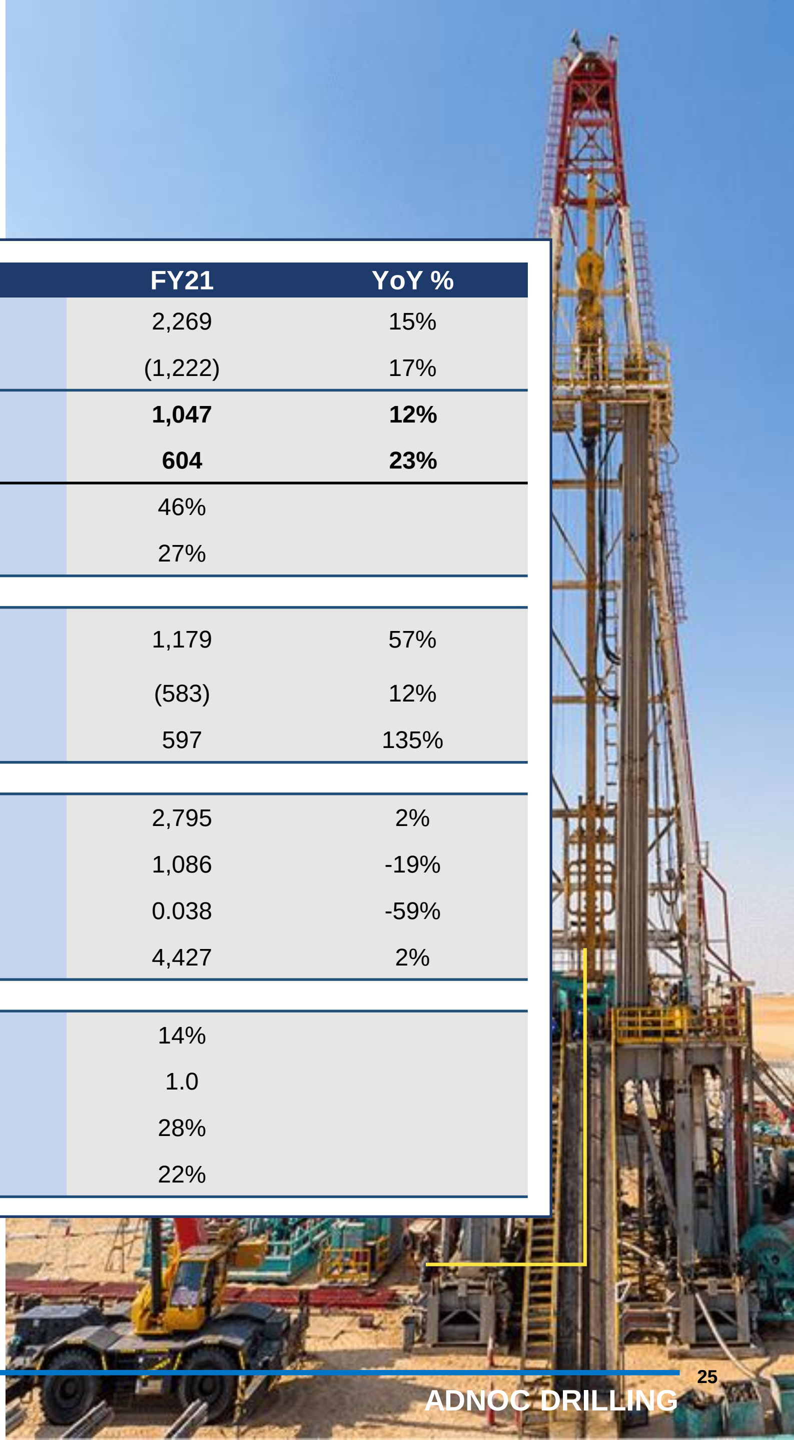
Significant contract awards with over $10 billion in contracted backlog

Key enabler of ADNOC's accelerated production capacity targets

ADNOC Drilling

APPENDIX

FINANCIAL SUMMARY 4Q22 & FY22



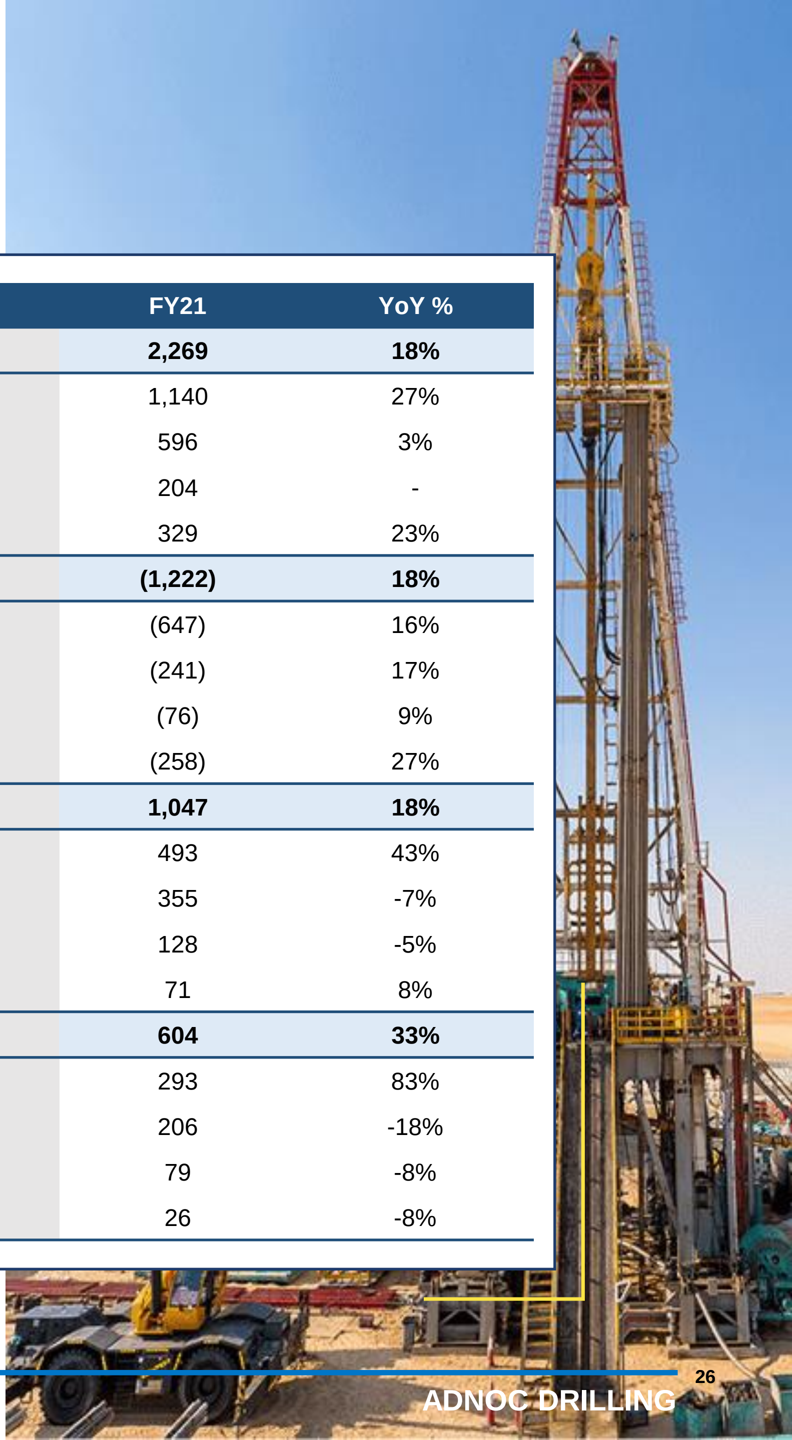
4Q22	3Q22	QoQ %	4Q21	YoY %	USD Million	FY22	FY21	YoY %
733	670	9%	575	27%	Revenue	2,673	2,269	15%
(380)	(371)	2%	(313)	21%	Opex[1]	(1,441)	(1,222)	17%
353	**299**	**18%**	**262**	**35%**	**EBITDA[2]**	**1,232**	**1,047**	**12%**
234	**189**	**24%**	**145**	**61%**	**Net Profit**	**802**	**604**	**23%**
48%	45%		46%		EBITDA Margin	46%	46%	
32%	28%		25%		Net Profit Margin	30%	27%	
389	317	23%	458	-15%	Net cash generated from operating activities	1,524	1,179	57%
(434)	(223)	95%	(129)	236%	Capital Expenditure[3]	(942)	(583)	12%
-42	97	NM	329	NM	Free Cash Flow	588	597	135%
2,931	2,697	9%	2,795	5%	Total Equity	2,931	2,795	2%
1,214	1,146	6%	1,086	12%	Net debt[4]	1,212	1,086	-19%
0.015	0.012	24%	0.009	63%	Earnings per Share ($) [5]	0.050	0.038	-59%
4,610	4,353	6%	4,427	4%	Capital employed	4,610	4,427	2%
16%	17%		14%		Return on capital employed	16%	14%	
1.0	1.0		1.0		Net debt to LTM EBITDA	1.0	1.0	
29%	30%		28%		Leverage ratio	29%	28%	
24%	26%		22%		Return on equity	24%	22%	

NM: Not meaningful
(1) Opex includes allocation of G&A expenses and other income
(2) EBITDA represents Earnings Before Interest, Tax, Depreciation and Amortization
(3) Payments for purchase of property and equipment
(4) Interest bearing liabilities less cash and cash equivalents
(5) Number of shares for earnings per Share calculation in the comparatives are adjusted as if the share spilt and capitalization had taken place as at 1 Jan 2021.

SEGMENTAL RESULTS 4Q22 & FY22

USD Million	4Q22	3Q22	QoQ %	4Q21	YoY %	FY22	FY21	YoY %
Revenue	**733**	**670**	**9%**	**575**	**27%**	**2,673**	**2,269**	**18%**
Onshore	379	372	2%	293	29%	1,453	1,140	27%
Offshore Jackup	180	143	26%	146	23%	611	596	3%
Offshore Island	51	52	-2%	38	34%	204	204	-
Oilfield Services (OFS)	123	103	19%	98	26%	405	329	23%
Total OPEX[1]	**(380)**	**(371)**	**2%**	**-313**	**21%**	**(1,441)**	**(1,222)**	**18%**
Onshore	(191)	(195)	-2%	-161	19%	(748)	(647)	16%
Offshore Jackup	(72)	(73)	-1%	-63	14%	(282)	(241)	17%
Offshore Island	(23)	(17)	35%	-15	53%	(83)	(76)	9%
Oilfield Services (OFS)	(94)	(86)	9%	-74	27%	(328)	(258)	27%
EBITDA[2]	**353**	**299**	**18%**	**262**	**35%**	**1,232**	**1,047**	**18%**
Onshore	188	177	6%	132	42%	705	493	43%
Offshore Jackup	108	70	54%	83	30%	329	355	-7%
Offshore Island	28	35	-20%	23	22%	121	128	-5%
Oilfield Services (OFS)	29	17	71%	24	21%	77	71	8%
Net Profit	**234**	**189**	**24%**	**144**	**63%**	**802**	**604**	**33%**
Onshore	145	130	12%	78	86%	537	293	83%
Offshore Jackup	60	32	88%	46	30%	168	206	-18%
Offshore Island	15	23	-35%	10	50%	73	79	-8%
Oilfield Services (OFS)	14	4	250%	10	40%	24	26	-8%

(1) Operational expenses including allocated G&A
(2) Underlying EBITDA includes other income



ADNOC Drilling

THANK YOU

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ir@adnocdrilling.ae

IV. Management Discussion & Analysis Report

ADNOC Drilling

ADNOC DRILLING COMPANY P.J.S.C.

Fourth Quarter and Year End 2022 Earnings

Management Discussion & Analysis Report

February 13, 2023

Table of Contents

Financial Highlights

Financial Summary

ADNOC Drilling Company P.J.S.C. ("ADNOC Drilling" or the "Company") delivered its highest ever quarterly revenue of $733 million, which translated into a 35% increase in EBITDA to $353 million and net profit growth of 61% to $234 million from the year-ago period.

For the year ending December 31, 2022, the Company generated total revenue of $2,673 million, achieving a year-on-year increase of 18% from $2,269 million. Top line performance also led to an 18% jump in EBITDA to $1,232 million from $1,047 million in the prior year period with reported net profit of $802 million in 2022, an increase of 33% from $604 million in 2021.

ADNOC Drilling achieved a robust EBITDA margin of 46% and net profit margin of 30% in fiscal year 2022. This despite the macroeconomic headwinds that led to inflationary impacts on costs. The Company's continued efforts to realize efficiencies and various cost optimization initiatives were integral in managing a strong margin performance in the fiscal year.

4Q22	3Q22	*QoQ %*	4Q21	*YoY %*	USD Million	FY22	FY21	*YoY %*
733	670	9%	575	27%	Revenue	**2,673**	2,269	18%
(380)	(371)	2%	(313)	21%	Opex[1]	**(1,441)**	(1,222)	18%
353	299	18%	262	35%	**EBITDA[2]**	**1,232**	1,047	18%
234	189	24%	145	61%	**Net Profit**	**802**	604	33%
48%	45%	3%	46%	2%	EBITDA Margin	**46%**	46%	0%
32%	28%	4%	25%	7%	Net Profit Margin	**30%**	27%	3%
389	317	23%	458	-15%	Net cash generated from operating activities	**1,524**	1,179	29%
(434)	(223)	95%	(129)	236%	Capital Expenditure[3]	**(942)**	(583)	62%
(42)	97	-143%	329	-113%	Free Cash Flow	**588**	597	-2%
2,931	2,697	9%	2,795	5%	Total Equity	**2,931**	2,795	5%
1,214	1,146	6%	1,086	12%	Net debt[4]	**1,214**	1,086	12%
0.015	0.012	24%	0.009	63%	Earnings per Share ($)[5]	**0.050**	0.038	33%
4,610	4,353	6%	4,427	4%	Capital employed	**4,610**	4,427	4%
16%	17%	-1%	14%	2%	Return on capital employed	**16%**	14%	2%
1.0	1.0	0%	1.0	0%	Net debt to LTM EBITDA	**1.0**	1.0	0%
29%	30%	-1%	28%	1%	Leverage ratio	**29%**	28%	1%
24%	26%	-2%	22%	2%	Return on equity	**24%**	22%	2%

(1) Opex includes allocation of G&A expenses and other income
(2) EBITDA represents Earnings Before Interest, Tax, Depreciation and Amortization
(3) Payments for purchase of property and equipment including prepaid delivery payments
(4) Interest bearing liabilities less cash and cash equivalents
(5) Number of shares for Earnings per Share calculation in the comparatives are adjusted as if the share spilt and capitalization had taken place as at January 1, 2021.

Fiscal year 2022 was a year of accelerating our fleet expansion strategy as we continue to enable our client's strategic imperative to increase production capacity from four to five million barrels per day by 2027. The Company's success in delivering on our promises was assisted through our strategic partnership with US-based Helmerich & Payne (H&P). ADNOC Drilling acquired eight world-class H&P FlexRigs©, which were delivered and commissioned in stages over the course of 2022. Moreover, we successfully integrated five of the seven newly purchased jack-up rigs into operations and acquired an additional land rig over the course of 2022. This resulted in 16 rigs being added to the fleet for a total of 115 owned rigs with a fleet availability of 95% as of the end of December 2022.

Oilfield Services (OFS) continued to be a focus area for growth in 2022 as the business experienced continued expansion with an increase in the number of Integrated Drilling Services (IDS) capable owned rigs and the introduction of several new product lines and services to the portfolio. We expect to continue leveraging on our expanding business and expertise to win a significant share of future tenders as we build on the successes of 2022, namely the $1.15 billion of incremental awards above and beyond the IPO guidance on projects such as the Hail and Ghasha mega-project which was officially launched in the final quarter of 2022.

Segmental Results

Onshore

4Q22	3Q22	QoQ %	4Q21	YoY %	USD Million	FY22	FY21	YoY %
379	372	2%	293	29%	*Revenue*	**1,453**	1,140	27%
(191)	(195)	-2%	(161)	19%	*OPEX*[1]	**(748)**	(647)	16%
188	177	6%	132	42%	*EBITDA*[2]	**705**	493	43%
145	130	12%	78	86%	*Net Profit*	**537**	293	83%

(1) Opex includes allocation of G&A expenses and other income
(2) Underlying EBITDA includes other income

Fiscal Year ending December 31, 2022

Onshore revenue increased to $1,453 million in the period, up 27% from $1,140 million in 2021. The increase was mainly attributable to:

(i) Increased drilling activity driven by the addition and integration of eight H&P rigs throughout the year as well as the phased reactivation of stacked rigs in fiscal year 2022.

(ii) Reimbursement of cost escalation claims in-line with the contractual framework agreement between the Company and its client ADNOC Onshore, which states that increases beyond a specifically agreed upon benchmark price in diesel, consumables and materials costs are recoverable through an escalation claim mechanism.

Operating expenses increased 16% from $647 million in the prior year period to $748 million in the year ending December 31, 2022. The increase in operating expenses grew in-line with the rig fleet expansion and associated cost increases in diesel which nearly doubled year-on-year.

In an effort to create efficiencies and offset increasing costs, we have introduced a new initiative to optimize the number of crew on each rig. As a result, we expect manpower to reduce on rigs generally, and specifically our incremental manpower per new rig to decrease while our rig fleet expands in 2023 and beyond, which will ultimately contribute to an improvement in our operating margin going forward.

Despite the increase in operating expenses, Onshore delivered $705 million in EBITDA, an increase of 43% or $212 year-on-year. As explained above, the jump was largely attributable to incremental drilling activity, as new rigs commenced operations combined with the reimbursement received in relation to the increase in various variable costs.

Fourth Quarter ending December 31, 2022

Revenue increased by 29% in the quarter to $379 million from $293 million in the prior year due to additional rigs joining the fleet and commencing operations.

Quarterly EBITDA increased by 42% year-on-year to $188 million, which aligns with the segment's increased activity levels and materialized cost savings.

Offshore Jack-up

4Q22	3Q22	QoQ %	4Q21	YoY %	USD Million	FY22	FY21	YoY %
180	143	26%	146	23%	*Revenue*	**611**	596	3%
(72)	(73)	-1%	(63)	14%	*OPEX[1]*	**(282)**	(241)	17%
108	70	54%	83	30%	*EBITDA[2]*	**329**	355	-7%
60	32	88%	46	30%	*Net Profit*	**168**	206	-18%

(1) Opex includes allocation of G&A expenses and other income
(2) Underlying EBITDA includes other income

Fiscal Year ending December 31, 2022

During the period, the Offshore Jack-up segment reported a 3% increase in segmental revenue to $611 million from $596 million a year ago. The year-on-year increase was due to the integration of five new jack-up rigs into fleet operations. This incremental performance, however, was muted by reduced realized day rates for the higher number of rigs undergoing maintenance.

As in other business segments, efforts to create efficiencies and offset increasing costs have been introduced. A new major maintenance plan was introduced in fiscal year 2021 and implemented in 2022 with the intention to reduce the frequency with which rigs undergo major maintenance. This will ultimately lead to a decrease in associated maintenance costs and increase revenue as fewer rigs go off operating day rate.

In line with this strategy, five rigs underwent planned maintenance in fiscal year 2022. One rig experienced extended downtime resulting in reduced realized day rates and impacting the final quarter of 2022.

Segmental operating expenses rose 17% to $282 million in 2022 from $241 million a year-ago on the back of the increased size of the rig fleet and impacts of inflation on maintenance activity in the period. In addition, the Company incurred running costs in the pre-operational phase for the five new jack-up rigs prior to their full integration into the fleet and ahead of any revenue generation.

As a result, EBITDA decreased to $329 million in the year ending December 31, 2022. This 7% decrease from $355 million in the prior year was attributable to lower-than-expected revenue from the five rigs undergoing maintenance while incurring the associated maintenance costs combined with the incremental costs in the ramp up phase for the five new jack-up rigs before they entered operations and started earning revenue.

Fourth Quarter ending December 31, 2022

Offshore reported segmental revenue of $180 million in the fourth quarter, a 23% increase from $146 million a year-ago. This led to a corresponding increase in EBITDA from $83 million in the last quarter of 2021 to $108 million this year. The performance in the quarter was mainly driven by increased activity from the five additional jack-ups integrated into fleet operations.

Offshore Island

4Q22	3Q22	QoQ %	4Q21	YoY %	USD Million	FY22	FY21	YoY %
51	52	-2%	38	34%	*Revenue*	**204**	204	0%
(23)	(17)	35%	(15)	53%	*OPEX*[1]	**(83)**	(76)	9%
28	35	-20%	23	22%	*EBITDA*[2]	**121**	128	-5%
15	23	-35%	10	50%	*Net Profit*	**73**	79	-8%

(1) Opex includes allocation of G&A expenses and other income
(2) Underlying EBITDA includes other income

Fiscal Year ending December 31, 2022

Offshore Island activity levels remained stable over the course of fiscal year 2022 leading to revenue of $204 million, flat year-on-year as segment operations remained the same in both years. One of the Company's stacked Island rigs was successfully reactivated at the end of the year due to the commencement of the Hail and Ghasha project. Three remaining stacked Island rigs are expected to be reactivated over the course of 2023 as the Hail and Ghasha project ramps-up.

Segmental EBITDA decreased marginally from $128 million at the end of 2021 to $121 million in 2022. The decline was mostly attributable to a slight increase in consumables costs due to previously mentioned inflationary pressures.

Fourth Quarter ending December 31, 2022

Quarterly revenue increased 34% to $51 million from $38 million in the year-ago period, mainly due to the reversal of claims to ADNOC Offshore in the prior year period. EBITDA posted a healthy increase of 22%, coming in at $28 million from $23 million a year ago for the same reasons explained above.

Oilfield Services

4Q22	3Q22	QoQ %	4Q21	YoY %	USD Million	FY22	FY21	YoY %
123	103	19%	98	26%	*Revenue*	**405**	329	23%
(94)	(86)	9%	(74)	27%	*OPEX*[1]	**(328)**	(258)	27%
29	17	71%	24	21%	*EBITDA*[2]	**77**	71	8%
14	4	250%	10	40%	*Net Profit*	**24**	26	-8%

(1) Opex includes allocation of G&A expenses and other income
(2) Underlying EBITDA includes other income

Fiscal Year ending December 31, 2022

The OFS segment continued to deliver strong top-line growth posting $405 million in the year ending December 31, 2022. This increase of 23% from $329 million in 2021 was attributable to increased activity volume across the portfolio including the commencement of unconventional offshore activity and the introduction of Tubular Running Services which further contributed to the segment's expansion plans. The number of (IDS) rigs increased from 38 rigs in fiscal year 2021 to 40 rigs in the reported period.

Operating expenses increased from $258 million in fiscal year 2021 to $328 million in the current period, an increase of 27% mainly due to an increase in:

(i) Materials cost inflation;

(ii) Labor cost increases ahead of the commencement of major projects and a drive to capture incremental market share.

The increase was partially offset by various cost savings programs which realized savings in repair and cementing costs alongside bringing various capabilities in-house.

EBITDA increased to $77 million in the period, an increase of 8% from $71 million in 2021, reflecting increased activity volumes across the segment partially offset by the activity mix. The EBITDA growth offset in activity mix related specifically to lower margin workover activity awarded to our Drilling Services and Drill Bits service lines.

Fourth Quarter ending December 31, 2022

Revenue increased to $123 million in the final quarter of 2022, increasing 26% from $98 million in the year-ago period with EBITDA rising to $29 million from $24 million over the same period. This was mainly driven by increased activity volumes and the introduction of new services to the portfolio.

Operating Working Capital

USD Million	31 Dec 22	30 Sep 22	QoQ %	31 Dec 21	YoY %
Current Assets[1]	**1,197**	**1,351**	**-11%**	**1,238**	-3%
Inventories	**153**	169	**-9%**	175	-13%
Trade & other receivables	**115**	112	**3%**	103	12%
Due from related parties	**929**	1,070	**-13%**	960	-3%
Current Liabilities[2]	**883**	**966**	**-9%**	**649**	36%
Trade & other payables	**416**	365	**14%**	315	32%
Due to related parties	**467**	601	**-22%**	334	40%
Operating Working Capital	**314**	**385**	**-18%**	**589**	-47%

(1) Excludes cash and bank balances
(2) Excludes lease liabilities
See Appendix 1 (Glossary) for the calculation of certain metrics referred to above.

The Company's continued focus on improving working capital delivered the desired results. Operating working capital improved considerably over the course of the last quarter of 2022 ending at $314 million, a decrease of 18% quarter-on-quarter and 47% year-on-year as a result of the continued focus on collections from related parties and effective inventory management.

Working capital came in at 11.8% of revenue for the year ending December 31, 2022, the lowest level since the IPO. We expect to further decrease working capital to reach our target of 10% -11% of annual revenue.

Free Cash Flow

4Q22	3Q22	QoQ %	4Q21	YoY %	USD Million	FY22	FY21	YoY %
389	317	23%	458	-15%	Net cash generated from operating activities	**1,524**	1,179	29%
(431)	(220)	96%	(129)	234%	Net cash used in investing activities	**(936)**	(582)	61%
(42)	**97**	**-143%**	**329**	**-113%**	**Free Cash Flow**	**588**	**597**	**-2%**

See Appendix 1 (Glossary) for the calculation of certain metrics referred to above.

Cash generated from operating activities was $1,524 million for the year ending December 31, 2022, a 29% increase from $1,179 million in the prior year. The increase was mainly attributable to the growth in the OFS and Onshore business segments coupled with improvements in working capital management. Cash used in investing activities increased by 61% to $936 million for the year as the Company continues to invest in the rig acquisition program and expand the rig fleet.

Balance Sheet

USD Million	31 Dec 22	30 Sep 22	QoQ %	31 Dec 21	YoY %
Total Assets	**5,493**	**5,320**	3%	**5,096**	**8%**
Non-current assets	**3,970**	3,586	11%	3,405	**17%**
Current Assets[1]	**1,197**	1,351	-11%	1,238	**-3%**
Cash and cash equivalents	**326**	383	-15%	453	**-28%**
Total Liabilities	**2,562**	2,623	-2%	**2,301**	**11%**
Non-current liabilities	**160**	1,639	-90%	1,632	**-90%**
Current liabilities	**2,402**	984	144%	669	**259%**
Total Equity	**2,931**	2,697	9%	**2,795**	**5%**
Share capital	**436**	436	0%	436	**0%**
Statutory reserve	**140**	60	133%	60	**133%**
Retained earnings	**2,355**	2,201	7%	2,299	**2%**
Total Equity and Liabilities	**5,493**	**5,320**	3%	**5,096**	**8%**

(1) Excludes cash and bank balances
NM: Not meaningful

Total Assets increased by $397 million, or 8%, to $5,493 million as of December 31, 2022, from $5,096 million at the end of December 2021. This was mainly due to an increase in our non-current assets by 17% to $3,970 million in 2022 from $3,405 million in 2021 on the back of the Company acquiring new rigs due to the fleet expansion program.

The increase in non-current assets was offset by a decrease in cash and cash equivalent balance to $326 million from $453 million. Cash was utilized to support ADNOC Drilling's rig acquisition plans. As of December 31, 2022, our cash headroom (unutilized syndicated term and revolving facilities) amounted to $1,576 million.

Total liabilities increased by 11% to $2,562 million as of December 31, 2022, from $2,301 million in 2021. This was mainly due to an increase in current liabilities from $669 million a year-ago to $2,402 million offset by a corresponding decrease in non-current liabilities from $1,632 million to $160 million in the same periods respectively. The utilized syndicated loan of $1,500 million has been reclassified from a non-current liability to a current liability as the facility will mature in less than 12 months. The Company intends to put another facility into place which would replace the existing debt before maturity. Excluding the reclassification of the loan facility, current liabilities increased due to related parties and trade and other payables.

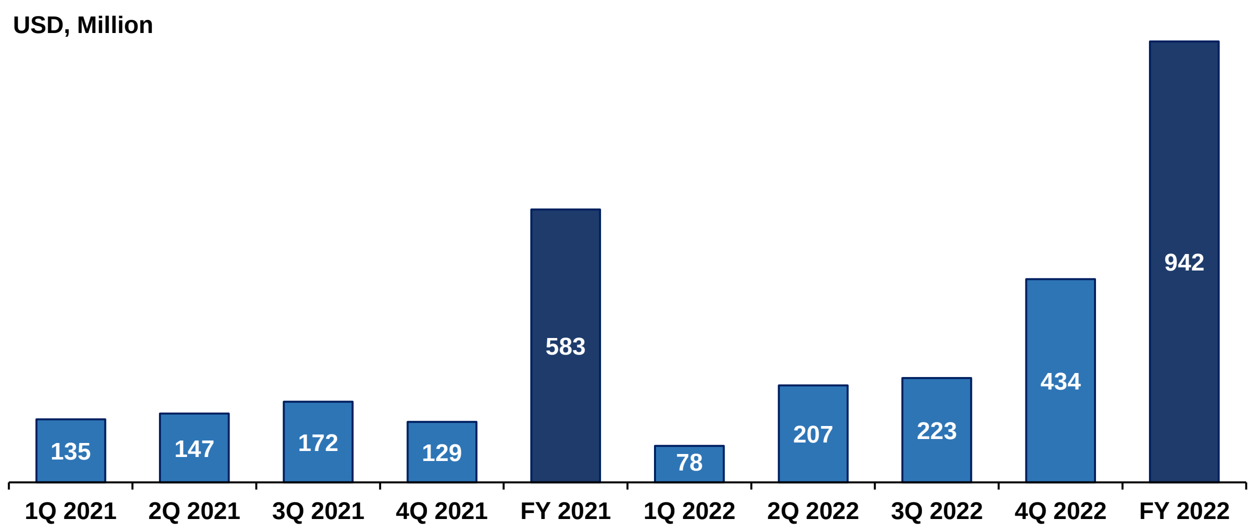
Capital Expenditure

Capital expenditure (CapEx), including prepayments, totaled $942 million for the year ending December 31, 2022, which was in-line with the targeted acceleration of the rig fleet expansion program. Pre-payments in the period were mostly associated with the purchase of offshore jack-up rigs and payments for equipment to support the expected increase in OFS activity in the coming year.

Rig purchases are usually spread out over at least two milestones with the first payment at signing of the sale and purchase agreement, whereas the final payment is then made on transfer of the title of the rig to the Company.

Over the course of the year, the Company added eight H&P rigs, one other land rig and seven jack-up rigs to the fleet, of which five have been integrated into operation, and have already shown a positive impact to the Company's financial results especially in the fourth quarter. Executing on our rig acquisition plans will further accelerate and continue throughout 2023 in support of ADNOC's accelerated production capacity ambitions.

Quarterly and Annual Capital Expenditure



Operational Highlights

Drilling Services

4Q22	3Q22	*QoQ %*	4Q21	*YoY %*	USD Million	FY22	FY21	*YoY %*
115	**108**	**6%**	**99**	**16%**	**Fleet**	**115**	**99**	**16%**
74	73	1%	65	14%	*Onshore*	74	65	14%
31	25	24%	24	29%	*Offshore Jack-up*	31	24	29%
10	10	0%	10	0%	*Offshore Island*	10	10	0%
6	8	-25%	8	-25%	*Rented rigs*	6	8	-25%
94%	**92%**	**2%**	**96%**	**-2%**	**Rigs Availability***	**95%**	**96%**	**-1%**
91%	91%	*0%*	95%	*-4%*	Onshore	94%	95%	-1%
98%	91%	*7%*	100%	*-2%*	Offshore Jack-up	97%	98%	-1%
100%	100%	*0%*	100%	*0%*	Offshore Island	100%	100%	0%
177	**152**	**16%**	**153**	**16%**	**Number of Wells Drilled***	**620**	**549**	**13%**
151	130	*16%*	132	*14%*	Onshore	528	481	*10%*
18	15	*20%*	17	*6%*	Offshore Jack-up	65	57	*14%*
8	7	*14%*	4	*100%*	Offshore Island	27	11	*145%*

* See Appendix 1 (Glossary) for the calculation of certain metrics referred to above.

Through the end of December, the Company had a fleet of 115 owned rigs with availability of 95% compared to a fleet of 99 owned rigs with 96% availability in the corresponding period of 2021. Operational highlights of note during the period as follows:

- Two new H&P FlexRigs were integrated into Onshore operations during the fourth quarter. This brings the total to eight units throughout 2022, following the addition of six H&P FlexRigs in the first nine months of 2022.
- One Great Wall land rig was successfully acquired in the fourth quarter of 2022 and is expected to commence operations in early 2023. We expect to integrate seven additional rigs into operations over the course of 2023.
- Delivered the longest lateral section drilled onshore of 17,148 feet, 6.79 days ahead of schedule.
- Drilled record footage of 3,799 feet in a single day in a 6-inch section, the best daily ROP record across ADNOC Onshore
- Two new jack-up rigs were integrated into operations during the fourth quarter. We expect to integrate an additional nine jack-up rigs into operations over the course of 2023.
- In the year ending December 31, 2022, the Company drilled 620 wells (5.2 million feet) compared to 549 wells in corresponding period last year (4.6 million feet) from owned rigs.
- On July 27, 2022, ADNOC Drilling was awarded a ten-year contract totaling $700 million for the provision of four Island segment drilling units for ADNOC's Hail and Ghasha Development Project. The project was officially launched towards the end of 2022
- In the fourth quarter of 2022, one of the four stacked island rigs was re-activated to commence operations in the Hail and Ghasha Development Project. The remaining three are expected to be re-activated gradually over the course of 2023.

Oilfield Services (OFS)

- On November 2, 2022, the OFS business was awarded a five-year framework agreement valued at up to $1.6 billion for Integrated Drilling Fluids Services.

- OFS performed IDS on 40 rigs in the year ending December 31, 2022, which led to a temporary decrease in market share from 45% in 2021 to 39% in 2022 due to the number of new rigs entering the fleet.

- 482 IDS wells were delivered since 2019 with 251 benchmarked wells delivered of which 190 wells were completed ahead of schedule and below budget.

- 205 wells were delivered in the year ending December 31, 2022, with 56 benchmarked wells were completed ahead of schedule and budget.

- Drilling efficiency improved 14.3% year-on-year.

- During the fourth quarter, 19 frac stages were performed, which compares to 12 stages in the third quarter and 13 stages in the second quarter.

Outlook

To enable ADNOC's strategic imperative of expanding production capacity from four to five million barrels per day by 2027, ADNOC Drilling has accelerated its own growth plans.

The Company now expects peak owned rig count to total 142 by the end of 2024, which compares to IPO guidance of 127 rigs by the end of 2030.

The additional rigs require investment above the Company's previously disclosed medium term CapEx guidance of $2.5 - $3.0 billion between 2021 and 2023 of which just over $1.5 billion was spent by year-end 2022. We now expect additional CapEx over the coming two-year period ending 2024 between $2.0 - $2.5 billion, a net increase of some $1 billion over and above the original guidance.

ADNOC Drilling's fiscal year 2023 financial guidance is presented below:

USD Million	FY 2023 Guidance
Revenue	**3,000 - 3,200**
Onshore Revenue	1,500 - 1,600
Offshore Jack-up Revenue	800 – 900
Offshore Island Revenue	200- 250
Oilfield Services Revenue	500- 550
EBITDA	**1,350 - 1,500**
EBITDA Margin	*45% - 47%*
Net Income	**850 - 1,000**
Net Income Margin	*28% - 31%*
CapEx	**1,300-1,750**
Leverage Target	**< 2.0x**

ADNOC Drilling also refreshes its medium-term guidance as follows:

- Revenue CAGR in the 12-16% range.
- EBITDA Margins around 50% with drilling margins exceeding 50% and OFS Margin in a range of 22-26% medium term versus 2021.
- Conservative long-term leverage target of up to 2.0x net debt / EBITDA, excluding material M&A.
- Net working capital as percentage of revenue target of 10% -11%.
- Maintenance CapEx post-2024 of $200 - $250 million per annum.

The Company's longer-term growth remains supported by the maintenance of production capacity, the UAE's goal to achieve gas self-sufficiency and the development of its vast unconventional resources, continued expansion of the OFS segment's Integrated Drilling Solutions and the pursuit of both regional expansion opportunities and new revenue streams such as complimentary services, manufacturing opportunities and technology, including entry to renewables technology and solutions. ADNOC Drilling continues to strive to make strong progress on delivering growth and maximizing returns for our shareholders. The immediate focus remains on meeting robust financial targets, whilst maintaining operational excellence.

Dividend Policy

The Company's ability to pay dividends is dependent on several factors, including the availability of distributable reserves, capital expenditure plans and other cash requirements in future periods. Any level or payment of dividends will depend on, among other things, future profits and the business plan of the Company, at the discretion of our Board of Directors and ultimately shareholder approvals.

As per the Company's announced policy, dividends are to be paid semi-annually with a final annual dividend distributed to shareholders in the first half and the payment of the interim dividend in the second half of each fiscal year. The dividend policy is progressive, reflecting robust underlying cash flow, and the annual distribution is expected to grow by at least 5% per annum on a dividend per share basis over the next four years (2023-2026).

This policy is designed to reflect our strong and visible long-term cash flow and our expected long-term earnings potential, while allowing us to retain sufficient cash to fund ongoing operating requirements and continued investment for long-term growth. The policy is subject to consideration by our Board of Directors and will cover the cash management requirements of our business for operating expenses, interest expense, anticipated capital expenditures and market conditions. In line with the progressive policy, the Board considers dividend a capital allocation priority alongside investment in profitable growth and is committed to returning a competitive and growing cash dividend to our shareholders.

Subject to the foregoing, shareholders at the Annual General Meeting in April of 2022 approved a dividend payment for the second half of 2021 totaling $325 million which was distributed to shareholders in May 2022. Furthermore, the Board of Directors announced an interim cash dividend for the first half of fiscal year 2022 totaling $341.25 million, or 7.83 fils per share, which was distributed to shareholders in September 2022. The interim payment was 5% higher than the final dividend payment of fiscal year 2021, which is in-line with the Company's dividend policy.

Share Price and Ownership

Our shares are traded on the Abu Dhabi Securities Exchange (ADX) under the symbol ADNOCDRILL. The closing share price as of December 31, 2022, was AED 2.98. In the period from October 1, 2022, through December 31, 2022, the share price traded in a range between AED 2.85 and AED 3.53. Market capitalization was AED 47.68 billion as of December 31, 2022, and an average of 7.4 million shares traded daily during the fourth quarter of 2022.

As of December 31, 2022, the Abu Dhabi National Oil Company ("ADNOC") owned a majority 84% stake in the Company and Baker Hughes Holding SPV Ltd. ("Baker Hughes") owned 5% stake in the Company, while 11% of our outstanding shares are publicly owned by other institutional and retail investors.

ADNOC Drilling is included in three of FTSE Russell's globally recognized indices including the FTSE Emerging Index, FTSE Global Large Cap Index and FTSE All-World Index. Furthermore, in the first quarter of 2022, ADNOC Drilling was also included as an inaugural member of the FADX 15 Index. The index is uniquely designed by ADX and FTSE Russell to track the performance of the most liquid and largest companies on the ADX main market.

First Quarter 2023 Results

We expect to announce our first quarter 2023 results on or around May 11, 2023.

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February 13, 2023
ADNOC Drilling Company P.J.S.C.

Appendix: Glossary

Financial Terms

EBITDA represents Earnings Before Interest, Tax, Depreciation and Amortization

Net debt is calculated as total interest-bearing debt less cash and bank balances (including term deposits with banks) adjusted for lease liabilities.

Net debt to EBITDA ratio is calculated as interest-bearing net debt as of the end of the period presented, divided by EBITDA for the twelve months ended on the last day of the period presented.

Capital employed is calculated as the sum of total assets minus non-interest-bearing current liabilities.

Return on capital employed is calculated as operating profit for the twelve months ended on the last day of the period presented divided by capital employed on the last day of the period presented. Operating Profit is defined as profit excluding financing, tax and income and expenses from investments.

Leverage ratio is calculated as (a) interest-bearing net debt, divided by (b) the sum of interest-bearing net debt plus total equity.

Return on equity is calculated as profit for the period for the twelve months ended on the last day of the period presented divided by total equity on the last day of the period presented.

Operating Working capital is calculated as current assets excluding cash and bank balances minus current liabilities excluding lease liabilities.

Operating Cashflows are Net cash generated from operating activities as stated in the cash flow statement.

Free cash flow is calculated as net cash generated from operating activities less payments for purchase of property & equipment and advances to contractors and finance income received.

Opex represents Operating expenditure that includes direct cost and general and administrative expenses excluding depreciation, amortization and impairment as stated in the statement of profit or loss and other comprehensive income

Capital expenditure is total cash capital expenditure for payments made for purchase of property and equipment including prepaid delivery payments as stated in the cash flow statement.

All financial terms have meaning as defined in the International Financial Reporting Standards ("IFRS") unless otherwise stated.

IFRS are accounting standards issued by the IFRS Foundation and the International Accounting Standards Board (IASB). They constitute a standardized way of describing the company's financial performance and position so that company financial statements are understandable and comparable across international boundaries.

Industry Terms

Rig means a drilling unit and equipment package and is an integrated system that drills Oil and gas wells, in the earths subsurface.

Standby is period when the works are unable to proceed and when the rig is put on standby for various reasons, waiting-on-weather or inspection, or any other reason based on the mutual understanding between the Company and the customer and as defined in the contract.

Planned Maintenance is a scheduled Turnaround maintenance. and it varies based on built year, class and design. Usually drilling rigs undergo major maintenance every five years subject to HSE and Asset Integrity Protocols. However, jack-up rigs may require outages during the intermediate two and half years for class renewal surveys.

Owned Rig includes rigs acquired through rig-built project or purchased from market, the title of which is transferred to ADNOC Drilling.

Rented Rigs are rigs rented from 3rd party rig providers on the basis of back-to-back contracts with customers with minimal mark-up to cover for administrative overheads.

Rig availability is Cumulative of (Rig days less actual maintenance days less rig related non-productive time less actual rig move days) divided by Cumulative of (Rig days less planned maintenance days less planned rig move days).

Cautionary Statement Regarding Forward-Looking Statements

This communication includes forward-looking statements which relate to, among other things, our plans, objectives, goals, strategies, future operational performance, and anticipated developments in markets in which we operate and in which we may operate in the future. These forward-looking statements involve known and unknown risks and uncertainties, many of which are beyond our control and all of which are based on management's current beliefs and expectations about future events. Forward-looking statements are sometimes identified by the use of forward-looking terminology such as "believes", "expects", "may", "will", "could", "should", "would", "intends", "estimates", "plans", "targets", or "anticipates" or the negative thereof, or other comparable terminology. These forward-looking statements and other statements contained in this communication regarding matters that are not historical facts involve predictions and are based on the beliefs of our management, as well as the assumptions made by, and information currently available to, our management. Although we believe that the expectations reflected in such forward-looking statements are reasonable at this time, we cannot assure you that such expectations will prove to be correct. Given these uncertainties, you are cautioned not to place undue reliance on such forward-looking statements. Important factors that could cause actual results to differ materially from our expectations include, but are not limited to: our reliance on ADNOC Onshore and ADNOC Offshore for deploying rigs as per existing terms and conditions; failure to successfully implement our operating initiatives and growth plans, including our cost savings initiatives, due to general economic conditions, our reliance on information technology to manage our business; laws and regulations pertaining to environmental protection, operational safety, the extent of our related party transactions with ADNOC Group; the introduction of VAT and other new taxes in the UAE; failure to successfully implement new policies, practices, systems and controls that we implemented in connection with or following our IPO; any inadequacy of our insurance to cover losses that we may suffer; general economic, financial and political conditions in Abu Dhabi and elsewhere in the UAE; instability and unrest in regions in which we operate; the introduction of new laws and regulations in Abu Dhabi and the UAE; and other risks and uncertainties detailed in our International Offering Memorandum dated September 6, 2021 relating to our initial public offering and the listing of our shares on the Abu Dhabi Securities Exchange, and from time to time in our other investor communications. Except as expressly required by law, we disclaim any intent or obligation to update or revise these forward-looking statements.

V. Full Year 2022 Results Presentation

MOELIS & COMPANY

ABU DHABI NATIONAL OIL COMPANY FOR DISTRIBUTION PJSC

Reports and consolidated financial statements
for the year ended 31 December 2022

Abu Dhabi National Oil Company for Distribution PJSC

Reports and consolidated financial statements for the year ended 31 December 2022

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Abu Dhabi National Oil Company for Distribution PJSC

Directors' report
for the year ended 31 December 2022

The Directors present their report together with the audited consolidated financial statements of Abu Dhabi National Oil Company for Distribution PJSC (the "Company") and its subsidiary (collectively referred to as the "Group") for the year ended 31 December 2022.

Board of Directors:

The Directors of the Company are:

Chairman	H. E. Dr. Sultan Ahmed Al Jaber
Members	H.E. Mohamed Hassan Alsuwaidi
	H.E. Ahmed Jasim Al Zaabi
	Khaled Salmeen
	Abdulaziz Abdulla Alhajri
	Mariam Saeed Ghobash
	Ahmed Tamim Al Kuttab

Principal activities

The principal activities of the Group are marketing of petroleum products, natural gas for vehicles and ancillary products.

Review of business

During the year, the Group reported revenue of AED 32,111,061 thousand (2021: AED 20,921,115 thousand). Profit for the year was AED 2,748,508 thousand (2021: AED 2,252,411 thousand).

The appropriation of the results for the year is follows:

	AED '000
Retained earnings at 1 January 2022	**1,767,632**
Total profit for the year	2,748,508
Dividend paid	(2,571,250)
Retained earnings at 31 December 2022	**1,944,890**

The Board of Directors approved a final dividend of 10.285 fils per share to the shareholders in respect of the year ended 31 December 2021. The dividend comprised of AED 1,285,625 thousand, which was approved at the General Assembly Meeting held on 24 March 2022 and paid on 1 April 2022.

The Board of Directors approved an interim dividend of 10.285 fils per share to the shareholders in respect of the first half of 2022. The dividend comprised of AED 1,285,625 thousand, which was approved during the Board of Directors Meeting held on 28 September 2022 and paid on 6 October 2022.

for the Board of Directors

Chairman

Abu Dhabi, UAE

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Independent Auditor's Report
To the Shareholders of Abu Dhabi National Oil Company for Distribution PJSC

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Abu Dhabi National Oil Company for Distribution PJSC ("ADNOC Distribution" or "the Company") and its subsidiary (collectively referred to as the "Group"), which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (IESBA Code),* and we have fulfilled our other ethical responsibilities with the requirements of IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

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Independent Auditor's Report
To the Shareholders of Abu Dhabi National Oil Company for Distribution PJSC (continued)

Key Audit Matters (continued)

Key Audit Matter	How our audit addressed the key audit matter
Revenue recognised from retail sales and related IT systems	
Revenue from retail sales amounted to AED 21.5 billion for the year ended 31 December 2022. There are complex IT systems in use which comprise multiple IT applications which are used to process large volumes of data pertaining to retail transactions that occur throughout the year. Given the complexity of the IT systems involved there is an inherent risk around accuracy and completeness of revenue recognized and consequently we considered this to be a key audit matter. The Group's accounting policies relating to revenue recognition are presented in note 3 to the consolidated financial statements and details about the Group's revenue are disclosed in note 20 to the consolidated financial statements.	Our audit approach included the following: • Understanding of the significant revenue processes and identification of the key relevant controls and IT systems; • Understanding of the control environment and testing of the general IT controls over the main IT systems and applications involved in the revenue recording process; • Evaluation of the design and implementation and testing of the operating effectiveness of automated controls residing in the main IT systems and applications involved in the revenue recording process; • Assessment of the Group's accounting policy for revenue recognition against the requirements of IFRSs; • Performance of the test of details on a sample basis to reconcile daily retail sales to cash collections and subsequent bank deposits; • Performance of substantive analytical procedures over retail sales revenue by building an expectation on basis of quantities sold and regulated prices; and • Assessment of the adequacy of disclosures in the consolidated financial statements relating to revenue.

Grant Thornton

Independent Auditor's Report
To the Shareholders of Abu Dhabi National Oil Company for Distribution PJSC (continued)

Key Audit Matters (continued)

Decommissioning obligation related to assets constructed on leased land	**How our audit addressed the key audit matter**
The Group has recorded a provision for decommissioning of AED 134.5 million. These provisions relate to an obligation to dismantle service stations constructed on leased land, at a future date. The Group operates a comprehensive network of fuel pumps in Dubai and other emirates in the United Arab Emirates and the Kingdom of Saudi Arabia on land leased from third parties. The Group has contractual obligations to restore the land to its original condition at the end of the lease period. The provision is based upon current cost estimates and has been determined on a discounted basis with reference to current legal requirements and available technology. At each reporting date the decommissioning liability is reviewed and re-measured in line with changes in observable assumptions, timing and the latest estimates of the costs to be incurred at reporting date. The Group's accounting policies relating to the dismantling obligations are presented in note 3, the critical accounting estimates made, and judgements applied by management are disclosed in note 4 to the consolidated financial statements and details about the decommissioning obligations are disclosed in note 19 to the consolidated financial statements.	Our audit approach included the following: • Obtaining an understanding of the Group's process for identifying the agreements for which a provision needs to be raised and testing the design, implementation and operating effectiveness of the controls over this process; • Assessing the validity and completeness of the list of service stations used for the underlying calculation; • Evaluating the approach adopted by management in determining the expected costs of decommissioning and determining if the significant judgements applied and estimates of cost per service station are appropriate by inspecting supporting documentation from independent third parties; • Obtain an understanding of the cost assumptions used that have the most significant impact on the provisions and determining if these assumptions are appropriate and discussing the estimates used by the management; • Determining if the provision has taken into account the effect of any restoration undertaken during the year; • Reviewing, with the assistance of our internal specialists, the discount and inflation rates used in the estimation to determine if they are appropriate; • Agreeing the results of the management's calculation to the amounts reported in the consolidated financial statements; and • Assessing the adequacy of disclosures in the consolidated financial statements relating to this matter against the requirements of IFRSs.

Independent Auditor's Report
To the Shareholders of Abu Dhabi National Oil Company for Distribution PJSC (continued)

Key Audit Matters (continued)

Right-of-use assets	How our audit addressed the key audit matter
As part of the Group's plans to expand its distribution network in the United Arab Emirates and the Kingdom of Saudi Arabia, during the current year, the Group has entered multiple leasing arrangements. During the year, the Group has recorded additional right-of-use assets and related lease liabilities amounting to AED 551.5 million. Due to the significant number of service stations and other assets added every year, management encounters certain delays in the finalization of the agreements on account of certain approvals and communication from the relevant departments which hinders the process of collating a complete set of lease contracts before the finalization of the consolidated financial statements. Additionally, determining the present value of the lease payments requires management to apply significant judgments and estimates to determine the discount rate and lease term, which has been disclosed in note 4 of the consolidated financial statements. The Group's accounting policies are presented in note 3 and details about the Group's right-of-use assets are disclosed in note 9 to the consolidated financial statements.	Our audit approach included the following: • Obtaining an understanding of the Group's process for identifying the agreements for related to the right-of-use assets and lease liabilities; • Obtained an understanding of the system generated lease assessment and recomputed the amount based on the inputs from the contract to ensure accuracy of the results; • Assessing the validity and completeness of the list of service stations and other assets used for the underlying calculation; • Performing test of details by inspecting the lease agreements, on a sample basis to determine the existence of the lease; • Reperforming the calculation of interest on the lease liabilities and depreciation of the right-of-use assets and agreed these to the consolidated financial statements; • Detailed analysis and enquires with management related to the incremental borrowing rates used on the lease assessment; • Assessing the adequacy of disclosures in the consolidated financial statements relating to this matter against the requirements of IFRSs.

Independent Auditor's Report
To the Shareholders of Abu Dhabi National Oil Company for Distribution PJSC (continued)

Other Information

Management is responsible for the other information. The other information comprises the Directors' report, which we obtained prior to the date of this auditor's report, and the Operational and Financial Highlights, Chairman's Message, CEO's Message and the other information in the annual report, which are expected to be made available to us after that date. The other information does not include the consolidated financial statements and our auditor's report thereon.

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

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

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

When we will read the Operational and Financial Highlights, Chairman's Message and CEO's Message, if we conclude that there is a material misstatement therein, we will be required to communicate the matter to those charged with governance and consider whether a reportable irregularity exists in terms of the auditing standards, which must be reported.

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

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

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Independent Auditor's Report
To the Shareholders of Abu Dhabi National Oil Company for Distribution PJSC (continued)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISA's, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risk, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosure is inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Independent Auditor's Report
To the Shareholders of Abu Dhabi National Oil Company for Distribution PJSC (continued)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

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

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

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

Report on Other Legal and Regulatory Requirements

Further, as required by the UAE Federal Decree Law No. (32) of 2021, we report that for the year ended 31 December 2022:

- We have obtained all the information we considered necessary for the purposes of our audit;
- The consolidated financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Decree Law No. (32) of 2021;
- The Group has maintained proper books of account;
- The financial information included in the Directors' report is consistent with the books of account of the Group;
- As disclosed in note 1 to the consolidated financial statements, the Group has not purchased or invested in shares during the financial year ended 31 December 2022;
- Note 8 to the consolidated financial statements discloses material related party transactions and balances, and the terms under which they were conducted;
- As disclosed in note 1 to the consolidated financial statements, the Group made social contributions amounting to AED 2,016 thousand during the year ended 31 December 2022; and
- Based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Group has contravened during the financial year ended 31 December 2022 any of the applicable provisions of the UAE Federal Decree Law No. (32) of 2021, or of its Articles of Association which would materially affect its activities or its financial position as at 31 December 2022.

Independent Auditor's Report
To the Shareholders of Abu Dhabi National Oil Company for Distribution PJSC (continued)

Report on Other Legal and Regulatory Requirements (continued)

Further, as required by the ADAA Chairman Resolution No. 88 of 2021 regarding financial statements Audit Standards for the Subject Entities, we report, in connection with our audit of the consolidated financial statements for the year ended 31 December 2022, that nothing has come to our attention that causes us to believe that the Company has not complied, in all material respects, with any of the provisions of the following laws, regulations and circulars as applicable, which would materially affect its activities or the consolidated financial statements as at 31 December 2022

- Law No. 15 of 2017 concerning the Establishment of the Company which would materially affect its activities or its financial position; and
- Relevant provisions of the applicable laws, resolutions and circulars organising the Company's operations.

GRANT THORNTON
Farouk Mohamed
Registration No: 86
Abu Dhabi, United Arab Emirates
8 February 2023

Consolidated statement of financial position as at 31 December 2022

	Notes	**31 December 2022 AED'000**	31 December 2021 AED'000
ASSETS			
Non-current assets			
Property, plant and equipment	5	**6,385,075**	5,574,167
Right-of-use assets	9	**1,373,338**	952,758
Intangible assets	10	**1,128**	-
Advances to contractors		**47,297**	41,308
Other non-current assets	15	**13,313**	-
Total non-current assets		**7,820,151**	6,568,233
Current assets			
Inventories	6	**1,286,377**	1,046,158
Trade receivables and other current assets	7	**3,295,714**	2,683,275
Due from related parties	8	**868,868**	1,225,600
Term deposits	11	**130,225**	130,225
Cash and bank balances	11	**2,617,099**	2,125,540
Total current assets		**8,198,283**	7,210,798
Total assets		**16,018,434**	13,779,031
EQUITY AND LIABILITIES			
Equity			
Share capital	12	**1,000,000**	1,000,000
Statutory reserve	13	**500,000**	500,000
Hedge reserve		**-**	(65,567)
Retained earnings		**1,944,890**	1,767,632
Total equity		**3,444,890**	3,202,065
Non-current liabilities			
Lease liabilities	14	**1,184,538**	787,383
Borrowings	15	**5,482,124**	-
Provision for decommissioning	19	**134,532**	129,226
Provision for employees' end of service benefit	16	**194,439**	192,583
Total non-current liabilities		**6,995,633**	1,109,192
Current liabilities			
Lease liabilities	14	**129,789**	88,975
Trade and other payables	17	**1,995,664**	1,509,013
Due to related parties	8	**3,452,458**	2,292,510
Borrowings	15	**-**	5,499,641
Derivative financial instruments	18	**-**	77,635
Total current liabilities		**5,577,911**	9,467,774
Total liabilities		**12,573,544**	10,576,966
Total equity and liabilities		**16,018,434**	13,779,031

To the best of our knowledge, the financial information included in the report fairly present in all material respects the financial condition, result of operations and cash flows of the Group as of 31 December 2022, and for the periods presented in the report.

Wayne Beifus	**Bader Saeed Al Lamki**	**Dr. Sultan Ahmed Al Jaber**
Chief Financial Officer	Chief Executive Officer	Chairman of the Board of Directors

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2022

	Notes	**2022 AED'000**	2021 AED'000
Revenue	20	**32,111,061**	20,921,115
Direct costs	21	**(26,443,179)**	(16,107,072)
Gross profit		**5,667,882**	4,814,043
Distribution and administrative expenses	22	**(2,761,631)**	(2,422,227)
Impairment losses on trade and other receivables	7	**(20,351)**	(30,209)
Other impairment losses and expenses	24	**(15,826)**	(4,626)
Other income	23	**103,342**	72,302
Operating profit		**2,973,416**	2,429,283
Interest income		**54,697**	7,686
Finance costs	26	**(279,605)**	(184,558)
Profit for the year		**2,748,508**	2,252,411
Other comprehensive income			
Items that may be reclassified to profit or loss			
Fair value gain on hedging instruments		**65,567**	85,904
Total comprehensive income for the year		**2,814,075**	2,338,315
Earnings per share:			
Basic and diluted (AED)	**27**	**0.220**	0.180

The accompanying notes form an integral part of these consolidated financial statements.

Abu Dhabi National Oil Company for Distribution PJSC

Consolidated statement of changes in equity for the year ended 31 December 2022

	Share capital AED'000	Statutory reserve AED'000	Hedge reserve AED'000	Retained earnings AED'000	Total AED'000
Balance as at 1 January 2021	1,000,000	500,000	(151,471)	2,086,471	3,435,000
Profit for the year	-	-	-	2,252,411	2,252,411
Other comprehensive income for the year	-	-	85,904	-	85,904
Total comprehensive income for the year	-	-	85,904	2,252,411	2,338,315
Dividends paid (note 28)	-	-	-	(2,571,250)	(2,571,250)
Balance as at 31 December 2021	**1,000,000**	**500,000**	**(65,567)**	**1,767,632**	**3,202,065**
Profit for the year	-	-	-	2,748,508	2,748,508
Other comprehensive income for the year	-	-	65,567	-	65,567
Total comprehensive income for the year	-	-	65,567	2,748,508	2,814,075
Dividends paid (note 28)	-	-	-	(2,571,250)	(2,571,250)
Balance at 31 December 2022	**1,000,000**	**500,000**	**-**	**1,944,890**	**3,444,890**

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated statement of cash flows
for the year ended 31 December 2022

	2022 AED'000	2021 AED'000
Cash flows from operating activities		
Profit for the year	**2,748,508**	2,252,411
Adjustments for:		
Depreciation of property, plant and equipment	**437,960**	582,121
Depreciation of right-of-use assets	**105,971**	55,446
Recoveries on receivables	**(11,631)**	(23,678)
Impairment losses on receivables	**20,351**	30,209
Employees' end of service benefit charge	**29,053**	23,820
(Gain)/loss on disposal of property, plant and equipment	**(2,963)**	(31)
(Reversal)/write down of finished goods to net realisable value	**-**	(1,373)
Impairment of capital work in progress	**8,075**	1,674
Inventories written off	**5,251**	2,952
Finance costs	**279,605**	184,558
Interest income	**(54,697)**	(7,686)
Operating cash flows before movements in working capital	**3,565,483**	3,100,423
Increase in inventories	**(245,470)**	(376,988)
Increase in trade receivables and other current assets	**(621,159)**	(508,468)
Decrease/(increase) in due from related parties	**356,732**	(657,707)
Increase/(decrease) in trade and other payables	**319,107**	(56,969)
Increase in due to related parties	**1,159,948**	1,407,739
Cash generated from operating activities	**4,534,641**	2,908,030
Payment of employees' end of service benefit	**(27,197)**	(30,422)
Net cash generated from operating activities	**4,507,444**	2,877,608
Cash flows from investing activities		
Payments for purchases of property, plant and equipment	**(1,063,481)**	(603,744)
Payments for advances to contractors	**(56,394)**	(13,728)
Proceeds from disposal of property, plant and equipment	**2,963**	401
Decrease in term deposit with maturity more than three months	**-**	513,925
Interest received	**54,697**	6,909
Net cash (used in) from investing activities	**(1,062,215)**	(96,237)
Cash flows from financing activities		
Net proceeds from borrowings	**5,479,742**	-
Finance cost paid	**(206,030)**	(139,935)
Repayment of borrowings	**(5,505,938)**	-
Payment of lease liabilities	**(150,194)**	(89,968)
Dividends paid	**(2,571,250)**	(2,571,250)
Net cash used in financing activities	**(2,953,670)**	(2,801,153)
Net increase/ (decrease) in cash and cash equivalents	**491,559**	(19,782)
Cash and cash equivalents at beginning of the year	**2,125,540**	2,145,322
Cash and cash equivalents at end of the year (note 11)	**2,617,099**	2,125,540

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated statement of cash flows (continued)
for the year ended 31 December 2022

	2022 AED'000	2021 AED'000
Non-cash transaction		
Accruals for property, plant and equipment	**451,232**	306,269
Advances to contractors transferred to property, plant and equipment	**50,405**	47,871
Finance cost related to provision for decommissioning	**4,764**	4,491
Additions to right of use assets	**551,482**	467,441

1 General information

Abu Dhabi National Oil Company for Distribution PJSC ("ADNOC Distribution" or the "Company"), formerly Abu Dhabi National Oil Company for Distribution, is a company incorporated by Law No. 13 of 1973 issued by His Highness the Acting Ruler of the Emirate of Abu Dhabi.

On 22 November 2017, Law No. 15 of 2017 (the "New Law of Establishment") was issued replacing Law No. 13 of 1973 in respect of the incorporation of Abu Dhabi National Oil Company for Distribution PJSC, a public joint stock company registered with the commercial register in Abu Dhabi under commercial licence number CN-1002757 issued by Abu Dhabi Department of Economic Development. The Articles of Association of the Company became effective as of 22 November 2017, at the same time that the New Law of Establishment was issued and became effective. The duration of the Company is 100 Gregorian years commencing on the date of issuance of the New Law of Establishment.

The Federal Decree-Law No. 26 of 2020 on the amendment of certain provisions of Amended Federal Law No. 2 of 2015 on Commercial Companies was issued on 27 September 2020 and came into effect starting from the 2 January 2021.

Federal Law By Decree No. 32 of 2021 on Commercial Companies (the "New Companies Law") was issued on September 20, 2021 with an effective date of January 2, 2022, and has entirely replace Amended Federal Law No. 2 of 2015 on Commercial Companies ("Existing Companies Law") including Federal Decree Law No. 26 of 2020 ("Decree Amending the Existing Companies Law") issued on 20 September 2020 pursuant to which fifty one (51) articles of the Existing Companies Law, as amended. The Company has twelve months from the effective date to comply with the provisions of the New Companies Law. The Group has applied the requirements of the New Companies Law during the year ended 31 December 2022.

The head office of the Company and its subsidiary, ADNOC Distribution Global Company L.L.C., (together referred to as the "Group"), is registered at P.O. Box 4188, Abu Dhabi, United Arab Emirates. The Company's shares are listed on the Abu Dhabi Securities Exchange.

Pursuant to the resolution of Abu Dhabi National Oil Company ("ADNOC", "Shareholder", or the "Parent Company"), as the sole shareholder of the Company, dated 28 June 2017, ADNOC approved the listing of all the Company's share in Abu Dhabi Securities Exchange and the sale by way of offer to the public of 10% of the Company held by ADNOC.

In September 2020, ADNOC completed a USD 1 billion institutional placement of 10% of ADNOC Distribution shares. Subsequently in May 2021, ADNOC completed another placement of approximately 375 million shares in ADNOC Distribution shares, representing 3%, approximately, of the registered share capital of the company. The two placements have increased the free float of the Group on the Abu Dhabi Securities Exchange to 23%. The Parent Company currently retains 77% ownership of the Group.

In May 2021, ADNOC also issued approximately USD 1.195 billion of senior unsecured bonds due 2024, exchangeable into existing shares of ADNOC Distribution under certain conditions, constituting approximately 7% of the Company's registered share capital.

The principal activities of the Group are the marketing of petroleum products, natural gas and ancillary products.

The Group owns retail fuel stations located in the emirate of Abu Dhabi in which the Group is the sole fuel retailer, and in the emirates of Dubai, Sharjah, Ajman, Fujairah, Ras Al Khaimah, Umm Al Quwain and the Kingdom of Saudi Arabia.

The Group operates "ADNOC Oasis" convenience stores at a majority of its service stations, and leases retail and other space to tenants, such as quick service restaurants.

1 General information (continued)

The Group is also a marketer and distributor of fuels and lubricants to corporate and government customers throughout the UAE. In addition, the Group provides refuelling and related services at eight airports in the UAE, and owns and operates a compressed natural gas distribution network in Abu Dhabi.

The Group also exports its proprietary Voyager lubricants to distributors in various countries, across the Gulf Cooperation Council, Africa and Asia.

The Group has not purchased or invested in any shares during the financial year ended 31 December 2022.

The Group made social contributions amounting to AED 2,016 thousand during the year ended 31 December 2022 (2021: AED 139 thousand).

On 31 January 2022, the UAE Ministry of Finance announced the introduction of a 9% federal corporate tax rate effective for fiscal years commencing on or after 1 June 2023. There are no implications to the financial and reporting period ended 31 December 2022. Management is in the process of evaluating the impact in the consolidated financial statements.

2 Application of new and revised International Financial Reporting Standards (IFRS)

2.1 New and amended IFRS applied with no material effect on the consolidated financial statements

The following new and revised IFRSs, which became effective for annual periods beginning on or after 1 January 2022, have been adopted in these consolidated financial statements.

New and revised IFRSs

Reference to the Conceptual Framework (Amendments to IFRS 3)

COVID-19 – Related Rent Concessions beyond 30 June 2021 (Amendments to IFRS 16)

Property, Plant and Equipment: Proceeds Before Intended Use (Amendments to IAS 16)

Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)

Subsidiary as a First-time Adopter (Amendments to IFRS 1)

Fees in the '10 per cent' Test for Derecognition of Liabilities (Amendments to IFRS 9)

Lease Incentives (Amendments to IFRS 16)

Taxation in Fair Value Measurements (Amendments to IAS 41)

The application of these revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

2 Application of new and revised International Financial Reporting Standards (IFRS)

2.2 New and amended IFRSs in issue but not yet effective and not early adopted (continued)

The Group has not applied the following new and revised IFRSs that have been issued but are not yet effective.

New and revised IFRSs	Effective for annual periods beginning on or after
Amendments to IFRS 17 *Insurance Contracts* (Amendments to IFRS 17 and IFRS 4) IFRS 17 requires insurance liabilities to be measured at a current fulfilment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 Insurance Contracts as at January 1, 2022.	1 January 2023
Classification of Liabilities as Current or Non-current (Amendments to IAS 1) The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items. The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. The amendments are applied retrospectively for annual periods beginning on or after 1 January 2023, with early application permitted.	1 January 2023

Deferred Tax related to Assets and Liabilities from a Single Transaction	1 January 2023
The main change in Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) is an exemption from the initial recognition exemption provided in IAS 12.15(b) and IAS 12.24. Accordingly, the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition. This is also explained in the newly inserted paragraph IAS 12.22A.	
The amendments are effective for annual reporting periods beginning on or after 1 January 2023. Early adoption is permitted.	
Disclosure of Accounting Policies (Amendments to IAS 1)	
Definition of Accounting Estimates (Amendments to IAS 8)	

Management anticipates that these new standards, interpretations and amendments will be adopted in the Group's consolidated financial statements as and when they are applicable and adoption of these new standards, interpretations and amendments, may have no material impact on the consolidated financial statements of the Group in the period of initial application.

3 Summary of significant accounting policies

Statement of compliance

The consolidated financial statements for the year ended 31 December 2022 have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standard Board (IASB).

3 Summary of significant accounting policies (continued)

Basis of preparation

The consolidated financial statements are presented in United Arab Emirates Dirham (AED) which is the functional currency of the Company and the Group's presentation currency. All amounts have been rounded to the nearest AED thousand ("000"), unless otherwise stated.

The consolidated financial statements have been prepared on the historical cost basis, except for derivative financial instruments that have been measured at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The principal accounting policies adopted are set out below:

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entity controlled by the Company. Control is achieved where the Company has power over the investee; is exposed, or has rights, to variable returns from its involvement; and has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

Details of the Company's subsidiary are as follows:

Name of subsidiary	Ownership interest		Country of incorporation	Principal activities
	2022	2021		
ADNOC Distribution Global Company L.L.C.	**100%**	100%	U.A.E.	Commercial agencies Commercial enterprises Investment, institution and management

On 30 December 2020, ADNOC Distribution Global Company LLC signed a definitive Business and Asset Purchase Agreement to acquire fifteen (15) service stations in the Kingdom of Saudi Arabia. On 14 February 2021 two further definitive agreements were signed to acquire a total of 20 more stations. Out of these 35 stations, the subsidiary has added seventeen stations into its network as of 31 December 2021. The fair valuation of the businesses acquired is disclosed in note 10.

On 28 July 2022, the Company entered into a quota purchase agreement with TotalEnergies Marketing Afrique SAS pursuant to which the Company shall acquire a 50% stake in TotalEnergies Marketing Egypt LLC ("the Acquisition"), subject to satisfaction of certain conditions including obtaining regulatory approvals. The Acquisition does not have any impact in the consolidated financial statements of the Group.

3 Summary of significant accounting policies (continued)

Business combinations

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognized in profit or loss immediately. Transaction costs are expenses as incurred, except if related to the issue of debt or equity securities. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognized in profit or loss. Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not re-measured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognized in profit or loss.

The accounting for business combination has been completed and the fair value determination and the purchase price allocation exercise is disclosed in note 10.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the assets.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amounts of replaced parts are derecognised. All other repairs and maintenance costs are charged to the profit or loss during the financial period in which they are incurred.

The Group has revised the estimated useful lives of its AED 6,883,649 thousands cost of assets, currently classified as property, plant and equipment beginning of 2022. This change in estimate has been applied current and prospectively and resulted in a lower depreciation charge by AED 163.6 million during the year ended 31 December 2022.

3 Summary of significant accounting policies (continued)

Property, plant and equipment (continued)

Depreciation is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

	2022	2021
Buildings	15 – 30 years	5 – 25 years
Plant and machinery	5 – 30 years	5 – 30 years
Motor vehicles	5 – 20 years	4 – 10 years
Furniture, fixtures and computer equipments	5– 10 years	5– 10 years
Pipelines	10 – 40 years	15 – 20 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within profit or loss.

Land was historically provided by the Government of Abu Dhabi for no consideration and is accounted for at a nominal value of AED 1 per plot of land. In order to continue to comply with property ownership laws in the UAE, the Group's real estate properties portfolio was transferred to ADNOC pursuant to decisions of the Crown Prince of Abu Dhabi and the Rulers of the Northern Emirates. To allocate liabilities associated with the property transfers, and to ensure the Group has continued access to the properties, the Group entered into Real Estate Transfer Liability and Leaseback Agreements with ADNOC. Under the terms of the Real Estate Transfer Liability and Leaseback Agreements, ADNOC has agreed to lease all real estate transferred to it back to the Group on a cost-pass-through basis. Each lease has a term of four years and will renew automatically unless notice of termination is given by the Group at least one year prior to then-effective expiration date. Under the terms of the agreements, the Group will indemnify ADNOC for any environmental liabilities relating to its operations on the properties.

Capital work-in-progress

Capital work-in-progress is included in property, plant and equipment at cost. Capital work-in-progress is transferred to the appropriate asset category and depreciated in accordance with the Group's policies when construction of the asset is completed and the asset is commissioned and available for use.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average cost method. The cost of finished goods and work in progress comprises raw materials, consumables, spare parts, direct labour and materials and related overheads (based on normal operating capacity). Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and costs necessary to make the sale.

3 Summary of significant accounting policies (continued)

Impairment of tangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash generating units, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be identified.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Financial instruments

Financial assets and financial liabilities are recognised in the Group's consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the statement of profit or loss.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

3 Summary of significant accounting policies (continued)

Financial assets (continued)

Amortised cost

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on trade receivables and due from related parties. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables, contract assets and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

(i) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

For financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a financial guarantee contracts, the Group considers the changes in the risk that the specified debtor will default on the contract.

3 Summary of significant accounting policies (continued)

Financial assets (continued)

Impairment of financial assets (continued)

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

The Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

(a) the financial instrument has a low risk of default;
(b) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and
(c) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

(ii) Definition of default

The Group employs statistical models to analyse the data collected and generate estimates of probability of default ("PD") of exposures with the passage of time. This analysis includes the identification for any changes in default rates and changes in key macro-economic factors across various geographies of the Group.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;
(b) a breach of contract, such as a default or past due event (see (ii) above);
(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
(e) the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery.

3 Summary of significant accounting policies (continued)

Financial assets (continued)

Impairment of financial assets (continued)

(v) Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

The Group has elected the IFRS 9 simplified approach to measure loss allowance for cash and bank balances, trade and other receivables, and due from related parties at an amount equal to lifetime ECLs. Accordingly, trade receivables which are not credit impaired and which do not have significant financing component is categorised under stage 2 and lifetime ECL is recognised.

Expected credit losses related to cash and bank balances, trade and other receivables and due from related parties are presented in the statement of profit or loss and other comprehensive income.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investment's revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

3 Summary of significant accounting policies (continued)

Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at FVTPL

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on changes in fair value recognised in the consolidated statement of profit or loss to the extent that they are not part of a designated hedging relationship. The net gain or loss recognised in the consolidated statement of profit or loss incorporates any interest paid on the financial liability.

However, for financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in statement of other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in statement of profit or loss. The remaining amount of change in the fair value of liability is recognised in statement of profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in statement of other comprehensive income are not subsequently reclassified to statement of profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability.

Gains or losses on financial guarantee contracts issued by the Group that are designated by the Group as at FVTPL are recognised in profit or loss.

Financial liabilities measured subsequently at amortised cost

Financial liabilities that are not designated as FVTPL, are measured subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Offsetting

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

3 Summary of significant accounting policies (continued)

Financial liabilities (continued)

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Revenue

Application of IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer.
- Step 2: Identify the performance obligations in the contract.
- Step 3: Determine the transaction price.
- Step 4: Allocate the transaction price to the performance obligations in the contract.
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

The Group is in the business of marketing of petroleum products, natural gas and ancillary products as described in note 1 of the consolidated financial statements. The goods are generally sold on their own in separately identified contracts with customers.

Sales of goods

Sale of goods and petroleum products are recognised when the control of the products or services are transferred to the customers, which generally coincides with the actual delivery of goods. Delivery does not occur unless the products have been received by the customer. Revenue from sale of goods is recognised at a point in time upon delivery of the goods.

Rendering of services and delivery income

Revenues from rendering of services are recognised when the services have been rendered and the outcome of the transactions can be estimated reliably.

Revenue from petroleum transport are recognised when services are rendered. These revenues are based on the quantities transported and measured according to procedures defined in each service contract.

Customers are invoiced on a monthly basis and consideration is payable when invoiced. The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customers and payment by the customers exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

3 Summary of significant accounting policies (continued)

Revenue (continued)

Rental income

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefit will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Other income

Other income is recognised when it is probable that the economic benefit will flow to the Group and the amount of income can be measured reliably.

Loyalty programme

A deferred liability is recognised based on the portion of the consideration received arising from the Group's loyalty program. Revenue is recognised when the points are redeemed or the likelihood of the customer redeeming the loyalty points becomes remote. Allocation of the consideration is based on the relative stand-alone selling prices.

The deferred liability is included within trade and other payables.

Leases

The Group as a lessee

The Group leases various leasehold properties. Leasehold contracts are typically made for fixed periods of 15-20 years but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the earlier of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of fixed payments (including in-substance fixed payments), less any lease incentives receivable.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

3 Summary of significant accounting policies (continued)

Leases (continued)

The Group as a lessee (continued)

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received; and
- restoration costs.

The Group as a lessor

- The Group enters into lease agreements as a lessor with respect to some of its retail space in the service stations.
- Leases for which the group is the lessor are all accounted as operating leases.
- Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Foreign currencies

Transactions in currencies other than AED (foreign currencies) are recorded at the rates of exchange prevailing at the dates of transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in the profit or loss in the period in which they arise.

Employees' benefit

Provision is made for the estimated liability for employees' entitlement to annual leave and leave passage as a result of services rendered by eligible employees up to the reporting date. Provision is made for the full amount of end of service benefits due to employees in accordance with the UAE Labour Law, for their period of service up to the end of the reporting date.

With respect to its UAE national employees, the Group makes contributions to the Abu Dhabi Pension Fund (the "Fund") calculated in accordance with the Fund's regulations. With respect to its GCC national employees, the Group makes contributions to the pension funds or agencies of their respective countries. The Group's obligations are accrued over the period of employment.

The provision relating to annual leave and leave passage is disclosed as a current liability, while that relating to end of service benefit is disclosed as a non-current liability.

3 Summary of significant accounting policies (continued)

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past event, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated.

Asset retirement obligations

This provision relates to the estimate of the cost of dismantling and removing an item of property, plant and equipment and restoring the site on which the item was located to its original condition. The Group provides for the anticipated costs associated with the restoration of leasehold property to its original condition at inception of the lease, including removal of items included in plant and equipment.

Derivative financial instruments

The Group enters into derivative financial instrument contracts to manage its exposure to interest rate.

Derivatives are recognised initially at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. Derivatives are not offset in the financial statements unless the Group has both legal right and intention to offset. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Hedge accounting

The Group designates certain derivatives as hedging instruments in respect of interest rate risk in cash flow hedges. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirement

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

3 Summary of significant accounting policies (continued)

Hedge accounting (continued)

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Group adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

Cash flow hedges

The effective portion of changes in the fair value of derivatives and other qualifying hedging instruments that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve, limited to the cumulative change in fair value of the hedged item from inception of the hedge. The gain or loss relating to the ineffective portion is re cognised immediately in profit or loss, and is included in the 'finance cost' line item. The hedge agreement has ended as of November 2022.

4 Critical accounting judgments and key sources of estimation uncertainty

While applying the accounting policies as stated in note 3, the management of the Group has made certain judgments, estimates and assumptions that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period of the revision in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The significant estimates made by management are summarised as follows:

Critical accounting judgments

Provision for decommissioning

The Group recognises provisions for the future cost associated with the dismantling of leased plots in Dubai and the Northern Emirates. The dismantling events are many years in the future and the exact requirements that will have to be met when a removal event occurs are uncertain. Assumptions are made by management in relation to settlement dates, technology, inflation and discount rates. The timing and amounts of future cash flows are subject to significant uncertainty and estimation is required in determining the amounts of provision to be required. A provision of AED 134,532 has been recognised as at 31 December 2022 (2021: AED 129,226 thousand) using a discount rate of 4.24 % (2021: 4.24%) and assuming all dismantling activities will take place at the current estimate of the end of life of each lease.

Determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

4 Critical accounting judgments and key sources of estimation uncertainty (continued)

Changes in Judgements

The Group has revised the estimated useful lives of its AED 6,883,649 thousands cost of assets, currently classified as property, plant and equipment beginning of 2022. This change in estimate has been applied current and prospectively and resulted in a lower depreciation charge by AED 163.6 million during the year ended 31 December 2022.

Depreciation is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

	2022	2021
Buildings	15 - 30 years	5 – 25 years
Plant and machinery	5 – 30 years	5 – 30 years
Motor vehicles	5 – 20 years	4 – 10 years
Furniture, fixtures and computer equipments	5 – 10 years	5 – 10 years
Pipelines	10 – 40 years	15 – 20 years

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Calculation of loss allowance

When measuring ECL the Group uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions. As at 31 December 2022, the Group's allowance for expected credit losses of trade receivables amounted to AED 66,013 thousand (2021: AED 57,293 thousand).

Impairment of property, plant and equipment

Property, plant and equipment are assessed for impairment based on assessment of cash flows on individual cash generating units when there is indication of impairment. Management did not identify any impairment indicators in the current or prior year for property, plant and equipment. However, management identified certain capital work-in-progress for which future development is not expected and, accordingly, recorded an impairment of AED 8,075 thousand (2021: AED 1,674 thousand).

4 Critical accounting judgments and key sources of estimation uncertainty (continued)

Key sources of estimation uncertainty (continued)

Discounting of lease payments

The lease payments are discounted using the interest rate implicit in the lease (IRTL). For leases where the Group is unable to determine the IRTL, the Group's incremental borrowing rate is used. Management has applied judgments and estimates to determine the discount rate at the commencement of lease. An incremental borrowing rate of 4.6% was used in the current year to determine the lease obligations for new leases entered into (2021: 4.6%).

Derivative financial instruments

The fair values of derivative financial instruments measured at fair value are generally obtained by reference to quoted market prices, discounted cash flow models and recognised pricing models as appropriate. When independent prices are not available, fair values are determined by using valuation techniques which refer to observable market data. These include comparison with similar instruments where market observable prices exist, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participant

5 Property, plant and equipment

	Buildings AED'000	Plant and machinery AED'000	Motor vehicles AED'000	Furniture, fixtures and computer equipments AED'000	Pipelines AED'000	Capital work-in-progress AED'000	Total AED'000
Cost							
1 January 2021	6,201,155	2,251,881	215,548	1,113,056	79,740	430,624	10,292,004
Additions	-	-	-	-	-	590,744	590,744
Transfers	235,949	210,819	97	234,797	5,326	(686,988)	-
Disposals	(14)	-	(2,942)	(3,411)	-	-	(6,367)
Impairment	-	-	-	-	-	(1,674)	(1,674)
1 January 2022	6,437,090	2,462,700	212,703	1,344,442	85,066	332,706	10,874,707
Additions	-	-	-	-	-	1,258,849	1,258,849
Transfers	446,744	120,962	23,464	130,976	4,247	(726,393)	-
Transfers to other assets	-	-	-	-	-	(1,906)	(1,906)
Impairment	-	-	-	-	-	(8,075)	(8,075)
31 December 2022	**6,883,834**	**2,583,662**	**236,167**	**1,475,418**	**89,313**	**855,181**	**12,123,575**

5 Property, plant and equipment (continued)

	Buildings AED'000	Plant and machinery AED'000	Motor vehicles AED'000	Furniture, fixtures and equipment AED'000	Pipelines AED'000	Capital work-in-progress AED'000	Total AED'000
Accumulated depreciation							
1 January 2021	2,352,082	1,432,106	164,564	736,011	39,653	-	4,724,416
Charge for the year	284,619	154,805	12,032	127,216	3,449	-	582,121
Disposals	(14)	-	(2,942)	(3,041)	-	-	(5,997)
Reclassifications	(25,607)	4,369	-	21,238	-	-	-
1 January 2022	2,611,080	1,591,280	173,654	881,424	43,102	-	5,300,540
Charge for the year	208,711	103,731	8,947	114,793	1,778	-	437,960
31 December 2022	**2,819,791**	**1,695,011**	**182,601**	**996,217**	**44,880**	**-**	**5,738,500**
Net carrying amount							
31 December 2022	**4,064,043**	**888,651**	**53,566**	**479,201**	**44,433**	**855,181**	**6,385,075**
31 December 2021	3,826,010	871,420	39,049	463,018	41,964	332,706	5,574,167

The Group's buildings and facilities located in the Emirate of Abu Dhabi are constructed on land given by the Government of Abu Dhabi for no consideration. These lands are accounted for at nominal value of AED 1 per plot of land. Facilities located in other Emirates are constructed on land leased from third parties (note 9).

In order to continue to comply with property ownership laws in the UAE, The Group's real estate property portfolio was transferred to ADNOC pursuant to decisions of the Crown Prince of Abu Dhabi and the Rulers of the Northern Emirates. To allocate liabilities associated with the property transfers, and to ensure the Group have continued access to the properties, The Group entered into a Real Estate Transfer Liability and Leaseback Agreements with ADNOC. Under the terms of the Real Estate Transfer Liability and Leaseback Agreements, ADNOC has agreed to lease all real estate transferred to it back to the Group on a cost-pass-through basis. Each lease has a term of four years and will renew automatically unless notice of termination is given by the Group at least one year prior to then-effective expiration date. Under the terms of the agreements, the Group will indemnify ADNOC for any environmental liabilities relating to our operations on the properties.

During the period, management carried out an assessment of their capital work in progress and identified certain projects, which are unlikely to be further developed. Accordingly, an impairment of AED 8,075 thousand was recognised (31 December 2021: AED 1,674 thousand).

5 Property, plant and equipment (continued)

The depreciation charge has been allocated as follows:

	2022 AED'000	2021 AED'000
Distribution and administrative expenses (note 22)	**437,960**	575,833
Direct cost (note 21)	**-**	6,288
	437,960	582,121

6 Inventories

	2022 AED'000	2021 AED'000
Finished goods	**1,160,063**	900,345
Spare parts and consumables	**97,418**	97,096
Lubricants raw materials, consumables and work in progress	**21,214**	25,477
LPG cylinders	**24,730**	40,288
	1,303,425	1,063,206
Less: Allowance for slow moving and obsolete raw materials, spare parts, consumables and LPG cylinders	**(17,048)**	(17,048)
	1,286,377	1,046,158

The cost of inventories recognised as expense and included in direct cost amounted to AED 26,249,476 thousand (2021: AED 15,864,334 thousand) (note 21). During the year, a direct write off of inventory was recognised as expense amounting to AED 5,251thousand (2021: AED 2,952 thousand) (note 24).

The Ministry of Energy regulates prevailing Gasoline and Gasoil selling prices for all retail distribution companies.

The Group is carrying finished goods of AED nil (2021: 153 thousand) on behalf of a customer as at 31 December 2022.

6 Inventories (continued)

Movement of the Group's inventory write down of finished goods to net realisable value and allowance for slow moving and obsolete raw materials, spare parts, consumables and LPG cylinders is as follows:

	2022	2021
	AED'000	AED'000
At 1 January	17,048	18,421
Reversal to net realisable value	-	(1,373)
At 31 December	**17,048**	17,048

7 Trade receivables and other current assets

	2022	2021
	AED'000	AED'000
Trade receivables	**3,135,849**	2,537,422
Less: Allowance for expected credit losses	**(66,013)**	(57,293)
	3,069,836	2,480,129
Prepaid expenses	**48,101**	40,792
Receivable from employees	**109,309**	100,697
VAT receivables	**13,888**	6,347
Other receivables	**54,580**	55,310
	3,295,714	2,683,275

Receivables from employees consist of staff car loans, furniture loans, personal loans and staff advances.

As at 31 December 2022, the Group had significant concentration of credit risk with three customers (2021: three) accounting for 47% (2021: 52%) of its trade receivables outstanding as at that date. Management is confident that this concentration will not result in any loss to the Group considering the credit history of these customers.

The average credit period on sales and services is between 30-60 days. No interest is charged on trade receivables. The receivables from certain customers are secured by the bank guarantees.

Trade receivables from related parties are disclosed under (note 8)

7 Trade receivables and other current assets (continued)

Trade receivables as on 31 December 2022

	Up to 60 days	61-90 days	90-365 days	Over one year	Total
Expected credit loss rate (%)	**0-1%**	**0-1%**	**2%**	**5%**	
Estimated total gross carrying amount (AED'000)	**1,655,595**	**96,227**	**658,799**	**725,228**	**3,135,849**
Lifetime Expected credit loss (AED'000)	**(14,797)**	**(1,337)**	**(12,995)**	**(36,884)**	**(66,013)**

Trade receivables as on 31 December 2021

	Up to 60 days	61-90 days	90-365 days	Over one year	Total
Expected credit loss rate (%)	0-1%	0-1%	4%	4%	
Estimated total gross carrying amount (AED'000)	1,264,092	127,302	601,432	544,596	2,537,422
Lifetime Expected credit loss (AED'000)	(9,400)	(987)	(23,281)	(23,625)	(57,293)

Movement in the allowance for expected credit losses is as follows:

	Collectively Assessed AED'000	Individually Assessed AED'000	Total AED'000
Balances at 1 January 2021	19,555	31,207	50,762
Recovery made during the year	(23,678)	-	(23,678)
Charge for the year	27,478	2,731	30,209
Balances at 1 January 2022	**23,355**	**33,938**	**57,293**
Recovery made during the year	**(11,631)**	**-**	**(11,631)**
Charge for the year	**16,581**	**3,770**	**20,351**
Balance at 31 December 2022	**28,305**	**37,708**	**66,013**

Amounts charged to expected credit loss allowance of trade receivables are generally written off when there is no realistic expectation of recovery. The carrying amounts of the Group's trade receivables are denominated in UAE Dirham and US Dollars and approximate to their fair value as at 31 December 2022. The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above.

8 Related party balances and transactions

Related parties represent the Parent Company and its subsidiaries, directors and key management personnel of the Group and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's management.

	2022 AED'000	2021 AED'000
Due from related parties		
ADNOC Logistics and Services	**255,757**	374,793
ADNOC Drilling	**232,330**	296,822
Abu Dhabi National Oil Company (ADNOC)	**182,436**	328,705
ADNOC Onshore	**131,740**	117,502
ADNOC Offshore	**22,346**	72,550
ADNOC Gas Processing	**13,119**	11,888
ADNOC Sour Gas	**2,306**	4,046
Others	**28,834**	19,294
	868,868	1,225,600
Due to related parties		
Abu Dhabi National Oil Company (ADNOC)	**3,435,354**	2,258,381
ADNOC Logistics and Services	**6,455**	31,199
ADNOC Refining	**2,808**	2,930
Others	**7,841**	-
	3,452,458	2,292,510

The amounts due from related parties are against the provision of petroleum products and services. These balances are unsecured, earn no interest and have an average credit period of 30-60 days.

The amount due to related parties are outstanding against purchases of petroleum products, vessel hires and port charges, administrative charge. The above balances are unsecured, bear no interest and are payable on demand.

The Group has an amount of AED 2,717,972 thousand (2021: AED 2,168,259 thousand) held with banks in which the Government of Abu Dhabi has a significant or majority stake through different investment vehicles.

As at 31 December 2022, the Group has a term loan from banks in which the Government of Abu Dhabi has a significant or majority stake through different investment vehicles amounting to AED 4,131,563 thousand (2021: AED 5,276,563 thousand).

8 Related party balances and transactions (continued)

The following transactions were carried out with related parties during the year:

	2022 AED'000	2021 AED'000
Revenue – ADNOC group entities	**1,806,868**	1,154,589
Purchases – ADNOC	**25,165,119**	15,486,637
Vessel hire and port charges – ADNOC group	**105,744**	35,415
Dividends paid (note 28)	**2,571,250**	2,571,250
Rendering of service (note 20)	**170,915**	160,585
Recovery of expenses incurred related to City Gas	**5,008**	55,567

Compensation of key management personnel

The remuneration of directors and other members of key management during the year is as follows:

	2022 AED'000	2021 AED'000
Short term benefits	**45,106**	30,183
Pension contribution	**1,319**	1,272
	46,425	31,455

8 Related party balances and transactions (continued)

The Group has elected to use the exemption under IAS 24 *Related Party Disclosures* for Government related entities on disclosing transactions and related outstanding balances with government related parties owned by the Government of Abu Dhabi other than the Parent Company and entities it owns and control.

The Group provides in the normal course of business petroleum distribution services to entities owned and controlled by the Government of Abu Dhabi.

In September 2017, the Group entered into an agreement with ADNOC Distribution Assets LLC (the "SPV") for the operation and maintenance of certain of the assets transferred to the SPV by Takreer with an effective date of 1 October 2017, for which the SPV will compensate the Group on the basis of an 8% return over and above the operating expenditure incurred by the Group for such operations (the "Owner Consideration") and the Group will compensate the SPV for the use of such assets (the "Operator Consideration"). The Group and the SPV also signed an asset use fee letter confirming that the Owner Consideration will be the same as, and will therefore offset, the Operator Consideration.

In September 2017, the Group entered into an agreement with the Parent Company and the SPV to provide support services relating to the Parent Company's civil aviation fuel supply business and to operate and maintain certain assets belonging to the SPV with an effective date of 30 September. The SPV will compensate the Group on the basis of an 8% return over and above the operating expenditure incurred by the Group for such support services and operations.

The Group is in negotiation with the Parent Company for historical costs relating to a land in Musaffah which has been utilised free of charge. The outcome of the negotiations may lead to retrospective charges for the use of the land. Management do not expect the final charge, if any, to be material.

In November 2017, the Group entered into an agreement with the Parent Company for supply of refined petroleum products. As per this arrangement, the contract price effective 1 October 2017 applicable to gasoline and diesel shall be equal to the sum of (a) the mean of Platt's Average as defined in the agreement, plus (b) a fixed premium. For illuminating kerosene and aviation fuel, the contract price shall be the Parent Company's official selling prices. In 2020, the group renegotiated the agreement with the parent company for a further reduction of the retail fuel supply cost. The renegotiated agreement is effective until 31 December 2022.

Also, during the initial five-year term only, to the extent that during any invoicing period the difference between the contract price payable by the Group to the Parent Company for any litre of a gasoline or diesel and the relevant retail price for the same litre of gasoline or diesel, is less than a specified level, such contract price shall be reduced for that period so that the difference equals such specified level.

In addition, if at the end of any quarter, during the initial five-year term, it is determined that, for any grade of gasoline (ULG 91, 95 or 98) or diesel, the difference between the actual revenue per litre achieved by the Group for sales at the pump and the price paid by the Group to the Parent Company for the quantities sold, is less than a specified level, then the Parent Company will pay the Group an amount equal to the per-litre difference, multiplied by the total volumes sold of the affected grade. The agreement is effective until 31 December 2022 unless terminated or extended as per the terms of the agreement.

The Company entered into a new corporate revolving credit facilities agreement with the Parent Company for an amount of USD 375,000 thousand and AED 1,377,188 thousand to be used for general corporate purposes (note 15).

9 Right-of-use assets

Group as a Lessee

The Group leases leasehold properties. The average lease term is 15 - 40 years (2021: 15 – 40 years).

The dismantling cost related to the leasehold properties to return the land to its original condition is also included in the cost.

The Group's obligations are secured by the lessor's title to the leased assets for such leases.

	2022	2021
	AED '000	AED '000
At 1 January	**952,758**	541,669
Additions related to land lease	**551,482**	467,441
Additions to decommissioning	**362**	4,542
Change in estimate of decommissioning	**180**	-
Change in estimate of land lease	**(5,585)**	(5,448)
Reversal due to terminated contracts	**(19,888)**	-
Depreciation charge during the year	**(105,971)**	(55,446)
At 31 December	**1,373,338**	952,758

Amounts recognised in profit and loss

	2022	2021
	AED '000	AED '000
Depreciation expense on right-of-use assets	**105,971**	55,446
Interest expense on lease liabilities	**62,800**	28,631

The total cash outflow for leases amounted to AED 150,194 thousand (2021: AED 89,968 thousand) (note 14).

Additions during the year relate to the lease of plots of land and equipment across the United Arab Emirates and Kingdom of Saudi Arabia for construction of retail service stations.

10 Business Combinations

During the year, the Group completed the fair valuation of identifiable assets acquired and liabilities assumed in respect of the businesses acquired under the business and asset purchase agreements in 2021.

10 Business Combinations (continued)

The below is the summary of the transactions:

	2022 AED'000
Property, plant and equipment	32,384
Inventories	226
Other assets	2,641
Other liabilities	(1,136)
Total identifiable net assets acquired	34,115
Total cash consideration transferred	30,034
Goodwill	1,128
Gain on bargain purchases	5,209

The goodwill is attributable mainly to the synergies expected to be achieved from integrating Service Stations into the Group's existing business.

Goodwill arising on the acquisition of business under the business and asset purchase agreements is measured at cost less accumulated impairment losses.

Gain on bargain purchases is incurred where the value of identifiable net assets acquired is higher than the purchase consideration paid and is recorded in profit and loss.

11 Cash and cash equivalents

Cash and cash equivalents in the statement of cash flows consist of the following amounts:

	2022 AED'000	2021 AED'000
Cash on hand and in bank	**2,617,099**	2,125,540
Term deposit with maturities above 3 months	**130,225**	130,225

Cash and bank balances include short-term and call deposits amounting to AED 2,587,748 thousand (2021: AED 2,168,259 thousand) carrying interest rate ranging from 0.07% to 3.60% (2021: 0.03% to 0.70%) per annum.

12 Share capital

The original share capital of the Company as per the Law No. 13 of 1973 was AED 30 million divided into 300,000 shares, each valued at AED 100.

By virtue of the decision of the Board of Directors of the Parent Company dated 17 October 1984, the share capital of the Company was increased to AED 200 million divided into 2 million shares, each valued at AED 100.

12 Share capital (continued)

By virtue of the decision of the Supreme Petroleum Council dated 6 October 1998, the share capital of the Company was increased to AED 600 million divided into 6 million shares, each valued at AED 100.

By virtue of the decision of the Supreme Petroleum Council dated 9 July 2006, the share capital of the Company was increased to AED 1,000 million divided into 10 million shares, each valued at AED 100.

In accordance with the Article of Association of the Company which became effective on 22 November 2017, the authorised capital and number of ordinary shares was amended as follows:

	2022 **AED '000**	2021 AED '000
Authorised:		
25,000,000,000 ordinary shares of AED 0.08 each	**2,000,000**	2,000,000
Issued and fully paid up:		
12,500,000,000 ordinary shares of AED 0.08 each	**1,000,000**	1,000,000

13 Statutory reserve

In accordance with the UAE Federal Decree Law No. 32 of 2021 and the Articles of Association of the Company, 10% of the profit is transferred to a non-distributable statutory reserve. Such transfers are required to be made until the reserve is equal to 50% of the paid up share capital.

14 Lease liabilities

	2022 **AED '000**	2021 AED '000
Balance as at 1 January	**876,358**	475,202
Additions	**551,482**	467,441
Accretion of interest	**62,800**	28,631
Reversal due to terminated contracts	**(20,534)**	-
Changes in estimates	**(5,585)**	(4,948)
Payments	**(150,194)**	(89,968)
Balance as at 31 December	**1,314,327**	876,358
Current	**129,789**	88,975
Non-current	**1,184,538**	787,383
	1,314,327	876,358

14 Lease liabilities (continued)

Maturity analysis	**31 December 2022 AED '000**	31 December 2021 AED'000
Not later than 1 year	**129,789**	88,975
Later than 1 year and not later than 5 years	**510,838**	350,106
Later than 5 years	**673,700**	437,277
	1,314,327	876,358

The Group does not face a significant liquidity risk with regard to its liabilities. Lease liabilities are monitored within the Group's finance function.

15 Borrowings

	31 December 2022 AED'000	31 December 2021 AED'000
Term loan – non-current	**5,482,124**	-
Term loan – current	**-**	5,499,641

On 16 October 2017, ADNOC Distribution signed a mandate letter (the "Mandate Letter") with a consortium of banks where the consortium agreed to underwrite a 5 year, USD 2,250,000 thousand (AED 8,263,130 thousand) unsecured credit facility (the "Facility"). The Facility is bifurcated further into a term facility commitment of USD 1,500,000 thousand (AED 5,508,750 thousand) and a revolving facility commitment of USD 750,000 thousand (AED 2,754,380 thousand). The purpose of the facility is for general corporate and working capital purposes including payment of dividend, repayment of debt and payment of transaction costs associated with the facility. There are no financial covenants included in the facility documents.

The transaction costs allocated to the revolving facility have been capitalised and will be amortised on a straight-line basis over the term of the agreement. Transaction costs amounting to AED 2,503 thousand as at 31 December 2021 is presented as trade and other current assets.

On 16 November 2017, the Group made a drawdown from the Facility amounting to USD 375,000 thousand and AED 4,128,750 thousand. The Facility carries variable interest at USD LIBOR plus a 0.875% for USD denominated facility portion and EIBOR plus a margin of 0.60% for AED denominated facility portion. The term facility is to be repaid at final maturity which is 5 years from the date of the facility agreement.

On 26 October 2022, the Company refinanced its maturing term loan for another 5 year term with a set of lenders.

The Company also entered into a new corporate revolving credit facilities agreement with the Parent Company for an amount of USD 375,000 thousand and AED 1,377,188 thousand to be used for general corporate purposes. The transaction costs allocated to the revolving facility have been capitalised and will be amortised on a straight-line basis over the term of the agreement. Transaction costs amounting to AED 13,313 thousand as at 31 December 2022 is presented as other non-current assets.

15 Borrowings (continued)

The term loan was classified as current liability as of December 2021 as it was due on November 2022.

The table below details changes in the Group's liabilities arising from financing activities. Liabilities arising from financing activities are those which cash flows were, or future cash flows will be, classified in the Group's financial statements of cash flows as cash flows from financing activities.

	2022 **AED'000**	2021 AED'000
At 1 January	**5,499,641**	5,494,597
Payments made	**(5,505,938)**	-
Net proceeds from borrowings	**5,479,742**	-
Other charges (i)	**8,679**	5,044
At 31 December	**5,482,124**	5,499,641

(i) Other charges include amortisation of transaction costs of the term loan.

16 Provision for employees' end of service benefit

Movement in the provision recognised in the consolidated statement of financial position is as follows:

	2022 **AED'000**	2021 AED'000
At 1 January	**192,583**	199,185
Charge for the year (note 25)	**29,053**	23,820
Payments	**(27,197)**	(30,422)
At 31 December	**194,439**	192,583

17 Trade and other payables

	2022 **AED'000**	2021 AED'000
Trade payables	**452,368**	383,540
Capital accruals	**451,232**	306,269
Operating accruals	**210,493**	165,315
VAT payable	**308,016**	266,937
Coupon and prepaid card sales outstanding	**113,584**	100,009
Contract retentions payable	**79,528**	44,788
Advances from customers	**46,110**	36,879
Other payables	**334,333**	205,276
	1,995,664	1,509,013

18 Derivative financial instruments

In 2019, the Group entered into a floating to fixed interest rate swaps with corresponding banks to hedge the interest rate risk relating to a portion of the floating interest rates payable on the term loans, with all critical terms matching. These derivatives contracts have been designated as cash flow hedges under IFRS 9. The arrangement concluded on November 2022.

As at 31 December 2022, the fair value of the derivative financial instrument was as follows:

	2022	2021
	AED'000	AED'000
Current liabilities	**-**	77,635

The Group has categorised the derivative financial instruments into the Level 2 hierarchy for the purpose of determining and disclosing the fair value of financial instruments. There were no transfers between the hierarchy noted for the year ended 31 December 2022.

- Level 1: Quoted prices (unadjusted) prices in active markets for identical assets or liabilities that the Group can access at the measurement date;
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the assets or liability, either directly or indirectly; and
- Level 3: Unobservable inputs for the asset or liability.

19 Provision for decommissioning

The provision for decommissioning obligation is with respect to dismantling obligation of the service stations built on leased lands in Dubai and Northern Emirates. The discount rate used to determine the obligation at 31 December 2022 is 4.24% (2021: 4.24%). The change in estimate is due to the change in the cash outflows expected to settle the future liabilities.

	2022	2021
	AED'000	AED'000
At 1 January	**129,226**	120,193
Additions during the year	**362**	4,542
Change in estimate	**180**	-
Accretion of interest	**4,764**	4,491
At 31 December	**134,532**	129,226

20 Revenue

The Group derives its revenue from contracts with customers for the transfer of goods and services at a point in time in the following major lines of business. This is consistent with the revenue information that is disclosed for each reportable segment under IFRS 8 Operating Segments (note 30):

	2022	2021
	AED'000	AED'000
Retail (B2C)		
• Fuel	**20,308,082**	13,921,173
• Non-fuel	**1,149,929**	994,325
Commercial (B2B)		
• Corporate	**9,603,265**	4,708,410
• Aviation	**1,049,785**	1,297,207
	32,111,061	20,921,115

Management expects that AED 50,388 thousand (2021: AED 74,164 thousand) is the remaining performance obligations as of the year ended 31 December 2022, which will be recognised as revenue during the next reporting period.

In connection with the transfer of the sales and purchasing activities of the Civil Aviation Division, the Company entered into a service agreement (the "Aviation Service Agreement"), pursuant to which the Parent Company reimburses the Company for and pays an additional margin of 8% of the total distribution and administrative costs of the Division incurred by the Company for handling the operations and providing certain aviation refuelling and other related services to its civil aviation customers.

The cost plus the margin of handling the civil aviation operations amounting to AED 170,915 thousand (2021: AED 160,585 thousand) was recognised as revenue (note 8).

21 Direct costs

	2022	2021
	AED'000	AED'000
Materials (note 6)	**26,249,476**	15,939,343
Staff costs (note 25)	**193,703**	161,441
Depreciation (note 5)	**-**	6,288
	26,443,179	16,107,072

22 Distribution and administrative expenses

	2022	2021
	AED'000	AED'000
Staff costs (note 25)	**1,480,421**	1,271,972
Depreciation (note 5)	**543,931**	637,567
Utilities	**198,478**	150,018
Repairs, maintenance and consumables	**187,110**	147,686
Distribution and marketing expenses	**54,908**	37,556
Insurance	**18,780**	12,379
Others	**278,003**	165,049
	2,761,631	2,422,227

23 Other income

	2022	2021
	AED'000	AED'000
Gain on disposal of property, plant and equipment	**2,963**	31
Miscellaneous income	**100,379**	72,271
	103,342	72,302

Miscellaneous income consists mainly of convenient store income for the consigned goods and sales of scrap items, used oil, batteries, tyres.

24 Other impairment losses and expenses

	2022	2021
	AED'000	AED'000
Inventories written off (note 6)	**5,251**	2,952
Impairment on capital work in progress (note 5)	**8,075**	1,674
Miscellaneous expenses	**2,500**	-
	15,826	4,626

25 Staff costs

	2022 AED'000	2021 AED'000
Salaries and allowances	**1,399,834**	1,319,585
Other benefits	**261,884**	116,322
Employees' end of service benefit (note 16)	**29,053**	23,820
	1,690,771	1,459,727
Staff costs are allocated as follows:		
Distribution and administrative expenses (note 22)	**1,480,421**	1,271,972
Direct costs (note 21)	**193,703**	161,441
Capital work-in-progress	**16,647**	26,314
	1,690,771	1,459,727

Other benefits consist mainly of medical expenses, trainings, leave and travel expenses and uniforms.

26 Finance costs

	2022 AED AED'000	2021 AED AED'000
Finance charges on bank facilities	**212,041**	151,436
Interest expense on lease liabilities (note 14)	**62,800**	28,631
Interest expense on provision for decommissioning (note 19)	**4,764**	4,491
	279,605	184,558

27 Basic and diluted earnings per share

Earnings per share amounts are calculated by dividing the profit attributable to shareholders of the Company by the weighted average number of share outstanding during the year.

	2022	2021
Profit attributable to owners of the Company (AED '000)	**2,748,508**	2,252,411
Weighted average number of shares for the purpose of basic earnings per share('000) (note 12)	**12,500,000**	12,500,000
Earnings per share (AED)	**0.220**	0.180

There are no dilutive securities, therefore diluted EPS is the same as basic EPS.

28 Dividends

The Board of Directors approved a final dividend of 10.285 fils per share to the shareholders in respect of the year ended 31 December 2020. The dividend comprised of AED 1,285,625 thousand, which was approved at the General Assembly Meeting held on 16 March 2021 and paid on 20 March 2021.

The Board of Directors approved an interim dividend of 10.285 fils per share to the shareholders in respect of the first half of 2021. The dividend comprised of AED 1,285,625 thousand, which was approved during the Board of Directors Meeting held on 30 September 2021 and paid on 4 October 2021.

The Board of Directors approved a final dividend of 10.285 fils per share to the shareholders in respect of the year ended 31 December 2021. The dividend comprised of AED 1,285,625 thousand, which was approved at the General Assembly Meeting held on 24 March 2022 and paid on 1 April 2022.

The Board of Directors approved an interim dividend of 10.285 fils per share to the shareholders in respect of the first half of 2022. The dividend comprised of AED 1,285,625 thousand, which was approved during the Board of Directors Meeting held on 28 September 2022 and paid on 6 October 2022.

29 Commitments

The capital expenditure contracted for at the reporting date but not yet incurred amounted to AED 298,022 thousand (2021: AED 117,838 thousand).

30 Segment reporting

Information regarding the Group's operating segments is set out below in accordance with IFRS 8 *Operating Segments*. IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Board of Directors, as the Chief Operating Decision Maker (CODM), in order to allocate resources to the segment and to assess its performance. Information reported to the Board of Directors for the purpose of resource allocation and assessment of segment performance focuses on the financial performance of each business segments only. No information that includes the segments' assets and liabilities are reported to the Board of Directors.

Effective from 2020, the CODM has approved the use of the new segment reporting structure. The new structure aligns the segmentation of the management's categorisation of the Group's customers into Commercial (B2B) and Retail (B2C) categories.

- Commercial (B2B) segment, which involves sale of petroleum products and ancillary products to commercial and government customers, the provision of aviation fuel and fuelling services to strategic customers, and the provision of fuelling services to the Parent Company civil aviation customers.
- Retail (B2C) segment, which involves sale of gasoline and petroleum products, convenience store sales, car wash and other car care services, oil change services, vehicle inspection services and property leasing and management through the retail sites.

Transactions between segments are conducted at the rates determined by management taking into consideration the cost of funds. The Group operates primarily in United Arab Emirates and accordingly no further geographical analysis of revenues, profit, assets and liabilities is given to the chief operating decision maker.

Segment revenue reported represents revenue generated from external customers. There were no inter-segment sales in current and previous year. Operating profit is the measure reported to the Board of Directors for the purpose of resource allocation and assessment of segment performance.

30 Segment reporting (continued)

Information regarding the new segment structure are as follows:

31 December 2022	**Commercial (B2B) AED'000**	**Retail (B2C) AED'000**	**Unallocated AED'000**	**Total AED'000**
Revenue	**10,653,050**	**21,458,011**	**-**	**32,111,061**
Direct costs	**(9,217,178)**	**(17,226,001)**	**-**	**(26,443,179)**
Gross profit	**1,435,872**	**4,232,010**	**-**	**5,667,882**
Distribution and administrative expenses	**(373,241)**	**(2,388,390)**	**-**	**(2,761,631)**
Other income	**20,588**	**79,986**	**2,768**	**103,342**
Impairment losses and other operating expenses	**(14,369)**	**(21,808)**	**-**	**(36,177)**
Operating Profit	**1,068,850**	**1,901,798**	**2,768**	**2,973,416**
Interest income				**54,697**
Finance costs				**(279,605)**
Profit for the year				**2,748,508**
31 December 2021				
Revenue	6,005,617	14,915,498	-	20,921,115
Direct costs	(4,662,561)	(11,444,513)	2	(16,107,072)
Gross profit	1,343,056	3,470,985	2	4,814,043
Distribution and administrative expenses	(370,833)	(2,051,394)	-	(2,422,227)
Other income	25,793	45,769	740	72,302
Impairment losses and other operating expenses	(10,589)	(19,618)	(4,628)	(34,835)
Operating Profit	987,427	1,445,742	(3,886)	2,429,283
Interest income				7,686
Finance costs				(184,558)
Profit for the year				2,252,411

30 Segment reporting (continued)

Unallocated income consists mainly of gain on disposal of fixed assets, insurance recovery and other miscellaneous income.

31 ADNOC Group central fund for risk financing

The Group is a participant in a centralised fund, administered by ADNOC, to finance certain self-insured risks. The fund is made up of premium discounts, investment income and contributions from participants, as agreed upon from time to time. Under the scheme, the Group is obliged to provide additional funding, if required. As at 31 December 2022, the central fund has been discontinued and moved to another entity wherein Group's has no more share (2021: AED nil).

32 Contingencies and litigations

As at 31 December 2022, the Group had contingent liabilities amounting to AED 287,823 thousand (2021: AED 3,402,095) in respect of bank and other guarantees and other matters arising in the ordinary course of business from which it is anticipated that no material liabilities will arise.

The Group is involved in various legal proceedings and claims arising in the ordinary course of business. While the outcome of these matters cannot be predicted with certainty, management does not believe that these matters will have a material adverse effect on the Group's financial statements if concluded unfavourably.

33 Financial instruments

Capital risk management

The primary objective of the Group's capital risk management activities is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure, and makes adjustments to it, in light of changes in economic conditions.

The Group monitors capital using a leverage ratio, which is net debt divided by total capital defined as equity plus net debt. The capital structure of the Group consists of debt, which includes long term debts, cash and cash equivalents and equity comprising share capital, statutory reserve and retained earnings.

33 Financial instruments (continued)

Capital risk management (continued)

The leverage ratio, determined as net debt to net debt plus equity, at the year-end was as follows:

	2022 **AED '000**	2021 AED '000
Debt	**5,482,124**	5,499,641
Cash and cash equivalent (note 11)	**(2,617,099)**	(2,125,540)
Net debt	**2,865,025**	3,374,101
Net debt	**2,865,025**	3,374,101
Equity	**3,444,890**	3,202,065
Net debt plus equity	**6,309,915**	6,576,166
Leverage ratio	**45.4%**	51.3%

Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow and fair value interest rate risk and price risk), commercial and credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Market risk

(i) Foreign exchange risk

The Group has no significant currency risk exposure from its operations as a majority of the Group's transactions are in UAE Dirham or US Dollars. The UAE Dirham is pegged to the US Dollar, hence, balances in US Dollars are not considered to present a significant foreign exchange risk.

33 Financial instruments (continued)

Financial risk management (continued)

(a) Market risk (continued)

(ii) Cash flow and fair value interest rate risk

The Group is exposed to interest rate risk on its interest bearing assets and Group's debt obligations with floating interest rates. Consequently, the Group's income and operating cash flows are dependent on changes in market interest rates. Deposits or placements issued at fixed rates expose the Group to fair value interest rate risk. The Group's policy is to manage these risks based on management's assessment of available options and placing any surplus funds with ADNOC for treasury management or with creditworthy banks
(note 11).

The deposits and placements are on rollover basis for three months or less, as such the carrying amounts have not been discounted as the impact of discounting is not deemed to be significant.

Interest rate sensitivity analysis
The sensitivity analyses below have been determined based on the exposure to interest rates at the financial position date. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the financial position date was outstanding for the whole year.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's profit for the year ended 31 December 2022 would have decreased/increased by AED 27,410 thousand (2021: AED 27,496 thousand). This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings.

In 2019, the Group entered into floating to fixed interest rate swaps with corresponding banks to hedge the interest rate risk relating to a portion of the floating rate interest payable on unsecured bank borrowings. The arrangement concluded on November 2022.

(iii) Price risk

The Group is exposed to commodity price risk arising from retail prices of the refined petroleum products. Gasoline and diesel prices are set by the UAE Ministry of Energy, which limits and may result in reductions in the profit margins on these products. There can be no assurance that the UAE Ministry of Energy will continue to set retail prices at a level that provides the same or a similar profit margin, and any reduction in the profit margin on these products would have a material adverse impact on our results of operations and financial position. Under the new supply agreements, ADNOC will provide the Group protection against reduction in per-litre gross profits below certain specified levels (note 8).

33 Financial instruments (continued)

Financial risk management (continued)

(b) Credit risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables, due from group companies and committed transactions. Management assesses the credit quality of its customers, taking into account financial position, past experience and others factors. Individual risk limits are based on management's assessment on a case-by-case basis.

The Group's policy is to place cash and cash equivalents and term deposits with reputable banks and financial institutions and the Group's management does not expect any losses from non-performance of its counterparties as it believes that adequate allowance has been created against the impaired receivables.

The Group's trade receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. The maximum exposure is the carrying amount of the trade receivables as disclosed in note 7.

(c) Liquidity risk

The Group limits its liquidity risk by ensuring adequate cash from operations is available to meet its funding requirements. The Group monitors its risk of shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial investments and financial assets (e.g., bank deposits, trade receivables and other financial assets), and projected cash flows from operations. The Group's objective is to maintain liquidity through credit lines available from banks or with the Parent. As at 31 December 2022, the Group had access to a USD 375 million and AED 1,377,188 thousand credit facility which was fully unutilised (note 15).

The table below summarises the maturity profile of the Group's financial liabilities at 31 December 2022 and 2021 based on the contractual undiscounted payments.

	Less than 1 year AED '000	More than 1 year AED '000	Total AED '000
At 31 December 2022			
Borrowings	-	5,482,124	5,482,124
Due to related parties	3,452,458	-	3,452,458
Lease liabilities	129,789	1,184,538	1,314,327
Trade and other payables (excluding advances from customers, VAT payable and coupon and prepaid card sales outstanding)	1,527,954	-	1,527,954
Total	5,110,201	6,666,662	11,776,863

33 Financial instruments (continued)

Financial risk management (continued)

(c) Liquidity risk (continued)

	Less than 1 year AED '000	More than 1 year AED '000	Total AED '000
At 31 December 2021			
Borrowings	5,499,641	-	5,499,641
Due to related parties	2,292,510	-	2,292,510
Lease liabilities	88,975	787,383	876,358
Derivative financial instruments	77,635	-	77,635
Trade and other payables (excluding advances from customers and coupon and prepaid card sales outstanding)	1,105,188	-	1,105,188
Total	9,063,949	787,383	9,851,332

Whilst the Parent Company account is payable on demand or within agreed payment terms, the Parent Company considers the ability of the Group to pay, and its cash position prior to any payment request or transfer. The Parent Company account includes the cost of supplying the Group with its inventories as the Parent Company is the principal supplier of petroleum products to the Group (note 8).

Fair value estimation

The carrying value less any impairment provision of trade receivables and payables, approximate to their fair values as they are mainly short-term in nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate available to the Group for financial instruments.

34 Financial instruments by category

	2022 AED'000	2021 AED'000
Financial assets:		
Cash and bank balances (including term deposits)	**2,747,324**	2,255,765
Due from related parties	**868,868**	1,225,600
Trade and receivables and other current assets (excluding prepaid expenses and VAT receivable)	**3,233,725**	2,636,136
	6,849,917	6,117,501

34 Financial instruments by category (continued)

	2022 AED'000	2021 AED'000
Financial liabilities:		
Trade and other payables (excluding advances from customers, VAT payable and coupon and prepaid card sales outstanding)	**1,527,954**	1,105,188
Due to related parties	**3,452,458**	2,292,510
Derivative financial instruments	**-**	77,635
Lease liabilities	**1,314,327**	876,358
Borrowings	**5,482,124**	5,499,641
	11,776,863	9,851,332

For the purpose of the disclosure, non-financial assets amounting to AED 61,990 thousand (2021: AED 47,139 thousand) have been excluded from trade receivables and other current assets and financial liabilities amounting to AED 467,710 thousand (2021: AED 403,825 thousand) have been excluded from trade and other payables.

35 Comparative Figures

Certain comparative figures have been reclassified from prior year, wherever necessary, to conform to the presentation adopted in the current year of the consolidated financial statements. These reclassifications, except as they relate to the impact of aviation service agreements, maintenance and transport costs, were not significant and have no impact on the total assets, total liabilities, total equity and profit of the Group.

Impact on consolidated statement of profit or loss for the year ended 31 December 2021	**As previously reported**	**Reclassification**	**After reclassification**
	AED '000	**AED '000**	**AED '000**
Direct cost	(15,880,704)	(226,368)	(16,107,072)
Gross profit	5,040,411	(226,368)	4,814,043
Distribution and administrative expenses	(2,648,595)	226,368	(2,422,227)

36 Subsequent events

The Board of Directors proposed a final cash dividend of 10.285 fils per share to the shareholders in respect of second half of 2022.

In January 2023, the Company has agreed with Abu Dhabi National Energy Company (TAQA), one of the largest listed integrated utility companies in the EMEA region, to work together to establish a mobility joint venture, E2GO, to build and operate electric vehicle infrastructure in Abu Dhabi and the wider UAE. The transaction does not have any impact in the consolidated financial statements of the Group.

The Company entered into a Refined Products Sales Contract with the Parent Company for the sale by Parent Company and purchase by Company of refined petroleum products, for a term of five years from 1 January 2023 to 31 December 2027, replacing the previous refined product sales contract that expired on 31 December 2022.

36 Subsequent events (continued)

There have been no other events subsequent to the consolidated statement of financial position date that would significantly affect the amounts reported in the consolidated financial statements as at and for the year ended 31 December 2022.

37 Approval of financial statements

The consolidated financial statements were approved by the Board of Directors and authorised for issue on 8 February 2023.