

Geared to Grow



Annual Report 2024

Geared to Grow

The strength of ADES is forged from the sum of its parts—market leadership, a clear global strategy with an agile business model, and a commitment to performance, sustainability, and governance. With these pillars, ADES is **Geared to Grow**, expanding its reach, creating lasting value, and reinforcing its position as a global leader in its industry.

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“ADES
stands today
as the number one
offshore jackup driller
globally with a strong
onshore presence,
boasting a fleet of 91
rigs across 11
countries



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Our strategic, operational and financial achievements over the past year were underpinned by our agile and resilient business model—a model truly Geared to Grow

Chairman's Note

Dear Shareholders,

It is with great pride that I present the ADES 2024 Annual Report—a milestone year as we celebrate our first anniversary on the Tadawul Exchange. Our journey as a publicly traded company has been transformative, and our successful IPO is a powerful testament to the unwavering confidence investors have in our long-term strategy. Since our listing, we have delivered an exceptional full-year 2024 performance marked by delivery on our strategic objectives, robust financial results with record backlog levels and strong profitability, and maintained an unwavering commitments to safety and sustainability. Against a challenging market backdrop we delivered tangible value to shareholders with a resilient share performance relative to peers, and have distributed a dividend totalling SAR 479.7 million on the Group's 2024 financials¹—equivalent to 60% of the Group's net profit for its maiden year on Tadawul.

Safety and innovation continued to be the bedrock of our operations. Our exceptional safety record—enhanced by the deployment of advanced AI-based safety solutions, hands-free tools, and real-time monitoring systems—demonstrates our relentless commitment to protecting our people and assets. We remain dedicated to a culture of continuous improvement, ensuring that our safety-first approach is reflected in every facet of our operations.

Our strategic, operational and financial achievements over the past year were underpinned by our agile and resilient business model—a model truly Geared to Grow. Even as we navigated a challenging global landscape, our disciplined approach to capital allocation and operational efficiency allowed us to seize emerging opportunities, ensuring that we remain at the forefront of the industry.

Over the past year, we have significantly expanded our global footprint, fulfilling our commitment to grow beyond our Middle Eastern roots and align with the Kingdom's vision for global market leadership. Leveraging our dynamic global platform and strong prequalification with major national and international oil companies, we have rapidly tendered and deployed rigs across diverse geographies. Today, ADES is present in 11 key markets—from our traditional strongholds in Saudi Arabia, Kuwait, Qatar, Egypt, Algeria, and Tunisia, to our newly enhanced operations in India, Indonesia, Thailand, Malaysia, and Nigeria². This expansive presence reinforces our position as a leading international provider of oil and gas drilling services, driven by a strategic focus on markets with low extraction costs, robust service demand and high barriers to entry, and solidifies our reputation as a trusted partner in these high-potential regions.

Equally important to our success is our diverse and talented workforce. With circa 8,000 employees representing 65 nationalities, ADES benefits from a rich blend of skills and cultural insights. This diversity not only fuels innovation and creative problem solving but

also enables us to operate effectively across a wide range of environments. Our people are the cornerstone of our achievements, and their dedication and expertise drive the continuous evolution of our business.

At the heart of our strategy is a client-centric approach. In 2024, we have further refined our business model to align more closely with the needs of our clients. Initiatives such as our enhanced production model in brownfields in North Africa has improved operational and production efficiency in a rapid and low-CAPEX manner while maximizing synergies from existing infrastructure. Our commitment to delivering innovative, tailor-made solutions has enabled us to build enduring relationships with some of the world's leading energy companies, ensuring that we remain the partner of choice in an increasingly competitive market.

ADES is also proud to be a key contributor to job creation and economic development in Saudi Arabia. Over the past two years, we have generated 2,400 new jobs, directly supporting the Kingdom's Vision 2030 localization goals. Our commitment to nurturing local talent is evident in our achieved Saudization rate of 74% for our KSA operations³, ensuring that Saudi nationals form the core of our workforce. Additionally, our focus on local sourcing has delivered an IKTV⁴ rate of 61%⁵, underscoring the operational and financial synergies generated through our partnerships with local suppliers.

³ As of 31 December 2024

⁴ In-Kingdom Total Value Add, a new program created by Saudi Aramco to baseline, measure and support increased levels of localization in the Kingdom.

⁵ As of 31 December 2024 (Company numbers)

By fostering talent development, expanding career opportunities, and prioritizing local procurement, we are not only strengthening our local operations but also playing a vital role in the broader economic transformation of the Kingdom.

Finally, sustainability remains deeply embedded in our strategy. This year, we have advanced our ESG leadership by intensifying initiatives across key pillars: Governance & Business Ethics, Climate Change & Energy, Health, Safety & Security, Environmental Protection, and Social Stewardship. These efforts not only underscore our commitment to responsible business practices but also ensure that our growth is sustainable and that we contribute positively to the communities and environments in which we operate.

Looking ahead, I am filled with optimism. Our strategic initiatives, robust operational performance, and the steadfast confidence of our stakeholders position ADES for continued success and expansion. I extend my deepest gratitude to our Board of Directors, our shareholders, and every member of the ADES family for their unwavering support and commitment. Together, we will continue to harness our unique strengths and global presence, ensuring that ADES remains Geared to Grow and delivers enduring value in the years ahead.

Ayman Abbas
Chairman

Group Overview

ADES is a leading global drilling services provider with a resilient business model, a growing footprint in high-growth markets, and a commitment to operational excellence, innovation, and sustainable growth.

ADES in Brief

ADES Holding Company (“ADES,” “the Company,” or “the Group”) is a world-leading international drilling services provider and the largest offshore jack-up drilling rig operator globally. Headquartered in the Kingdom of Saudi Arabia (“KSA” or “the Kingdom”), ADES operates with a business model that is “Geared to Grow,” driven by a fit-for-purpose fleet, strategic market positioning, and operational excellence—ensuring resilience and long-term performance through the cycles.

The Group specializes in onshore and offshore contract drilling and workover services, with a core focus on non-harsh environments in high-barrier-to-entry markets. ADES’ fleet includes 91 rigs across 11

countries¹, serving major national and international oil companies. In 2024, ADES continued its measured global expansion, solidifying its leadership in the Middle East and strengthening its presence in Southeast Asia. Additionally, the Group marked its entry into the promising West Africa region with new awards in Nigeria in early 2025.

Through disciplined expansion, operational excellence, and an unwavering commitment to safety, ADES has reinforced its position as the partner of choice for global energy leaders. Since inception, the Group’s entrepreneurial approach has delivered strong asset utilization, resilient profitability, and lasting value for clients and stakeholders.

Our Values

At ADES, our values define how we operate, enabling us to sustain our growth and maintain a strong reputation in the industry:



Safety

Personal and operational safety are the Group’s true north and its license to operate. Our commitment to our people is that everyone should get back home safely.



Integrity

Ensuring that the Group’s individual and corporate activities are bounded by honesty and ethical conduct.



Customer Focus

All of the Group’s decisions are taken with the Group’s clients in focus and aimed to add value for the clients.



Agility

Being alert to changes and moving quickly and decisively to meet the challenges that emerge from such changes.



Innovation

Promoting an innovative culture and attitude by applying creative thinking to every segment of the Group’s work.



Operational Excellence

Providing a level of service that exceeds the expectations of the Group’s client while remaining environmentally and socially conscious.

¹ ADES operated in 10 countries as of 31 December 2024 and secured new awards in Nigeria in the first quarter of 2025, marking its entry into the 11th market.
² Includes two newbuild onshore rigs in Kuwait.

11

Footprint Countries¹
(+2 from 2023)

91

Onshore and offshore units²
(+4 from 2023)

c. 8,000

Highly Skilled
Team Members

SAR 6.2bn

Revenues in 2024,
up 43.1% y-o-y

SAR 28.3bn

Backlog as of 31 December 2024
(vs. SAR 27.5bn at year-end 2023)



INTRODUCTION

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Our Value Proposition

ADES' ability to deliver sustained, high-performance growth is underpinned by a resilient, cycle-proof business model that ensures long-term value creation:



Leading Global Drilling Operator

ADES is focused on the most attractive and resilient drilling markets with a growing global footprint



High Barriers to Entry

Operating in markets with high barriers to entry with prequalification status from more than 40 existing and potential clients



Resilient by Design

ADES' business model is resilient by design and well equipped to withstand market cycles and deliver sustainable performance



High Quality Client Relationships

ADES is the partner of choice for the largest and most reliable energy suppliers globally thanks to its track record of operational excellence



Solid Backlog

ADES' robust contracts and predictable cash flows are underpinned by its solid backlog and provide for long term visibility



Non-Speculative Approach to Growth

ADES boasts a track record of disciplined and non-speculative acquisitions, focused on delivering value accretive growth



Robust HSE Policies

ADES deploys robust HSE and boasts an exemplary safety record, with a Total Recordable Injury Rate³ (TRIR) of 0.06 vs. IADC average of 0.46 (Dec-24)



Strong Leadership

ADES is led by a highly capable management team and Board of Directors and is supported by strategic stakeholders

Sustainability at ADES

Sustainability is embedded in ADES' DNA, guiding every aspect of our operations. Our approach aligns with Saudi Vision 2030, the UN Sustainable Development Goals (SDGs), and global industry best practices, ensuring that we operate responsibly while creating long-term value for all stakeholders.

Our sustainability framework is built on five key pillars:

Governance & Business Ethics – Upholding the highest standards of integrity, transparency, and ethical conduct across all operations.

Climate Change & Energy – Reducing our carbon footprint, enhancing energy efficiency, and adopting sustainable technologies to mitigate climate impact.

Health, Safety & Security – Prioritizing the well-being of our workforce and partners through industry-leading safety protocols and a culture of continuous risk management.

Environmental Protection – Minimizing operational impact through responsible resource management, emissions control, and adherence to stringent environmental standards.

Social Responsibility – Investing in workforce development, local communities, and initiatives that drive long-term socioeconomic benefits.

A full review of ADES' sustainability initiatives is available on page 66.

Prioritizing the well-being of our workforce and partners through industry-leading safety protocols and a culture of continuous risk management

³ Recordable Injury Frequency Rate per 200,000 working hours

ADES Services

ADES’ core business revolves around providing onshore and offshore contract drilling and workover services, mobile offshore production unit (MOPU) solutions, as well as barge-based project services. Unlike many of its peers, ADES offers both onshore and offshore drilling services on a global scale, setting it apart in a highly competitive industry while ensuring access to a broader range of opportunities across multiple markets.



Offshore Drilling & Workover

ADES continues to expand its offshore drilling and workover operations across its key markets. The Group operates a fleet of primarily premium jack-up rigs across Saudi Arabia, Egypt, Qatar, and India, and successfully commenced operations in Indonesia, Thailand and Malaysia in 2024. In line with its strategy to expand into high-potential markets, ADES has also been awarded new offshore contracts in Nigeria, with operations set to begin in 2025.

These operations primarily support the development, production, and workover phases of the oil and gas field life cycles, with a focus on shallow-water and non-harsh environments where ADES has built a track record of operational excellence.



Onshore Drilling & Workover

ADES’ onshore operations remain a key pillar of its business, with activities concentrated in Kuwait, Saudi Arabia, Egypt, Algeria, and Tunisia. The Group has 40 onshore rigs (including two newbuild rigs in Kuwait), serving a diverse client base of national and international oil companies (NOCs and IOCs). ADES’ onshore drilling services cover exploration, development, and production phases, while its workover services focus on well maintenance, repair, and performance optimization to maximize output for its clients.



MOPU Services

Since launching its MOPU services in 2016, ADES has continued to demonstrate its ability to deliver innovative offshore solutions. The Admarine I MOPU in Egypt’s Gulf of Suez remains a key asset, offering clients a cost-effective and agile alternative to traditional offshore production facilities. By facilitating early production with lower upfront investment, ADES’ MOPU services help clients optimize development timelines and improve project economics.



Jackup Barge and Project Services

ADES complements its offshore services with two jack-up barges, Admarine II and Admarine 12, both of which are deployed in the Gulf of Suez. These units support a range of marine operations, including pipe laying, heavy lifting, offshore construction, firefighting, and accommodation services. By integrating these services into its broader offering, ADES enhances operational efficiency and provides clients with comprehensive offshore support solutions.



Other Services

Beyond its core drilling activities, ADES provides a suite of additional services, including manpower supply, well platform installation, maintenance, and catering for offshore rig personnel. The Group also offers specialized equipment rental, allowing clients to optimize their operations with access to high-quality, well-maintained assets on demand.



Elite Qualifications

ADES’ prequalification status with leading NOCs and IOCs in the region alongside its world-class qualifications are invaluable in ensuring the Group’s success in bidding processes across its countries of operation. Today, ADES boasts prequalification status from more than 40 clients or potential clients in 20 different markets.

ADES’ Prequalifications

Some of ADES’ prequalification clients include Aramco, KOC, ENI, TotalEnergies, ONGC, EGPC, KJO, PEMEX, Sonatrach, PTTEP, Qatar Energy

Shipping (“ABS”) or DNV, are considered an industry standard for offshore rig certifications. All of the operational offshore rigs in its fleet are either IACS certified or pending recertification.



IACS Certification

The Group’s offshore drilling units, MOPU and jackup barges are required to be certified by the International Association of Classification Societies (“IACS”) , independent global providers of safety, risk, integrity and management services. IACS classification societies, such as the American Bureau of



ISO Certifications

ISO 9001:2008 and ISO 29001:2012 Certifications



Memberships

IADC: International Association of Drilling Contractors

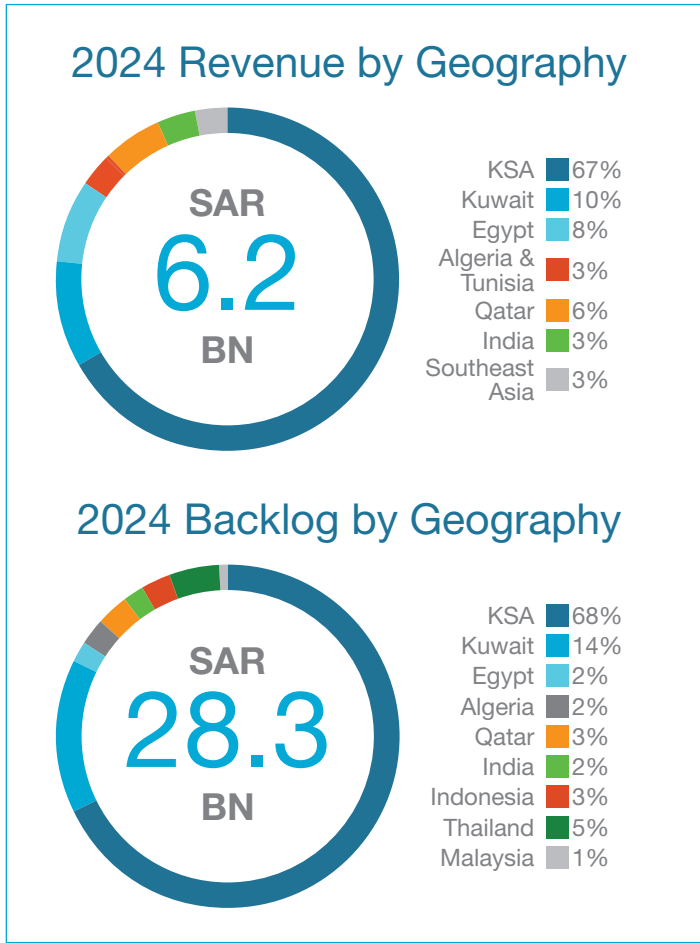
A Global Platform

With a rapidly expanding footprint across the most resilient and high-potential drilling markets, ADES has established a dynamic global platform that enables seamless rig deployment, operational synergies, and sustained growth.

ADES has a global fleet of 91 rigs across 11 key markets, making it one of the largest offshore and onshore drilling contractors worldwide. The Group’s presence spans Saudi Arabia, Kuwait, Qatar, Egypt, Algeria, Tunisia, India, Indonesia, Thailand, Malaysia, and Nigeria⁴—strategically selected for their attractive fundamentals, including low extraction costs, strong demand for drilling services, and high barriers to entry.

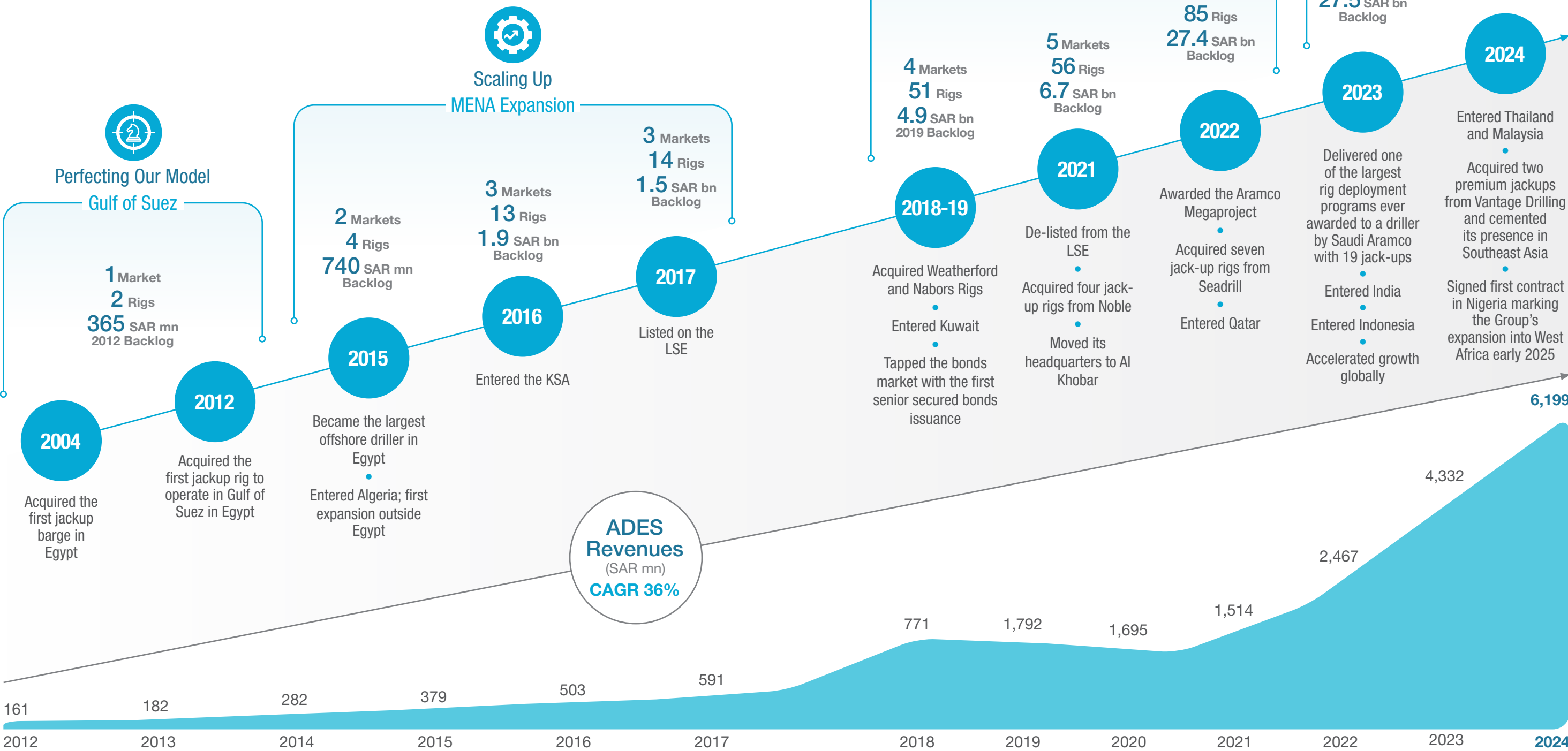
With a business model designed for agility and efficiency, ADES continuously strengthens its foothold within regional clusters, such as Southeast Asia, to drive operational synergies and enhance service delivery. The Group’s ability to rapidly tender and mobilize rigs across diverse geographies is supported by a well-established prequalification status with major national and international oil companies, reinforcing its status as a trusted global partner.

ADES’ global presence continues to expand, leveraging its scalable model to enter new markets and deepen its reach in existing ones. This strong, flexible foundation ensures ADES is always Geared to Grow, adapting to new opportunities while maintaining its track record of operational excellence and profitability.



Over Two Decades of Value Creation

From its origins as a regional offshore driller to a global leader with a presence across 11 markets⁷, ADES built a platform that is Geared to Grow, continuously expanding its fleet, capabilities, and market reach.



⁷ ADES operated in 10 countries as of 31 December 2024 and secured new awards in Nigeria in the first quarter of 2025, marking its entry into the 11th market.

⁸ Includes two newbuild onshore rigs in Kuwait.

Achievements & Awards



Achievements



Industry-Beating Safety Standard

ADES recorded a Total Recordable Injury Rate (**TRIR**) of **0.06**—an improvement from 0.09 in 2023 despite its growing scale and significantly below the IADC standard of 0.46—demonstrating the effectiveness of its integrated health and safety management framework.



Record Rig Deployment

ADES successfully deployed a record **24 offshore rigs** in **just 18 months** across four clients—a historic milestone showcasing its rapid execution, reliability, and ability to seamlessly manage complex startups while upholding the highest safety standards.



Accelerated Global Expansion

ADES successfully delivered on its global expansion strategy, quickly **capturing a 12% market share in Southeast Asia** (excluding India) in less than one year, while securing new awards in Nigeria in early 2025.



Highest Total Backlog

ADES achieved the **highest level of total backlog in the Group's history and across the industry**, standing at SAR 28.27 billion as of 31 December 2024.



Commitment to Environmental Protection

ADES achieved **ZERO loss of containment into the environment** (LOCE) throughout 2023 and 2024.



Robust Profitability

ADES delivered an **impressive 80.5% growth in its Net Profit for 2024**, driven by strong revenue growth and robust EBITDA profitability.

In 2024, ADES broke new records across its operations, marking a year filled with achievements and duly recognized for its continued outperformance.



Awards



Saudi Arabia

- ADES Drilling Energy Systems (ADES) Rig-144 — The Only Drilling Contractor in the North Ghawar Gas Drilling Department to Record Zero Injury Incidents in 2024.
- Longest Running Lost-Time-Injury-Free Record of 24 Years for Rig-ADES 144.
- Recognition for excellent program Drilling for Non-Drillers, organized by Saudi Arabian Drilling Academy (SADA).
- Award Presented by His Highness Prince Saud Bin Nayef AlSaud for the sponsorship of 50+ students and signed a Memorandum of Understanding with SADA for Nationals Development.
- Recognized as an Integral Part of the “Branches of Change” in Collaboration with NetZero for a Greener Future.



Kuwait

- Best Performing Rig of the Year 2023-2024 for Rig-UPDC 808 Under the Deep Work-Over Category.
- Longest Running Lost-Time-Injury-Free Record of 25 Years for Rig-ADES 155.



Algeria

- Certificate of Achievement for Continuous HSE Commitment to Groupement SONATRACH-ENI Standards & Guidelines.



Qatar

- Statistical Safety Performance Award for Best Recordable Incident Rate Offshore Drilling Contractor.



India

- Loss-Time Injury Free Since Inception of Operations in November 2023 for Admarine IX, Admarine X and Admarine XI.



With
a focused
approach that
drives performance,
innovation and
sustainable practices,
we are poised to meet
today's challenges and
capture tomorrow's
opportunities



Strategic Review

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Reflecting on our progress, ADES stands today as the number one offshore jackup driller globally with a strong onshore presence, boasting a fleet of 91 rigs across 11 countries

CEO's Note

I am pleased to present an overview of ADES' achievements and resilient performance throughout 2024—a transformative year for the Group that marked pivotal milestones in our journey toward global leadership. Throughout the year, ADES has delivered on its strategy of global expansion, steadfast safety and operational excellence, and robust financial performance that has laid a strong foundation for our future growth.

Reflecting on our progress, ADES stands today as the number one offshore jackup driller globally with a strong onshore presence, boasting a fleet of 91 rigs across 11 countries. This achievement is not merely about numbers—it embodies our deep commitment to prudent expansion strategies and a resilient, cycle-proof business model that is firmly Geared to Grow. Our venture into new geographies and continuous fleet optimization have enabled us to navigate transient challenges with remarkable agility, setting the stage for a future defined by sustained growth and industry leadership.

Sustained Operational Excellence

Throughout 2024, ADES upheld an unwavering commitment to safety and operational excellence, setting new benchmarks for the industry. The Group recorded a Total Recordable Injury Rate (TRIR) of 0.06—an improvement from 0.09 in 2023 despite our growing scale and significantly below the IADC standard of 0.46—demonstrating the effectiveness of our integrated health and safety management framework. At the

same time, we sustained an exceptional utilization rate of 97.7%, underscoring the consistency, efficiency, and resilience of our operations. These achievements are even more remarkable given the record-breaking deployment of 24 offshore rigs in just 18 months for four different clients—a historic milestone that reaffirms our rapid execution capabilities and reliability. This unprecedented feat, both in scale and speed, was executed while maintaining the highest industry standards for safety, a testament to the strength of our business model and our ability to seamlessly manage complex rig startups in dynamic environments.

This unwavering commitment to safety and efficiency enabled us to secure significant new awards and contract renewals, resulting in backlog additions of approximately SAR 7 billion. We closed 2024 with a record backlog of SAR 28.27 billion, up 2.6% year-over-year—the highest in our history. Our financial performance further underscored the strength of our strategic approach. Revenues climbed 43.1% year-over-year to SAR 6.2 billion in 2024, driven primarily by dynamic offshore growth in Saudi Arabia, the phased deployment of rigs in India, and enhanced contributions from our new assets in Southeast Asia. Our strong performance was further bolstered by our funding flexibility and financial firepower. In July 2024, we successfully up-sized our syndicated loan facility by USD 3 billion. This financial strengthening has enhanced our ability to seize accretive growth opportunities and finance our expansion plans, solidifying ADES' reputation as the partner of choice for energy

providers globally. In recognition of our robust results, our Board approved a total dividend for 2024 of SAR 479.7 million, reinforcing our commitment to delivering tangible value to our shareholders.

Our Global Expansion

ADES has made remarkable strides in expanding its footprint and strengthening its global platform in 2024. Most notably, we delivered on our strategy to expand our footprint into Southeast Asia, entering the region at the start of the year and quickly establishing a commanding market presence. Through a combination of organic growth and strategic acquisitions, ADES now has five jackups in the region and captured approximately 12% market share (excluding the three rigs in India). Our growing fleet in the region is set to deliver greater operational efficiency and scalability across our Southeast Asia hub, allowing us to swiftly act on new opportunities in this important and fast-growing market.

Building on our momentum in Southeast Asia, ADES ventured into West Africa in line with our strategic foresight to tap into this dynamic and undersupplied market. In the first quarter of 2025, the Group secured two new awards in Nigeria, a country with high oil and gas potential and strong demand for drilling rigs in the coming years, particularly in the offshore jackup segment. These new contracts marked ADES' entry into the 11th country of operations and further strengthened its global platform — while their planned

execution in collaboration with an in-country partner demonstrate our ability to forge strategic partnership and expand our boundaries whilst managing risk. With strong prospects for increased rig demand in West Africa, ADES is well-positioned to capitalize on heightened tendering activity and establish a long-term presence in this high-potential region.

Meanwhile in our home market of Saudi Arabia, we continue to demonstrate agility with a client-centric approach – aligning with our client's strategic needs and objectives – while leveraging newly afforded capacities to pursue attractive opportunities in existing and new markets. Our agile business model and global platform allowed us to secure new contracts for all temporarily suspended jackup rigs in KSA, with rapid new awards in Qatar, Thailand, and Egypt during 2024, as well as the Nigeria awards in early 2025. These contracts were achieved within a short span of less than a year and with enhanced profitability that aligns perfectly with our sustainable business model. Additionally, we secured contract renewals for two onshore rigs and one offshore rig in Saudi Arabia, all with 10-year tenors set to commence immediately upon the expiry of their current agreements. These long-term renewals add significant revenue visibility and bolster our backlog sustainability, while reinforcing management's confidence in the enduring demand within our home market.

¹ Total Recordable Injury Rate per 200,000 working hours as of 31 December 2024.

43.1%
YoY Revenue Growth in 2024

42.0%
YoY EBITDA Growth in 2024

97.7%
Average Utilization in 2024

0.06 TRIR¹
vs IADC of 0.46

Finally, our performance in existing markets in the GCC and the MENA region has been equally impressive. ADES has reinforced its market leadership through strategic contract wins and long-term service agreements. In Qatar, operations began on a one-year firm jackup drilling contract with a major IOC, helping preserve our market share in this important market with a three-rig operation following the relocation of the Emerald Driller to Indonesia. In Kuwait, the Group solidified its onshore capabilities having finalized six onshore contracts with Kuwait Oil Company, covering four existing rigs and two newbuild units—set to commence in the second and third quarters of 2025. Finally in Egypt, ADES secured a long-term service agreement with Suez Oil Company and Shukeir Marine Oil Company, to enhance production in key Egyptian brownfields as part of a consortium with a leading local E&P player. This agreement enabled ADES to successfully deploy an asset-light and low-CAPEX production model as it seeks to broaden its service offering with innovative, tailor-fit solutions in key regional markets while maximizing synergies from our existing infrastructure and asset base.

Geared to Grow

ADES' success in 2024 is the natural culmination of a two-decade legacy of consistently performing through market cycles while delivering accelerated growth and profitability. At the heart of our approach to long-term value creation lies an unwavering commitment to safety and sustainability, guiding how we balance between our commercial, financial, and operational targets. By keeping these elements in harmony, we have anchored our cycle-proof business model in a foundation that is resilient and that can deliver long-term sustainable growth—even under challenging conditions.

Our approach rests on maintaining operational excellence and an impeccable safety record on our rigs. ADES' best-in-class safety and operational performance, bolstered by continuous innovation and seamless rig deployment, not only reinforces our market leadership but also allows us to swiftly capitalize on emerging opportunities. This commitment to safety is deeply embedded in our operations, where we continuously invest in advanced AI-based solutions, hands-free tools, and real-time monitoring systems to protect our people and assets. This approach is further strengthened by our Operational Command Centre (OCC), which provides daily oversight of critical activities, tracks at-risk behaviour and promptly initiates intervention and resolution, while sharing the lessons learned across the Group. These innovations, alongside a culture of continuous improvement and rigorous training, ensure that our safety-first approach remains at the core of everything we do.

Equally important is our integrated business model, underpinned by strong in-house capabilities and a



lean cost structure. We emphasize efficiency through unique in-house engineering, reactivation, and preventive maintenance processes, while prioritizing in-country value creation and investing in state-of-the-art training programs. This holistic approach ensures that every aspect of our operations is optimized for both performance and cost efficiency, enabling us to offer attractive day rates and generate above-industry-average profitability.

Our strategy is also supported by a deliberate focus on non-harsh environments, particularly shallow-water and onshore markets that represent over 90% of global hydrocarbon production. In the offshore markets, high barriers to entry—such as a diminishing newbuild orderbook and stringent pre-qualification processes—provide us with a significant competitive advantage. Furthermore, our fit-for-purpose asset fleet, built at industry-low acquisition costs and continuously optimized to maintain the right balance between onshore and offshore services, enables us to remain agile in evolving market conditions.

The resilience of our approach is further evidenced by our long-term backlog, with over 85% originating from GCC countries that traditionally embrace long-term investment horizons. This robust backlog not only provides stable cash flows and revenue visibility but is also reinforced by extended contract maturities aligned with our debt profile. Such a foundation of financial stability supports our continued operational success and positions us to effectively manage market fluctuations.

Sound financial management is a cornerstone of our growth strategy. ADES adheres to prudent financial policies with strict leverage targets—aiming for a Net Debt-to-adjusted EBITDA ratio of 3.0x—to ensure our funding approach aligns with our long-term objectives. This disciplined financial framework not only underpins our current operations but also provides the flexibility

needed to seize attractive growth opportunities and pursue strategic M&A transactions.

Our clearly formulated growth strategies, significant asset base, streamlined decision-making processes, and access to top talent provide substantial optionality for future expansion. Our highly capable management team, armed with deep market insights and bolstered by strategic shareholder support, drives our ability to innovate and adapt to industry trends, ensuring that ADES remains well-positioned to capture emerging opportunities.

Parallel to ADES' exceptional performance, the Group further reinforces its position as an industry leader with an unwavering commitment to sustainability and a clearly formulated ESG strategy. Underpinning our ESG efforts is a rigorous approach to data gathering and analysis that informs every decision we make. By integrating comprehensive data collection into our operational processes, we precisely measure our environmental footprint and identify targeted initiatives to reduce emissions, waste, and resource consumption. This proactive approach has yielded tangible successes—most notably, achieving ZERO loss of containment into the environment (LOCE) throughout 2023 and 2024, and implementing innovative initiatives that enhance energy efficiency and minimize our environmental impact. As ADES continues to expand its global footprint, entering new markets and scaling operations at an unprecedented pace, this commitment to safety and ESG becomes even more critical.

Outlook

Looking ahead to 2025, ADES is exceptionally well-positioned to build on the transformative performance of 2024. Our strong global platform, underpinned by our proven strategy, operational excellence, and robust financial flexibility, sets the stage for continued success. The Group is targeting an EBITDA in the range of SAR 3.28 to 3.39 billion, which implies an organic growth rate of approximately 8-12% year-over-year. This positive outlook is driven by several key factors.

First, our unwavering commitment to safety and operational excellence remains a cornerstone of our strategy. We will continue to maintain exceptional safety metrics and high utilization rates, ensuring that our optimized fleet delivers reliable, high-quality performance in every market. Second, despite transient market challenges, the offshore jackup segment remains tight, with high utilization rates and robust tendering activity across key regions such as the Middle East, Southeast Asia, and West Africa. More than a third of the previously temporarily suspended rigs in Saudi Arabia have already been re-

At the heart of our approach to long-term value creation lies an unwavering commitment to safety and sustainability, guiding how we balance between our commercial, financial, and operational targets

contracted, which reaffirms our view that sustained demand will continue to drive long-term growth.

Furthermore, attractive growth opportunities and strong funding flexibility continue to underpin our expansion strategy. Current market dynamics—characterized by heightened tendering activities and compelling valuation levels—provide us with a favourable environment to execute on our organic growth plans, while our recent up-size of the syndicated loan facility by USD 3 billion confirms our financial strength and readiness to pursue further M&A opportunities if the right targets emerge. Finally, our consistent commitment to sustainable growth through a disciplined operational model and lean cost structure will continue to deliver superior shareholder value, even in a challenging macroeconomic environment.

In summary, our outstanding full-year performance in 2024 is a testament to our focused strategy, operational excellence, and relentless drive to innovate and expand. ADES remains steadfast in its mission to extend our global reach, forge strategic partnerships, and deliver sustainable, long-term value to our stakeholders. I am excited about the future and confident that our strategy—anchored in continued growth, operational agility, and financial discipline—will drive our sustained success in 2025 and beyond.

Sincerely,

Dr. Mohamed Farouk
Chief Executive Officer

Our Strategy

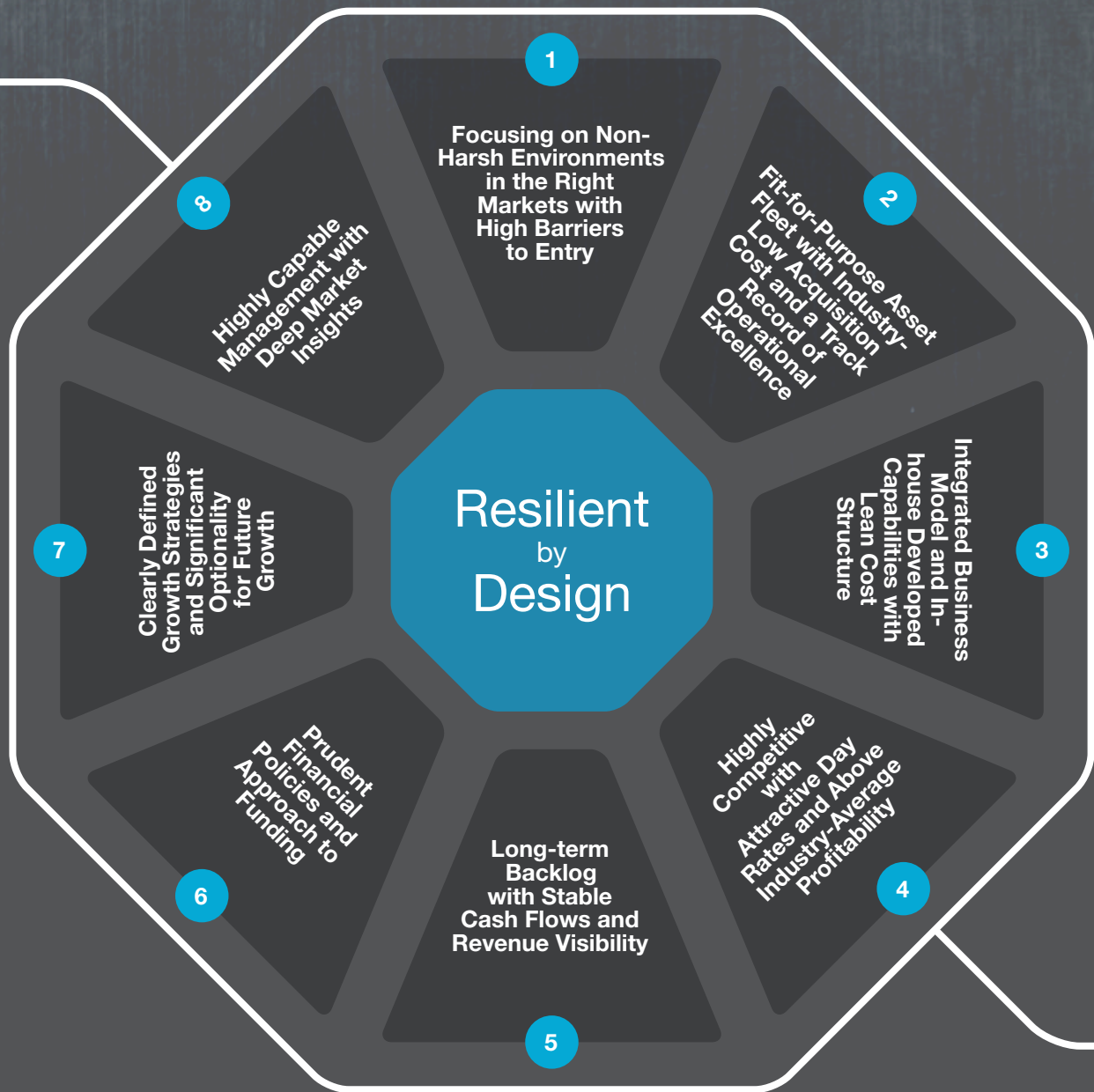
At ADES, our strategy seamlessly integrates local market leadership, global expansion, and operational excellence to create enduring value. With a focused approach that drives performance, innovation and sustainable practices, we are poised to meet today’s challenges and capture tomorrow’s opportunities.

ADES’ forward-looking growth strategy drives every facet of our business. At its core, our approach is defined by five pillars that provide the framework for our continuous evolution. These pillars guide our efforts to reinforce our market leadership in Saudi Arabia, expand our global footprint, deliver high-quality services to our clients, integrate our business operations through lean practices, and create long-term sustainable value. Each pillar is underpinned by specific enablers that detail how we execute on these objectives—ensuring that our strategy not only articulates our vision but also comes to life through tangible actions and results.

Strategy Objective	Key Enablers	Tangible Actions
Strengthen Our Position as a KSA Drilling Champion	- Attaining local leadership via market consolidation - Benefitting from the strong track record of our Saudi fleet - Bridging global expertise with KSA’s localization drive - Supported by high-profile strategic shareholders	ADES consolidates its leadership in Saudi Arabia through targeted acquisitions and strategic integration. Its proven Saudi fleet delivers high safety, reliability, and efficiency, while blending global expertise with the Kingdom’s localization drive. Supported by high-profile shareholders, ADES sets industry benchmarks and drives robust growth in the KSA drilling market.
Expanding Our Global Footprint & Leadership	- Geographical diversification and portfolio growth - Seeking the right opportunities in growth and new markets - Forging global partnerships	ADES broadens its global reach by diversifying into key international markets, mitigating regional risks while seizing emerging opportunities. Through rigorous market analysis, it identifies high-growth prospects and forges strategic global partnerships that enhance its service offerings, solidifying its leadership on the international stage.
Provide a High Quality and Comprehensive Service Offering	- Key customers are NOCs, with long-term investment horizons - Customer-centric approach and ability to provide tailored services - Industry-leading safety performance - Competitive day rates	ADES delivers exceptional service by nurturing long-term relationships with NOCs, ensuring stable, predictable revenue. Its customer-centric approach tailors solutions to specific needs, while industry-leading safety performance and competitive day rates underscore its commitment to quality and value, making it the partner of choice.
Drive Increased Business Model Integration and Lean Operations	- Lean operations organization - In-house engineering and reactivation capabilities - In-house refurbishment and maintenance team - In-country value prioritization - State-of-the-art training programs	ADES drives operational excellence through a lean organization that minimizes downtime and streamlines processes. Robust in-house engineering, reactivation, refurbishment, and maintenance teams maximize asset performance. By prioritizing in-country value creation and investing in state-of-the-art training, ADES fosters continuous improvement and innovation.
Deliver Long-term Sustainable Value	- Deploy a non-speculative approach: focus on cash flows and value accretion - Adopt a long-term perspective rooted in a firm commitment to safety - Champion sustainability	ADES is committed to creating enduring value through a non-speculative approach focused on cash flow and value accretion. Anchored by an unwavering commitment to safety and operational excellence, the company integrates responsible environmental and social practices, ensuring its growth is sustainable and beneficial to all stakeholders.

Our Business Model

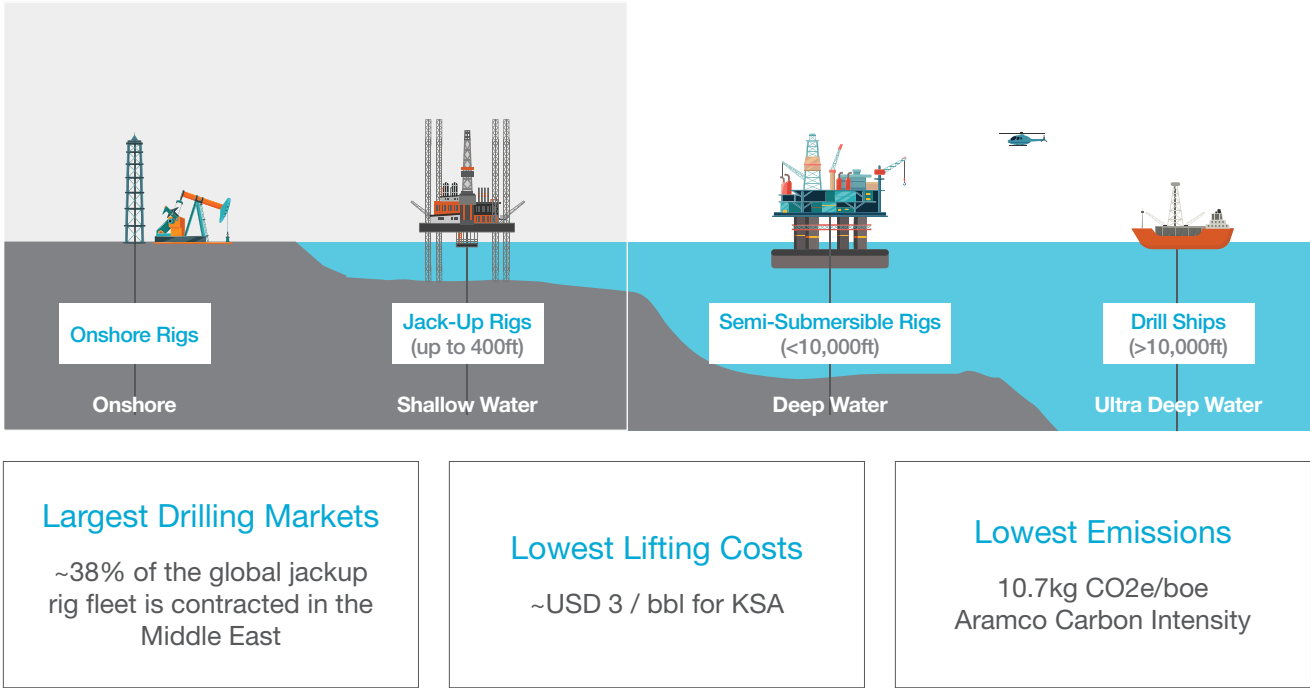
ADES’ sustained success in 2024 builds on two decades of consistent growth and profitability, proving its ability to thrive through market cycles. This resilience is driven by a well-executed growth strategy and a cycle-proof business model that ensures long-term stability and scalability.



1 Focusing on Non-Harsh Environments in the Right Markets...

At the forefront of our business model is a focus on non-harsh drilling environments. In 2024, onshore and shallow-water operations represented 93.2% of global hydrocarbon production, and ADES has strategically positioned itself in these markets. With 24.7% of our backlog from onshore rigs and 75.3% from jackups in shallow water, we target markets with high barriers to entry—characterized by a diminishing newbuild orderbook, stringent pre-qualification processes, and local sourcing requirements—ensuring sustainable, long-term profitability.

Non-Harsh Environments Represented 93.2% of Global Hydrocarbon Production in 2024



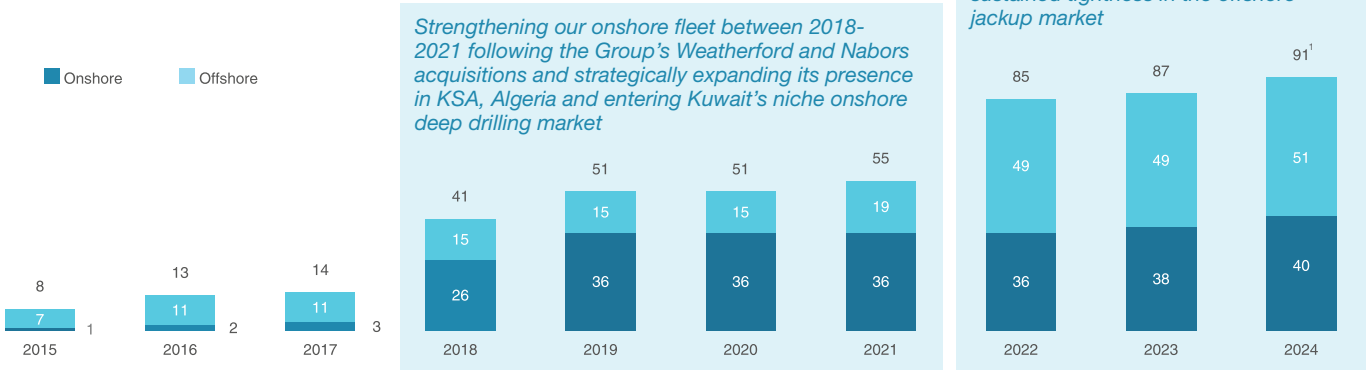
...with High Barriers to Entry

Significant Capital Requirements \$200-350mm Avg. newbuild cost	Diminishing Newbuild Order Book Difficult financing, supply chain challenges, long delivery of c.3 years, onerous payment terms	Technical Specifications Limited supply of modern units due to a higher demand for jack-up rigs coupled with supply chain constraints on shipyards	Stringent Pre-qualification Process Achieving pre-qualification can be a multi-year process and requires robust financial performance, appropriate assets scrutinized by physical audits, and high HSE performance.	Local Sourcing Requirements Substantial portion of services need to utilize local workforce, which became a key differentiating factor for contracts awarded by NOCs across the markets in which the Group operates
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2 Fit-for-Purpose Asset Fleet with Industry-Low Acquisition Cost and a Track Record of Operational Excellence

Our asset fleet is cornerstone of our ability to grow. By continuously expanding and optimizing our fleet based on evolving market conditions, ADES maintains the right balance between onshore and offshore services and is able to swiftly capture prevailing market opportunities.

ADES' Drilling Fleet Composition



The Group's fleet was developed with a disciplined and non-speculative approach to acquiring assets at industry-low acquisition costs. ADES' approach to acquiring assets is focused on three key objectives, namely de-risking growth and industry cycles; capitalizing on market opportunities in a capital-efficient way; and optimizing the capabilities of the ADES with a fit-for-purpose asset fleet in the right markets.

De-Risking Growth and Industry Cycles	Growing in the Right Markets via a Non-Speculative Approach	"Buy to Contract" Model Securing a drilling contract before or concurrently with finalizing the acquisition; minimizing uncertainty and idle time "Contract Acquisition" Model Acquire an asset with an ongoing contract that can be novated to the Group
Capitalize on Market Opportunities in a Capital Efficient Way	Focus on Value Creation	Maintaining Industry-Low Rig Acquisition Cost² Av. Premium Jack-up Rig Cost (USD mn) Newbuild Cost: 200-350 Industry Average Acquisition Cost: 131 ADES: 64 Since 2020, ADES has acquired 28 premium jackup rigs with an average cost of USD 63.8 million per rig (following the latest Vantage acquisition), which is significantly below the industry average of USD 131 million, as per Westwood report, translating into an approximately 50% discount, and showcasing exceptional capital stewardship from the Group.
Optimize the Capabilities of Our Fleet	Prioritize Sustainability and Cash Flow Generation	2x or Higher Backlog / Net Debt target, ensuring debt obligations are adequately covered at all times 5-7yrs Payback period to rapidly de-risk investment

1 2024 figures include two newbuild onshore rigs in Kuwait

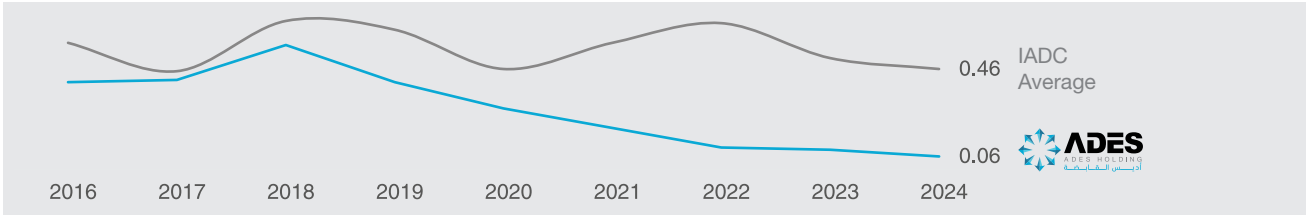
2 Source: ADES information, Westwood Global Energy Group (March 2025). Note: Premium jack-up rigs are jack-up rigs built after 2005. Estimated cost of newbuild for premium jackup drilling rigs. Industry average acquisition cost of premium jackup drilling rigs (for transactions between 2012 and December 2024), excluding any refurbishment capex required. Average ADES acquisition cost of premium jackup rigs, excluding schedule G capex (to upgrade rigs to Aramco standards) and any other required refurbishment.

Our fleet has consistently delivered operational excellence with best-in-class safety record, supported by continuous innovation and seamless rig deployment. This not only reinforces our market leadership but also enables us to swiftly capitalize on emerging opportunities.

An Impeccable Safety Record

ADES strives to adhere to robust HSE standards and procedures when conducting its business, with a strong HSE culture at the core of the Group's values. ADES is an active member of industry organisations such as International Marine Contractors Association ("IMCA") and International Association of Drilling Contractors ("IADC"), and all of the operational offshore rigs in its fleet are either IACS certified or pending recertification. Over the years, the Group has consistently maintained a strong safety track record, with zero employee fatalities and a total recordable injury rate of 0.06 per 200,000 working hours, which is lower than the IADC worldwide standard rate of 0.46 as at 31 December 2024.

Strong, demonstrable safety track record with zero fatalities (TRIR)³



Supported by Continued Innovation

RIG RigEye is ADES' cutting-edge AI-based proprietary technology for incident prediction			
In-House Developed	AI-Powered	Monitoring Safety Incidents	Automation of Safety Reports

Operational Excellence

ADES has delivered highly efficient operations as evidenced by the Group's consistently high rating on the key rig efficiency index parameter in Saudi Arabia:



Seamless Rig Deployment

ADES has in place a project management framework structured around four key pillars, program management, shipyards, staffing, and procurement and logistics, to ensure seamless and efficient delivery of future deployments of rigs to its clients.

Program Management Rig start-up integrated management program and a dedicated taskforce.	Shipyards Shipyards slots secured globally	Staffing Securing manpower and retaining the ADES DNA with 1/3 of staff on every new rig sourced from existing ADES rigs	Procurement and Logistics Full procurement and logistics management program and with materials and service agreements in place with key suppliers
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3 Total Recordable Injury Rate per 200,000 working hours.

4 Score related to the period ended 31 December 2024

5 Chart labels: Local Content is defined as "Saudiization", measured as # of employees who are Saudi nationals divided by total Saudi workforce. FTP is defined as Flat Time Performance and NPT is Non-productive Time

3 Integrated Business Model and In-house Developed Capabilities with Lean Cost Structure

Equally critical is our integrated business model, underpinned by in-house capabilities and a lean cost structure. Our organization emphasizes efficiency through unique in-house engineering, reactivation, and preventive maintenance capabilities. By prioritizing in-country value creation and investing in state-of-the-art training programs, we ensure that every aspect of our operations is optimized for performance and cost efficiency, driving sustainable success.

In-house developed capabilities and lean cost structure

Lean Operations Organization	Unique In-House Engineering and Reactivation Capabilities	Prudent Preventive Maintenance	In-Country Value Prioritization	State-of-the-Art Training Programs
- Fully centralized and integrated systems across all group functions enabling real-time monitoring and achieving operational and financial efficiency for the Group and its clients - Continuous investment in digitalizing the Group's workflows - Dynamic cybersecurity framework - Consistently high REI score with Aramco	- Dynamic knowledge to shortlist new viable rigs and their capital requirements - Ability to re-engineer assets in-house at lower costs underpins competitive edge - Swift action due to streamlined decision making process	- Highly experienced in-house teams - Routine inspections and mandatory repairs as part of SPS⁶ and UWILD⁷ - Longer-lasting offshore rig useful life due to proper maintenance - Superior utilization rates⁸ compared to MENA average - Superior monitoring and review systems with strong value add to clients	- Diversity of people across our markets - Local sourcing by promoting local partners to drive efficiency and quality - Alignment with KSA's and Saudi Aramco's localization strategy	- Active member in the IMCA⁹ and IADC¹⁰ organizations - Partnership with Saudi Aramco-sponsored SADA¹¹ - Strong, demonstrable safety track record with zero fatalities - Targeting consistently low injury rates

6 Special Periodic Surveys.

7 Under Water Inspection In lieu of Dry-docking.

8 Refers to effective utilization.

9 International Marine Contractors Association.

10 International Association of Drilling Contractors.

11 Saudi Arabian Drilling Academy.

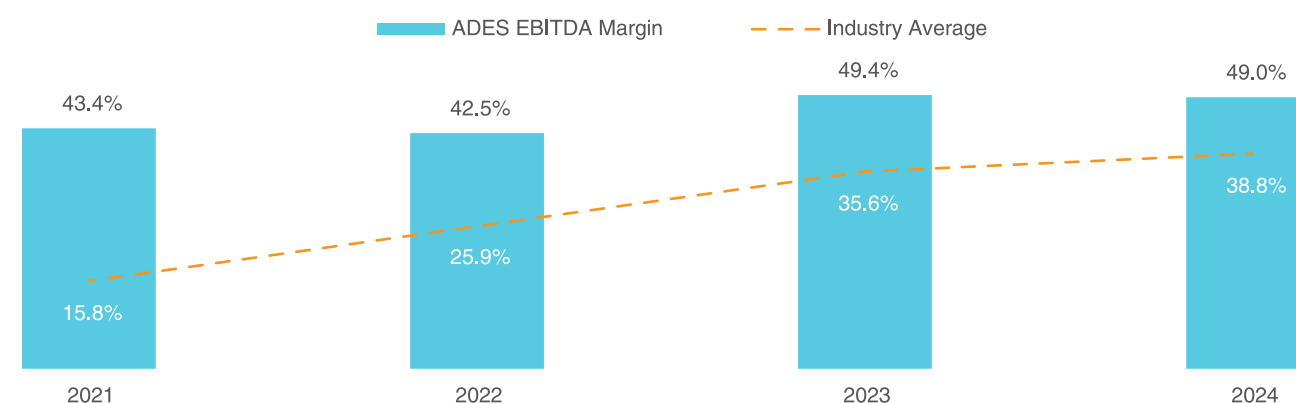


By prioritizing in-country value creation and investing in state-of-the-art training programs, we ensure that every aspect of our operations is optimized for performance and cost efficiency

4 Highly Competitive with Attractive Day Rates and Above Industry-Average Profitability

ADES consistently delivers above-peer-average margins, driven by competitive day rates and a lean organizational structure with low overheads. The Group benefits from a centralized shared services center in Egypt, an in-house maintenance team that enhances cost control and efficiency, and a high proportion of local workforce, reducing reliance on expatriates. Additionally, economies of scale, strategic procurement agreements with key suppliers, and decreasing fixed costs—such as lower insurance premiums—further strengthen ADES' cost advantage and margin sustainability.

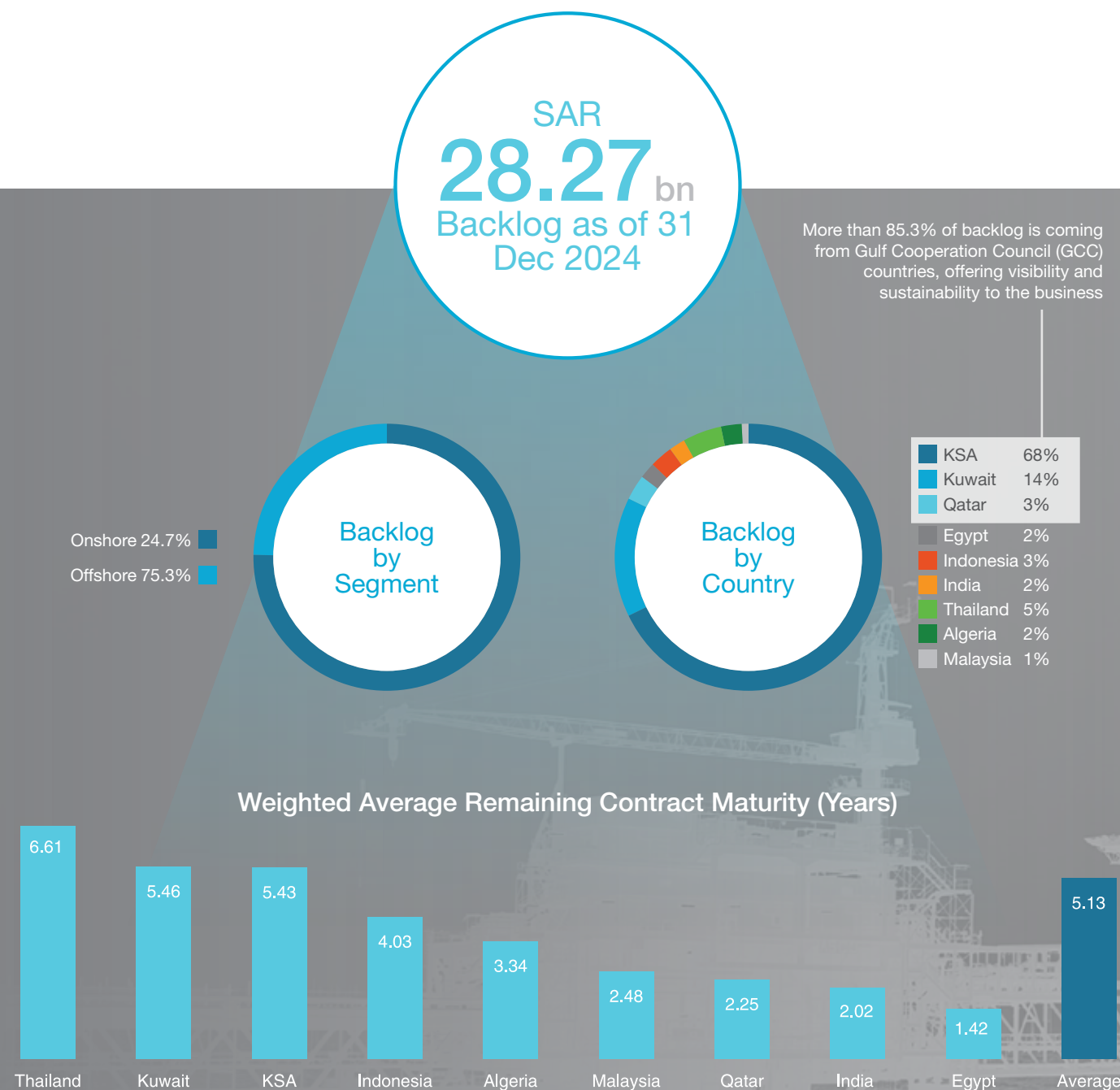
Above-Peer-Average EBITDA Margins¹²



12 Based on an average of six regional and international peers.

5 Long-term Backlog with Stable Cashflow and Revenue Visibility

ADES' long-term backlog, with over 85.3% originating from GCC countries, provides stable cash flows and revenue visibility, supported by extended contract maturities aligned with our debt profile. As of 31 December 2024, the Group's total backlog stood at SAR 28.27 billion (USD 7.5 billion), with offshore contracts representing 75.3% and onshore contracts 24.7%. Our ability to secure accretive tenders and strategic agreements ensures a healthy replenishment rate, while our client contracts—featuring a weighted average residual life of over five years—reinforce long-term financial stability and resilience against market fluctuations.



6 Prudent Financial Policies and Approach to Funding

Sound financial management is a cornerstone of ADES' growth strategy, underpinned by a disciplined approach to debt and liquidity. The Group adheres to prudent financial policies with strict internal leverage targets, aiming for a Net Debt-to-adjusted EBITDA ratio of 2.5x to 3.0x and maintaining a backlog-to-net debt ratio of at least 2.0x.

2.0x Target Backlog / Net Debt Ratio	3.0x Target Net Debt-to-adjusted EBITDA
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These measures ensure that ADES' growth does not come at the expense of present or future financial stability. The Group continuously monitors its debt portfolio to maintain sufficient headroom for unforeseen volatility while strategically tapping diverse funding sources to reinforce its liquidity position. By balancing short- and long-term financing tools with strong cash flow generation, ADES maintains the flexibility to seize growth opportunities, pursue strategic M&A transactions, and sustain its long-term expansion.

Sound financial management is a cornerstone of ADES' growth strategy, underpinned by a disciplined approach to debt and liquidity

7 Clearly Defined Growth Strategies and Significant Optionality for Future Growth

ADES’ clearly formulated growth strategies, significant asset base, streamlined decision-making processes, and access to top talent provide substantial optionality for future expansion.

	1 Access to Opportunities	- Market intelligence and relationships with industry players and shipyards - Footprint in 11 markets and pre-qualifications with more than 40 potential clients across 20 markets globally
	2 Funding & Mandate to Grow	- Shareholders supportive of growth plans - Longstanding relationships with lenders
	3 Significant Asset Base	- Fit-for-purpose fleet at scale - Best positioned for further market consolidation
	4 Streamlined Decision Making	- Proven ability to act swiftly on opportunities - Established rig integration process
	5 Access to Talent	- Strong reputation in the industry - Access to local workforce in all markets of operations

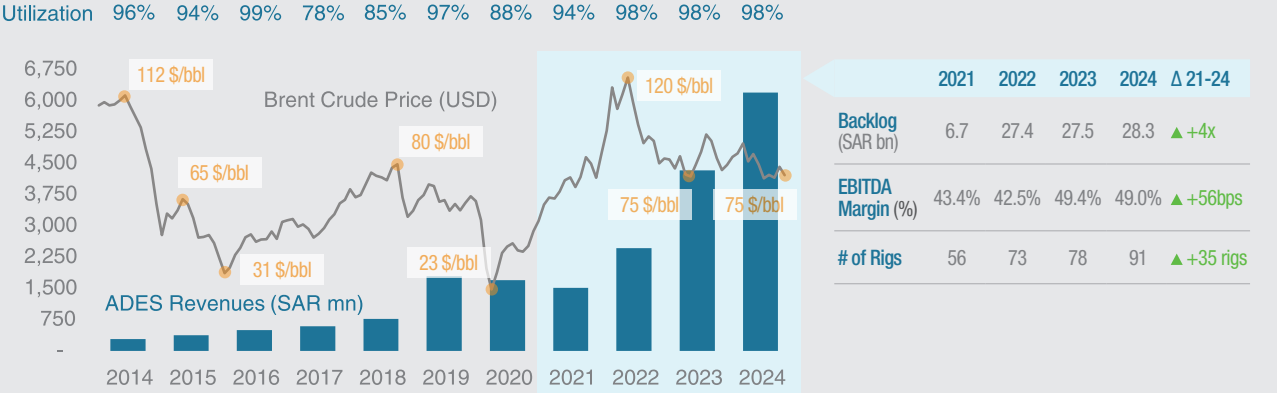
8 Highly Capable Management with Deep Market Insights & Supportive Shareholders

Highly Capable Management	Supported by High-Profile and Strategic Shareholders		
+230yrs Combined Years of Management Experience	PIF	Zamil Group	Free Float on Tadawul
	23.8%	6.7%	30.5%
	Pre-eminent Saudi shareholders core to the Kingdom’s economy The PIF is the KSA Government’s leading investment arm, enabling the growth and diversification of the Kingdom’s economy Strategic shareholders that are and will remain the key supporters of ADES		

Ability to Perform Through the Cycles

Thanks to its prudent growth strategies and resilient business model, ADES has consistently demonstrated its ability to perform through oil price cycles, delivering long-term returns while adhering to robust environmental, social, and governance frameworks. Its low-cost operating model enables the Group to offer highly competitive day rates, ensuring sustainability through market fluctuations while creating long-term value for both ADES and its clients. With a client base dominated by NOCs that operate with long-term investment horizons, ADES prioritizes backlog stability over short-term rate spikes, securing sustained revenue visibility. This approach has allowed ADES to maintain consistently high utilization rates, averaging 93% between 2014 and 2023, with an impressive c.98% between 2022 and 2024. For these reasons, ADES is Geared to Grow into the future, with a proven track record and an enduring ability to generate value irrespective of market cycles.

Utilization and Revenue Through the Oil Price Cycle



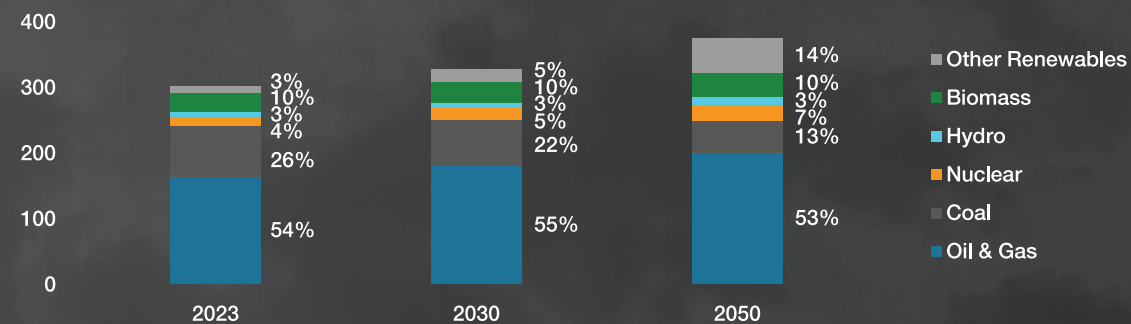
Industry & Markets

Global Oil & Gas Demand

Oil & gas will continue to play a critical role in the global energy mix over the coming decades, with significant investments required to meet long-term demand.

Global energy demand is projected to grow 24% from 2023 to 2050, reaching 374 mmboepd. While alternative energy's share is expected to rise from 20% to 34% in 2050, oil & gas will maintain a dominant 53% market share.

Projected Global Energy Mix (mmboepd)



Large and developing nations like India will drive oil & gas demand, reaching 6.6 mmboepd by 2030, a 20% increase from 2023. Meeting global demand, forecasted at 110 mmboepd by 2050, requires significant drilling investments to offset a 52 mmboepd decline from 2024-2050. Offshore production of 16 mmboepd is expected by 2030, but 50 mmboepd in additional investment is needed. Elevated oil prices support drilling investment, driving demand for services.

Projected Global Oil Supply Requirements (mmboepd)



Oil & gas will continue to play a critical role in the global energy mix over the coming decades, with significant investments required to meet long-term demand

Global Oil & Gas Supply

Global oil production was 103.7 mmboepd in 2024, an 8.7% increase from 2020, recovering from pandemic-related cuts, including OPEC+ quotas that started at 9.6 mmboepd before tapering to 5.8 mmboepd by the end of the year. Eight OPEC+ members will raise crude output from April 2025, reversing voluntary cuts of 2.2 mmboepd, with monthly increases of 137 kboepd through September 2026. However, these adjustments may pause based on market conditions. New US sanctions on 970 kbpd of Russian oil came into effect in January 2025. By 2030, oil production is expected to reach 112 mmboepd – an 8% increase compared to 2024, with growth from the GCC as well as deepwater Latin America production in Brazil and Guyana.

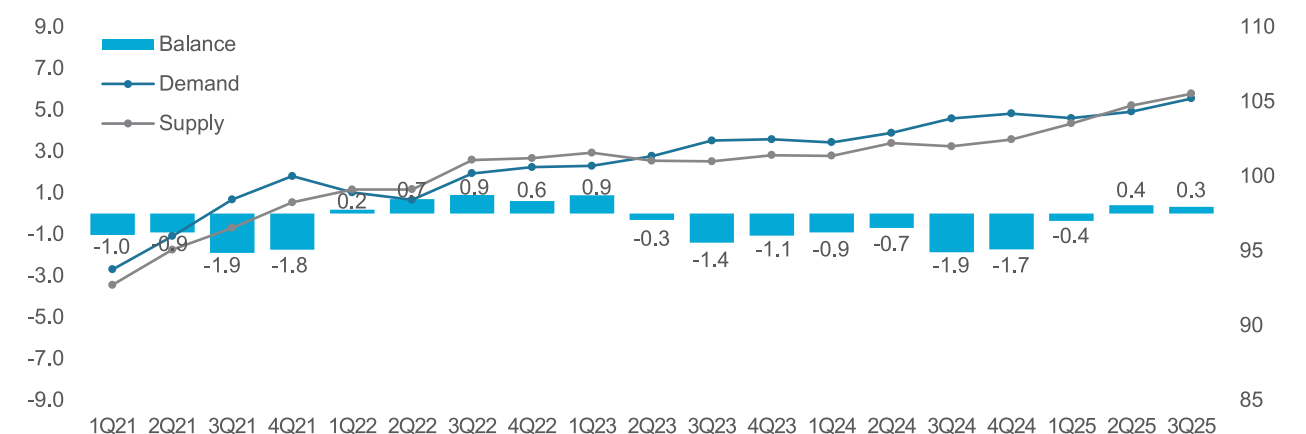
The GCC historically contributes 20% of global oil production due to low-cost reserves, insulating it from cyclical trends. Continued investment in onshore and offshore fields in Saudi Arabia, Kuwait, UAE, and Qatar is set to increase the GCC's global share to 22% by 2030.

Global marketed gas production stands at 68.4 mmboepd and is expected to grow 11% to 76 mmboepd by 2030. The GCC has heavily invested in gas production, with Qatar as the second-largest LNG exporter. Saudi Aramco aims to increase gas production by over 60% by 2030, driven by the Jafurah gas development.

Source: Westwood (WGE)

Global Liquids Supply/Demand Balance

((LHS) mmboepd supply/demand balance; (RHS) Brent &/bbl)



Source: Westwood (WGE)

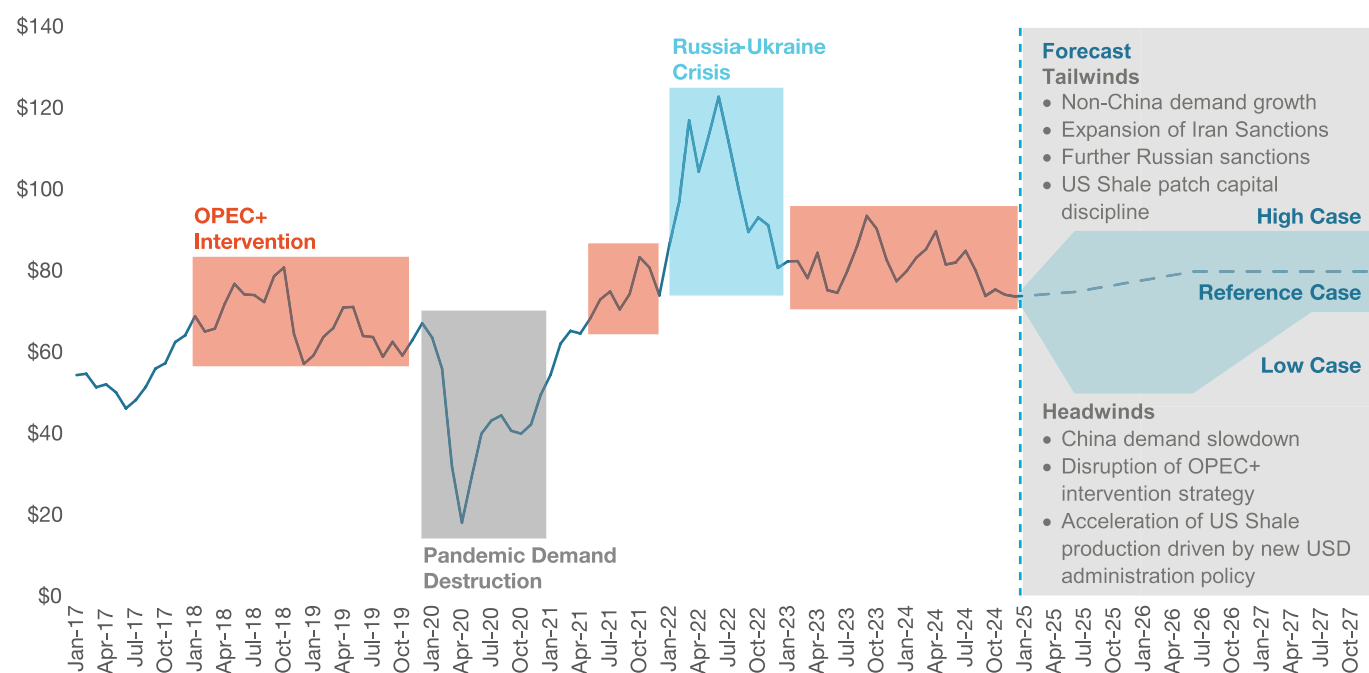
Oil Price Trends & Outlook

Oil prices play a key role in overall levels of offshore E&P activity with higher cashflows incentivising O&G companies to reinvest into new capacities and projects. Over the past several years, oil prices have been shaped by a combination of economic supply & demand factors as well as “black swan” events. The latter included the Covid-19 pandemic which saw unprecedented demand destruction leading to a crash in prices and the Russian invasion of the Ukraine which led to sanctions on Russian hydrocarbon exports and subsequent shortages of oil & gas supplies across Europe.

Between these events, oil prices have also been largely influenced by OPEC+ production quotas which were introduced in 2017 with the intent of providing stability to the global oil market. These quotas have largely kept oil prices in a \$60-80/bbl. However, as previously intimated by OPEC+, the bloc has announced the gradual re-introduction of around 2.2 mmbopd of crude from voluntary cuts between April 2025 and September 2026, while reserving the right to reassess these output hikes on a monthly basis subject to prevailing market conditions.

Over the next few years, oil prices will be impacted by factors such as slowing Chinese demand and increased supply from the US, Guyana, Brazil, and Canada. Additionally, the new US administration’s policies on drilling and sanctions may introduce volatility. Prices are expected to remain in the \$70-85/bbl range from 2025-2027, with OPEC+ adjusting production in response to demand changes.

WGE Brent Price Scenarios (USD/bbl)



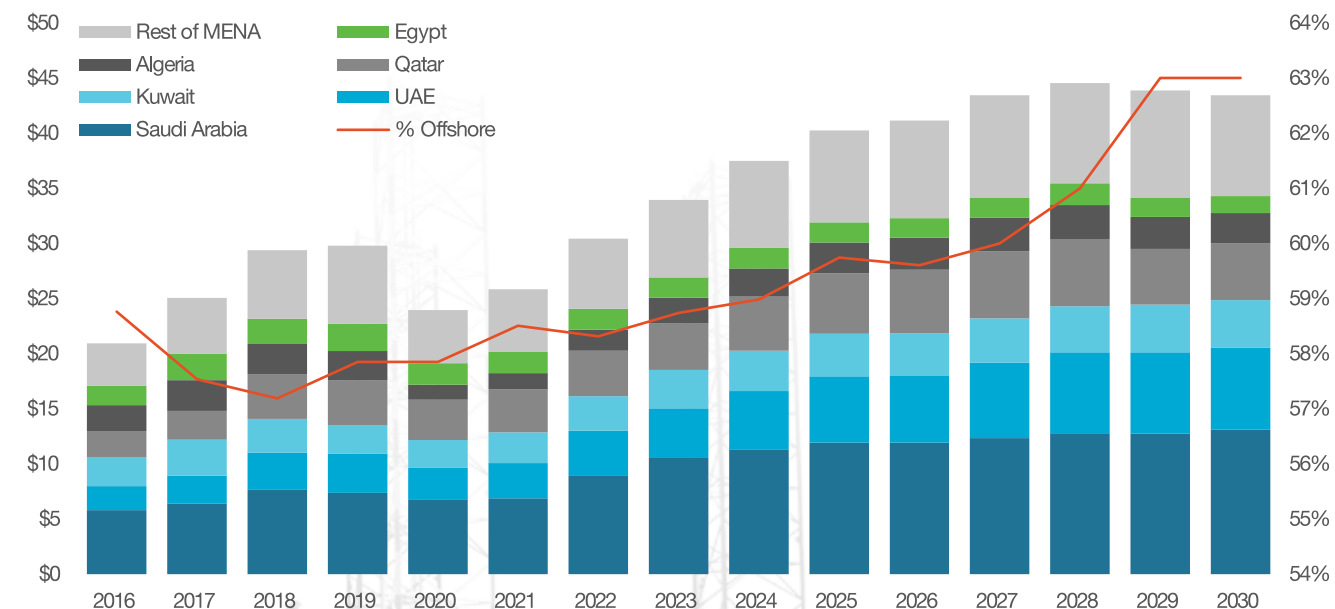
Source: Westwood (WGE)

MENA Oilfield Services Spending Outlook

The MENA oilfield services market spending reached \$37.5 billion in 2024, up 12% YoY and recovering 56% from 2020. It is projected to grow at a 2% CAGR, reaching \$43.4 billion by 2030. Saudi Arabia, the region’s largest oilfield services market, accounted for 30% of spending in 2024, characterized by long-term contracts and advanced technology use. Saudi Aramco’s IKTVA update indicates continued demand for services like directional drilling and artificial lift systems.

Outside Saudi Arabia, the UAE and Qatar are key markets with offshore capacity expansion. Qatar plans to increase LNG production from 77 mt in 2024 to 142 mt in 2030, solidifying its leading role in global LNG.

MENA Oilfield Services Spend Outlook (USD bn)



Source: Westwood (WGE)

The MENA oilfield services market spending reached \$37.5 billion in 2024, up 12% YoY and recovering 56% from 2020. It is projected to grow at a 2% CAGR, reaching \$43.4 billion by 2030

Offshore Drilling Overview

The drilling market has experienced cyclical shifts over the past decade. From 2012-2014, high oil prices led to 80% offshore rig utilization. Over-investment, particularly in US shale, caused prices to drop. This, as well as the delivery of new drilling capacity, reduced utilization to 60-70% by 2015. Between 2015 and 2019, rig stacking and scrapping along with slowly improving oil prices saw utilisation generally improve YoY until the 2020 COVID-19 shock.

Russia’s 2022 invasion of Ukraine spurred oil price surges, revitalizing the rig market, particularly jackups in the GCC. Despite Saudi Aramco’s MSC13-related temporary jackup suspensions in early 2024, the global jackup market remains strong, with an 8% YoY increase in average day rates by Q1 2025, whilst committed utilization has declined by 3.8 percentage points yet remains at a healthy rate of above 90%.

Global Jackup Market

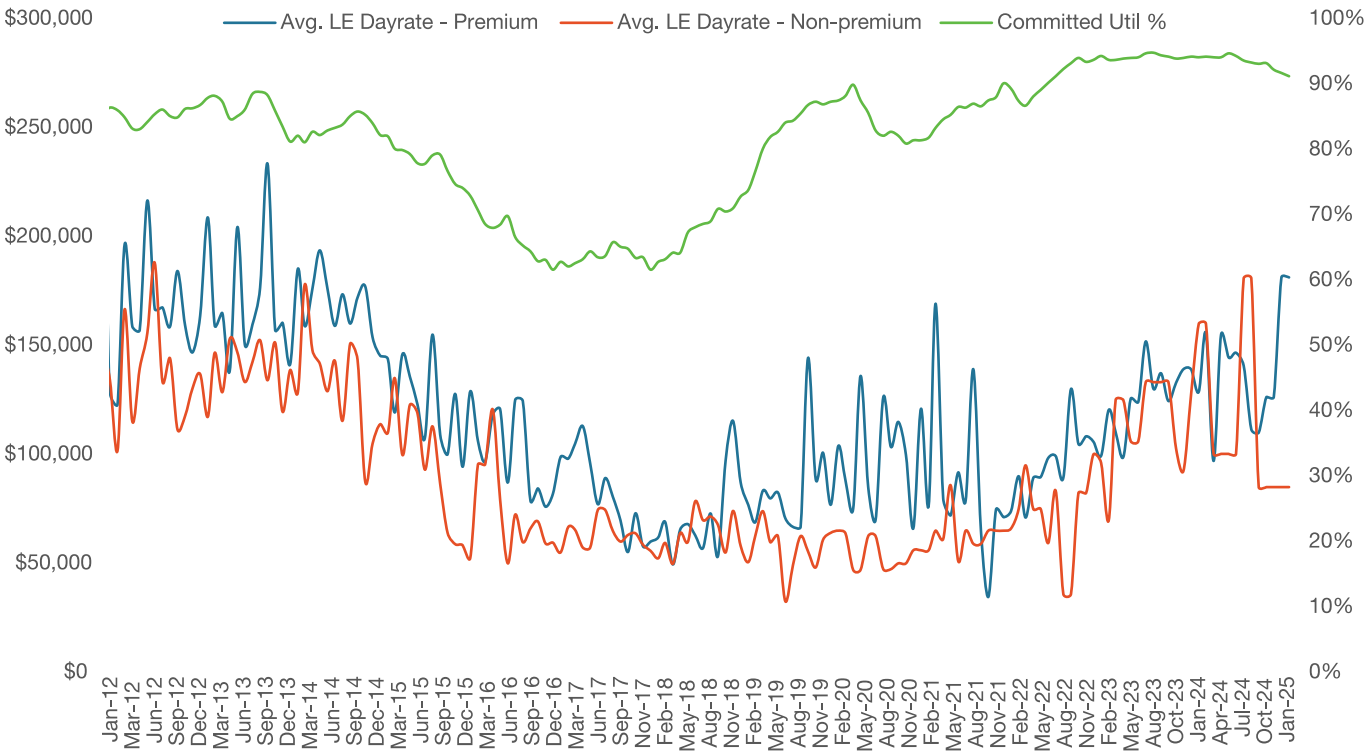
Global jackup committed utilisation remains the strongest among Mobile Offshore Drilling Units at 90% as of January 2025 with premium jackup rates up 8% y-o-y to \$107,000

The global jackup market has an estimated 499 rigs—361 working, 388 contracted, and 397 committed (any contracted rig or any non-working rig that has a future contract in place). Following Saudi Aramco’s temporary suspension of 31-33 jackups, the current committed utilisation for jackups operating in depths above 300 ft stands at 91%, with premium fleets (delivered after 2005) at 93%.

West Africa’s committed utilisation is 81%, with Angola and Gabon at 100%, Nigeria at 86%, and Congo at 75%. In Southeast Asia, committed utilisation is 84% overall, with Thailand and Brunei at 100%, Malaysia at 96%, Indonesia at 85%, and Vietnam at 83%.

Global average leading edge dayrates increased 41% YoY from \$129k to \$181k—driven by Borr Drilling’s Norve jackup contract offshore Gabon in December 2024, likely due to Gabon’s high opex from elevated tax levels.

Global Jackup Market Utilization and Day Rates (USD/day, Committed Utilization %)



Source: Westwood (WGE)

Tight Jackup Supply-Demand Outlook

Global jackup marketed utilisation is expected to be very close to 100% by 2027. Near-term demand is largely locked in by a strong contract backlog along with visible tender requirements.

Global marketed utilisation is estimated at 91% in 2025, supported by a strong contract backlog of 355.1 rigs plus an additional 23.8 rigs from tender requirements.

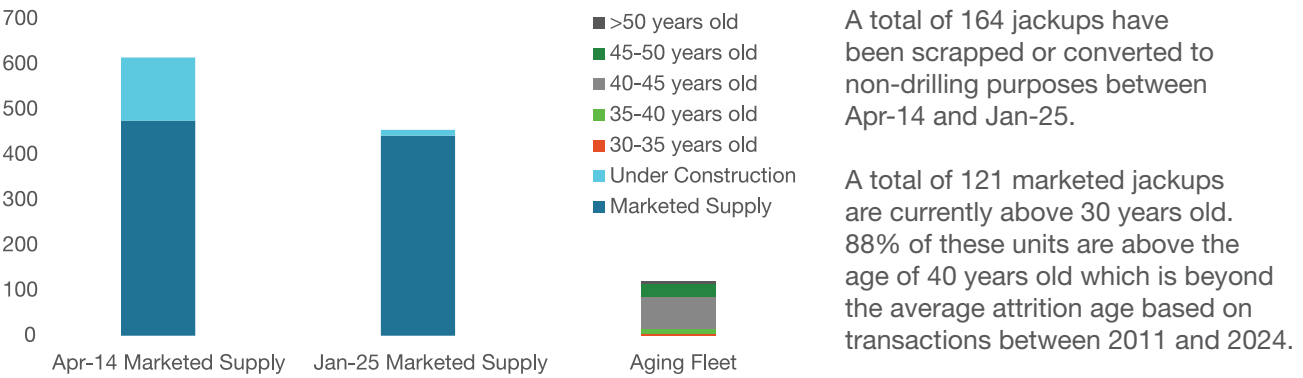
The GCC—especially KSA—will remain key despite recent Saudi Aramco suspensions, while Southeast Asia (experiencing tight conditions) has seen several jackups mobilise due to increased availability.

Although India maintains ambitious oil production targets, near-term growth is muted as recent ONGC tenders involve older units operating in the country and fleet rejuvenation is stalled. Long term, many rigs over 35 years old will need replacing, providing future potential.

Ageing Fleets with Subdued Newbuild Activity

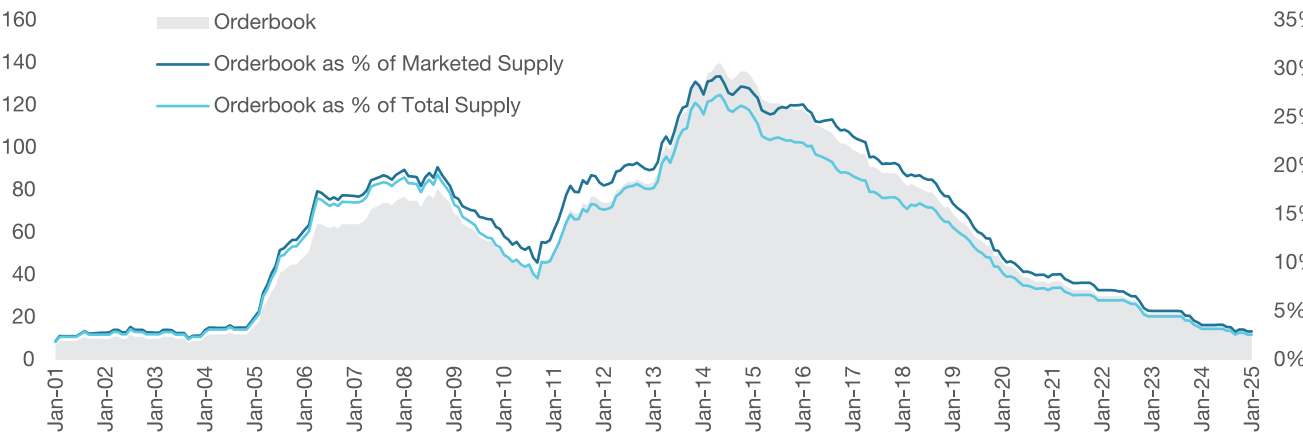
Of the global jackup fleet, 160 rigs (32%) are over 30 years old; 39 are cold stacked, and most remaining units exceed 40 years and are likely to be scrapped—indicating potential supply tightness as fleet replenishment becomes necessary.

Jackup Marketed Supply Analysis



Despite strong contracting activity, newbuilding remains subdued with the jackup orderbook at one of its lowest points in 2.5 decades—2.9% of global marketed supply and 2.6% of total supply. Earlier cycles (2012–14) benefited from oil prices above \$100 and low costs, but today’s \$70–80 prices and high newbuilding costs hinder new orders, compounded by OPEC+ output hikes.

Global Jackup Orderbook ((LHS) No. of rigs; (RHS) Orderbook as % of supply)



Source: Westwood (WGE)

ADES
 has the
 largest jackup
 fleet in the GCC with
 36 rigs¹ and enjoys
 an even stronger
 leading position
 in KSA

ADES Offshore Drilling Markets

ADES is the largest offshore jack-up player globally with an ownership of 44 rigs¹. The Group has the largest jackup fleet in the GCC with 36 rigs and enjoys an even greater leading position in the KSA with 33 rigs currently under contract with Saudi Aramco (including the six temporarily suspended rigs). ADES also accounts for the largest outstanding backlog days across target geographies (GCC, India & Egypt) at an estimated 26%.

Kingdom of Saudi Arabia

The KSA market is characterized by some of the largest, lowest cost and least carbon intensive reserves in the world. The prevalence of NOCs provides long-term strategic planning and resilience against oil price volatility

Saudi Arabia is the world's second-largest oil producer and largest crude exporter, holding 17% of global reserves. In 2020, Saudi Aramco aimed to raise its maximum sustainable capacity (MSC) to 13 mmbpd, spurring significant offshore project sanctioning. However, production quotas reduced output from 10.6 mmbpd in 2022 to 9 mmbpd by 2023, leading the country to delay expansion and keep MSC at 12 mmbpd while focusing on gas production.

In KSA there are 60 working jackups, with 70 contracted and 71 committed. Saudi Aramco temporarily suspended 31-33 rigs—12-14 of which have been re-contracted elsewhere. Among these, ADES owns six units (two each in Thailand and Nigeria; two in Qatar/Egypt) that remain under contract and may return to KSA after their international commitments end.

With 27 jackups operating in KSA, ADES is the largest player, holding a 45% market share by backlog (based on the number of operating rigs)—exceeding the combined backlog of the next three competitors.

Market conditions are expected to remain stable over the medium-term from 2025-26 but utilisation is expected to operate above the 90% mark throughout most of the forecast period

Amid Saudi Aramco's recent temporary suspensions, eight jackups were mobilised from KSA during the first wave of suspensions in 2024 to pursue new opportunities. The 2025 contract backlog is estimated at 69.2 rig years with no visible tender activity. Medium-term demand may be slightly subdued compared to 2024, but with projects like Berri, Manifa, Safaniya, and Zuluf, marketed utilisation is expected to bottom around 83% in 2027 and recover to about 90% from 2028 onward.

Based on historical dayrate trends and WGE's outlook, the average dayrate in KSA for premium jackups is expected to range from \$95–115k and \$81–90k for non-premium jackups over the 2025–2030 period.

¹ Include the six temporarily suspended contracts in KSA.
 Source: Westwood (WGE)



Rest of MENA (Excluding KSA)

The rest of MENA (excluding KSA) comprises 108 jackups, with ADNOC Drilling and ADES holding 34% and 13% of the fleet, respectively. The region's cold-stacked fleet includes nine rigs averaging 40.2 years old. ADES is the second-largest fleet holder outside KSA, with 14 jackups—8 of which are in Egypt, where it leads with 66% of total backlog days.

For 2025, contract backlog is estimated at 84.5 rig years, with an extra 3.9 rig years in visible tender requirements. EPC packages in Qatar and the UAE—featuring projects like ADNOC's Lower & Upper Zakum and Umm Shaif—are expected to drive demand growth over 2025–2030.

In Qatar, key projects include phase II of QatarEnergy's North Field South, along with Maydan Mahzam and Bul Hanine developments. Marketed utilisation is expected to exceed 100% by 2027. Additional projects, including Al-Shaheen (with first oil in 2027 running through 2032), will help meet Qatar's 2030 production target and boost medium-to-long-term jackup demand.

Although Kuwait is predominantly an onshore market, it is developing the offshore Durra field—expected to produce 1 bcf/d of gas and 84 kboepd of condensate by 2028. Additionally, KOC's recent discovery of a major oil reserve at Al-julaiah is advancing into its second exploration, drilling, and production phase.

Source: Westwood (WGE)

Southeast Asia

Despite ADES' recent debut into Southeast Asia, the company has quickly achieved the largest market share by backlog in the region accounting for 21% or 17.2 rig years

Southeast Asia currently has 44 jackups, with five in Singapore that are warm stacked or in SPS. Indonesia is the largest market, holding 33% of the market share (approximately 26.5 rig years of backlog), while Thailand, Vietnam, Malaysia, and Brunei hold 23.2, 15.7, 11.1, and 3.9 rig years respectively. Since 1Q24, following Saudi Aramco's decision to maintain 12 mmboepd, seven jackups (including ADES-owned Emerald Driller, Admarine 502, and Topaz Driller) have entered the market.

Although ADES holds a 12% market share by fleet size in Southeast Asia (with five jackups), it leads by backlog—accounting for 21% when including two Vantage-managed units.

Looking ahead, Thailand, Vietnam, and Indonesia will be the key drivers of Southeast Asia's jackup market. The region, a net energy importer, has ambitious production targets: Indonesia aims for 0.9–1 mmboepd by 2028–29 (a 50% increase), Malaysia targets a 10% boost in production over three years, and Thailand's PTTEP announced \$34 billion in investments for exploration and maintaining production from 2025 to 2029.

With ongoing contracts in Thailand, Malaysia, and Indonesia, ADES is well positioned to bid for new opportunities during the 2025–2030 forecast period.

India

India's jackup fleet is estimated at 40 units, with ADES holding the third-largest market share by backlog. The average rig age in India is 35 years, with 23 rigs over 30 years old. Although ONGC had set age requirements for offshore rigs, that rule was scrapped. Nevertheless, of the 160 jackups that are currently older than 30 years old in the global jackup fleet, the majority of 29 units are based in India.

India's offshore jackup demand was estimated at 35.4 rig years in 2024—a 13% increase from 2023. The 2025 contract backlog is estimated at 30.9 rig years, plus an additional 2 rig years in visible tenders. As India is expected to be a key oil demand driver, its robust domestic production outlook should fuel rig demand, with demand likely outpacing supply by 2029 (excluding further pressures from an aging fleet which may potentially apply additional upward pressure and further tighten future market conditions).

Thus, while the short-term outlook remains muted due to limited tendering, India's ambitious production plans, aging fleet, and limited newbuilding globally are likely to drive rate increases in the medium to long term.

West Africa

The West African market is largely fragmented across various smaller countries such as Gabon, Angola, and Congo – but primarily driven by Nigeria which accounts for 54% of outstanding backlog days. The average jackup age in the region is currently estimated at 23 years. There are currently 21 rigs operating in the region – five of which are cold-stacked.

ADES has two jackups currently contracted in Nigeria –with the Admarine 501 on a 2+2 well contract commencing 2Q25 and an estimated firm plus option contract period of 180 days. The Admarine 504 is on a six-well contract with Britannia-U which is expected to last one year.

In 2024, rig demand in West Africa was estimated at 10.8 rig years, roughly flat from 2023. The 2025 contract backlog is estimated at 11.5 rig years plus 2.2 in visible tenders. Angola and Nigeria drive demand—with Angola aiming to maintain 1.1 mmboepd until 2027 before increasing to 2 mmboepd, and Nigeria targeting a rise from 1.5 to 2.7 mmboepd by 2027—resulting in a 75–90% marketed utilisation forecast over 2025–2030.

MENA Onshore Drilling

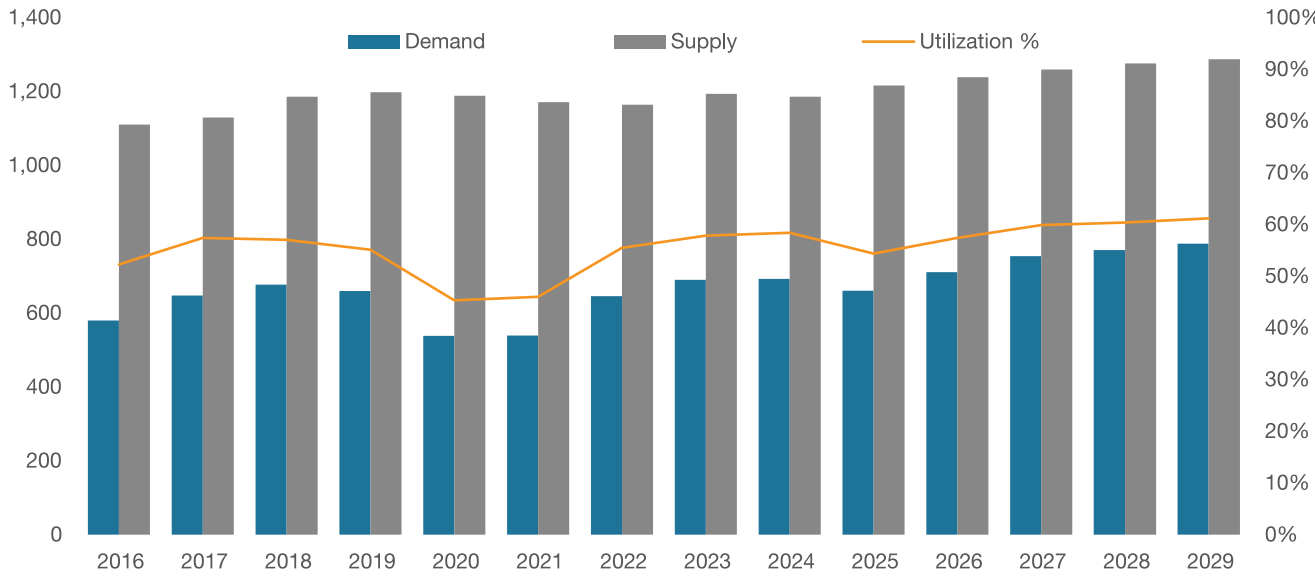
The MENA onshore drilling market is more fragmented than offshore, with 1,012 rigs among 70+ owners. It splits into high-growth GCC markets (e.g. Saudi Arabia and Kuwait) and other North African markets (Libya, Egypt). Saudi Arabia leads with 27% of rig demand, followed by Kuwait (13%), Algeria (9%), Egypt (9%), and Libya (2%).

Source: Westwood (WGE)

ADES ranks as the 9th largest player, holding 4% of the fleet mainly in Saudi Arabia and Kuwait, with additional rigs in Algeria, Egypt, and Tunisia.

Onshore rig demand in MENA was 693 rigs in 2024 (a 7% CAGR since COVID-19 in 2020), expected to dip to 661 in 2025 due to Saudi Aramco cancellations. Post-2025, demand is projected to grow 19% (4% CAGR) to 788 rigs by 2029. Key demand drivers will be the GCC states (Saudi Arabia, Oman, Kuwait, UAE), which account for 63% of the market. Overall rig supply in the region is expected to rise to 1,287 by 2029—a 9% increase from 2024—mainly in GCC countries.

MENA Onshore Supply & Demand (# of Rigs, Utilization %)



KSA

KSA's premium onshore rig market had 184 rigs in 2024 at 92% utilisation, but demand fell due to OPEC+ compliance and multiple Saudi Aramco suspensions. In 2025, demand is estimated at 143 rigs, though recovery is expected post-2025 driven by gas-focused and unconventional drilling—especially the \$100 billion Jafurah field. KSA's rig demand is forecast to grow 9% CAGR to 204 rigs by 2029, while supply is expected to reach 228 rigs (13% higher than 2024), aided by SANAD's addition of 50 rigs over 10 years and Helmerich & Payne relocating 7 rigs.

Kuwait

In Kuwait, onshore rig demand was 88 rigs in 2024—a 12% decrease from 2023 due to OPEC+ cuts. However, KOC's increased investments to reach production targets of 3.2 mmbpd (2025) and 4 mmbpd (2035) should boost demand to 103 rigs by 2029 at a 3% CAGR. In 2Q 2024, KOC awarded ADES a \$640 million contract for six onshore rigs, part of a \$3.2 billion investment (with nine contracts) aimed at acquiring 44 new rigs over the next 4–5 years.

Algeria

Onshore rig demand in Algeria was estimated at 61 rigs in 2024, with utilization at about 38% due to the prolonged impact of COVID-19. Going forward, rig demand is expected to grow by 19% to 72 rigs between 2025–2029, and supply rising from 161 to 173 over the same period.

As Algeria aims to play a key role as Europe's substitute for Russian gas, its state-owned E&P Sonatrach has signed supply agreements with several German and UK-based companies. The company has also recently announced a \$2.3 billion project to maintain and potentially increase gas production from its giant Hassi R'Mel field.

Source: Westwood (WGE)

A culture of prudent risk-taking and effective risk management underpins the Group's operations and activities

Risk Management

ADES may encounter risks related to its industry and commercial activities, in addition to any economic and political risks arising from the Group's activities conducted outside the borders of Saudi Arabia. Effective risk management is crucial to ADES's strategic direction and for the realization of its long-term objectives. The Group's success is reliant on its capacity to recognize and capitalise on opportunities within its business and market sectors. ADES adopts an integrated approach to risk management which prioritize risk at the core of the Board's responsibilities and competencies seeing that a culture of prudent risk-taking and effective risk management underpins the Group's operations and activities.

Approach to Enterprise Risk Management

ADES had established an Enterprise Risk Management (ERM) department to embed a risk-aware culture and a value-driven risk management approach across the Group, ensuring that risks are effectively identified, assessed, and managed to support decision-making, strategic objectives and sustainable growth of the Group in alignment with ISO 31000 and COSO ERM principles. The enterprise risk management function at ADES is built on the following core values:

- **Integration:** Embedding risk management into all organizational processes and decision-making at every level.
- **Structured and Comprehensive Approach:** Adopting a systematic and structured process that ensures consistent risk management practices across the Group.

- **Customization:** Tailoring risk management practices to align with ADES's specific context, culture, and business objectives.
- **Informed Decision-Making:** Ensuring that risk information enhances the quality and effectiveness of strategic and operational decisions.
- **Continuous Improvement:** Regularly reviewing and enhancing the risk management framework to adapt to emerging risks and changes in the internal and external environment.

Enterprise Risk Management Framework

The (ERM) framework serves as a comprehensive set of principles that ADES utilizes to manage the wide range of risks inherent in its business and operational activities. It empowers the Group to achieve its strategic objectives by providing a structured approach to risk management. The framework applies to all types of risks and is designed to foster a strong risk-aware culture across the Group. Additionally, it establishes a platform through which policies, procedures, and risk limits are effectively communicated to stakeholders, ensuring that material risks are identified, and appropriate controls are implemented to manage them within the defined risk appetite. The (ERM) framework aims to achieve the following objectives:

- **Risk Identification and Assessment:** Utilizing both top-down and bottom-up approaches to identify and evaluate a wide range of risks that could potentially hinder the achievement of ADES's strategic goals and operational objectives.

- **Ownership and Accountability:** Establishing clear ownership and accountability for risks, ensuring that designated risk owners implement appropriate mitigation and monitoring measures to manage risks effectively.
- **Risk Management and Reporting:** Equipping senior management with critical risk-related insights to support informed decision-making for enhanced operational resilience.

Three Lines of Defence Model

For effective Enterprise Risk Management governance, ADES adopts the three Lines of Defence (3LOD) approach. It is essential that all three lines work towards a common goal of fostering a strong risk culture within the Group, supported by open communication channels.

- **First line of defence (FLOD) - All Businesses as well as Support Functions / Process Owners:** They are responsible for owning and managing risks and controls within their respective business units and functions ensuring that risk levels remain within the approved risk appetite. Vice Presidents (VPs) and departments' heads are accountable for overseeing key risks and controls. All (FLODs), including business and support functions, must comply with Board-approved (ERM) frameworks and policies and escalate risks when they exceed appetite levels or if emerging threats or trends are identified.
- **Second line of defence (SLOD) - Enterprise Risk Management (ERM) & Other Control Functions:** ERM is responsible for proposing

the company's risk appetite for Board approval and setting risk tolerance limits in collaboration with the First Line of Defence. It periodically reviews these limits to align with changing economic and business conditions.

ERM's other **key** responsibilities include:

- supports senior management in monitoring key risk indicators (**KRIs**) and addressing emerging and significant risks.
- Receiving and assessing **incident reports** and trigger events from business units, recommending corrective actions, and tracking issue resolution.
- Maintaining records and overseeing the implementation of risk mitigation actions until completion.
- Providing expert advice and guidance on risk-related matters to the (FLOD).
- Providing recommendations to address identified weaknesses during the risk assessment process.
- **Third line of defence (TLOD) – Internal Audit:** Provides independent and objective assurance to the Board Audit Committee regarding the effectiveness of risk management, internal controls, and governance processes across the company. The (TLOD) operates independently from the First and Second Lines of Defence, offering an unbiased perspective to ensure that ADES's risk management practices are robust, efficient, and aligned with industry's best practices such as ISO 31000 and COSO ERM.

Key Components of ERM

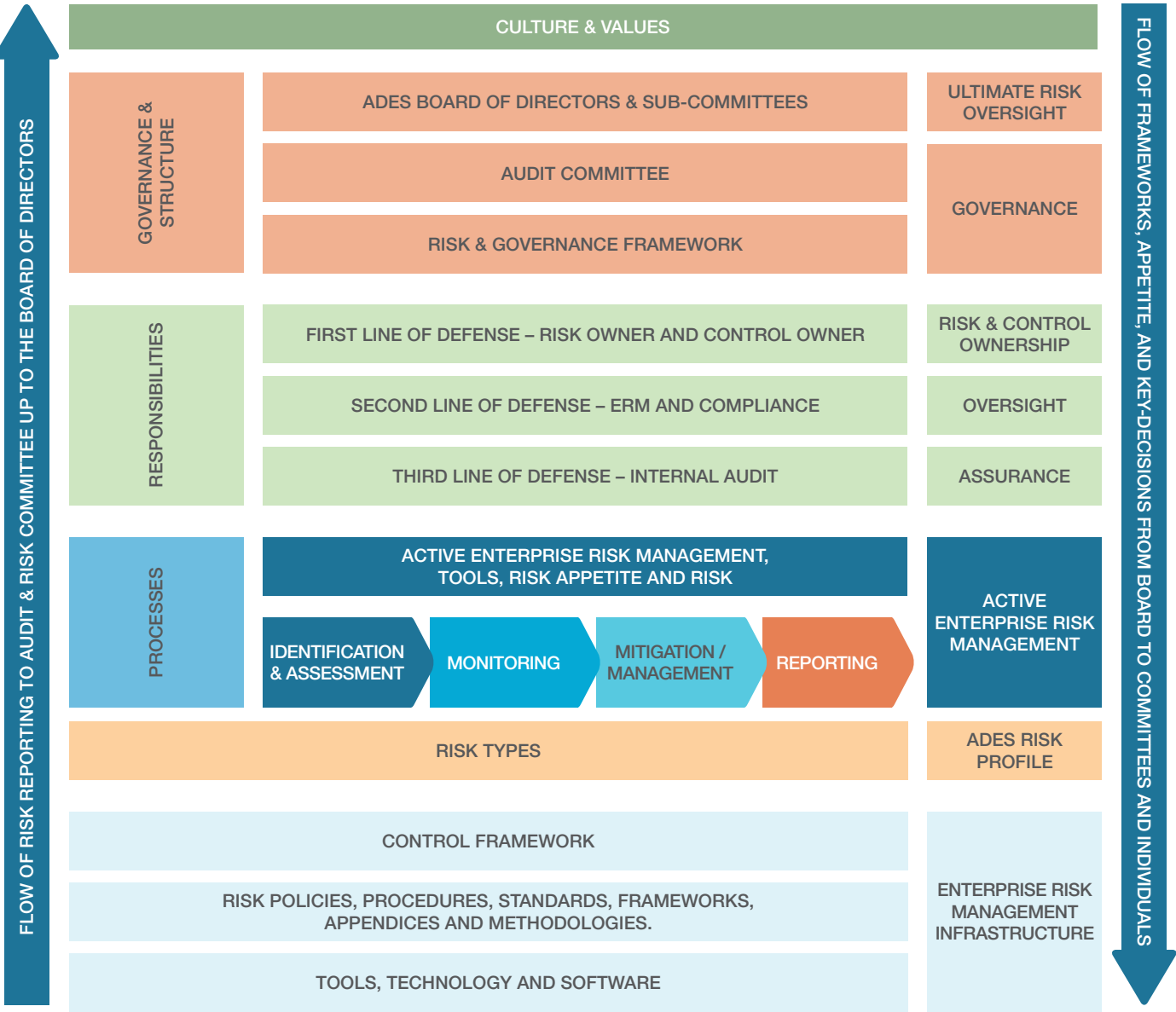
The Group’s Board of Directors is responsible for establishing the Group’s strategy, risk appetite, governance structure, risk culture, policies, and corporate objectives. In fulfilling this role, the Board plays a crucial part in setting the “**Tone from the Top**” to embed a strong risk culture across the Group. The “**Tone from the Top**” refers to the ethical environment fostered by ADES’s leadership, which influences risk awareness and behaviour at all levels of the Group.

The identification, measurement, monitoring, and reporting of risks are critical components that support both day-to-day operations and strategic decision-making. These processes are reinforced by a robust system of internal controls to ensure compliance with policies and regulations. Risk management is a collective responsibility, and all employees play an integral role in maintaining a risk-aware culture within ADES.

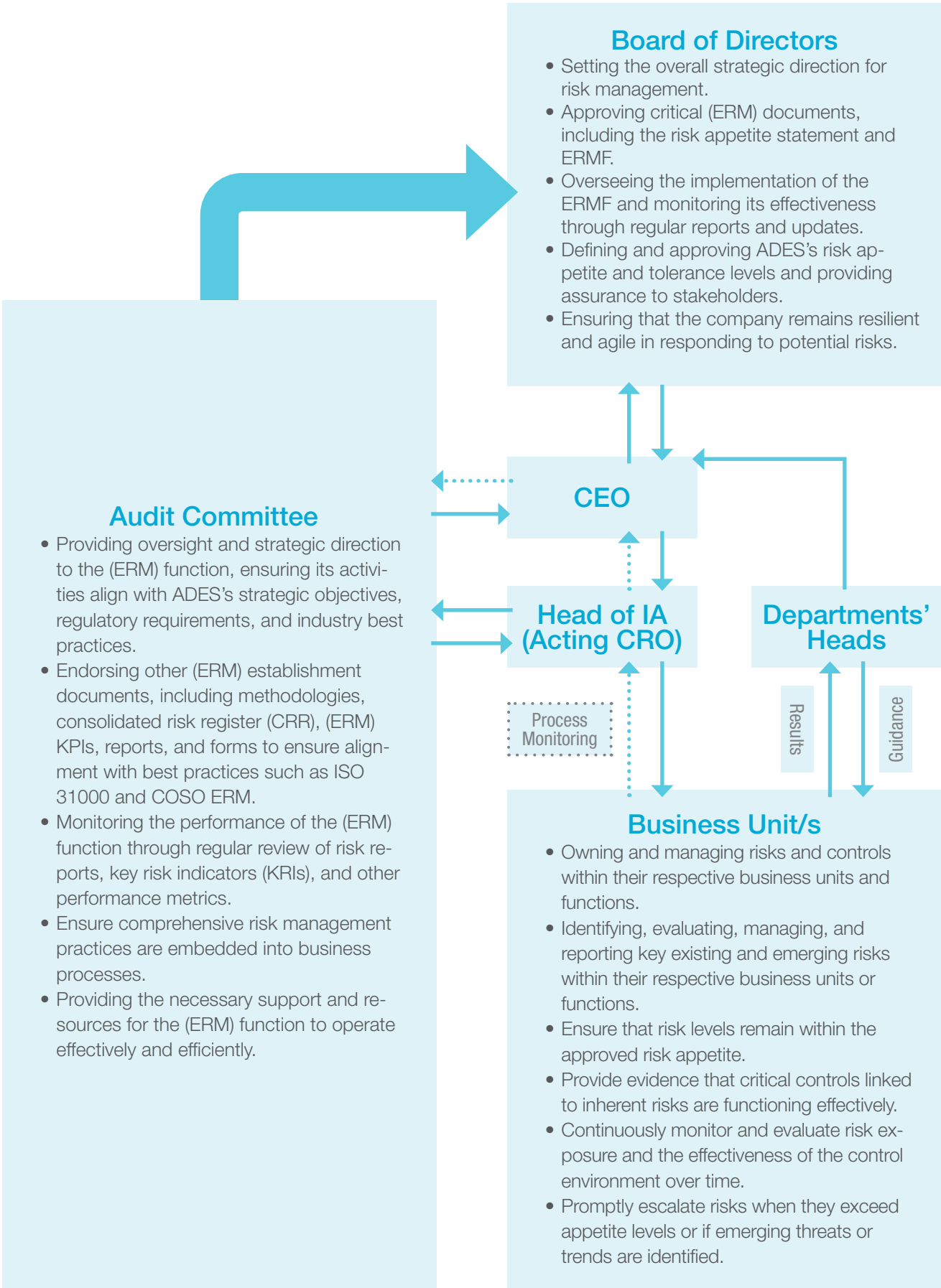
A cornerstone of the (ERM) framework is the implementation and operation of the **Three Lines of Defence (3LOD)** model, which clearly defines management’s accountability and responsibilities over risk management and the control environment. This structured approach enhances risk oversight and helps ADES effectively manage inherent risks across its operations.

A visual representation of the (ERM) framework is provided in the below diagram for a comprehensive understanding of its structure and components.

Key Components of ERM



ADES ERM – Reporting lines



Key Risks Relating to the Group

Risk Type	Risk	Description
Key Risks Relating to the Group's Business and Operations	Risks related to the level of business activity in the oil and gas industry.	Demand for the Group's services depends on the level of business activity in oil and gas exploration as well as on the development and production activities in existing and potential markets. Should overall levels of exploration, development and production activities of the Group's client base fall short of the Group's expectations, this could have a material adverse effect on the Group's business, results of operations, financial condition or future prospects.
	Risks related to the certification of the rigs and its pre-qualification.	The Group has taken steps in furtherance of its strategy to expand into new jurisdictions, including seeking pre-qualification status in certain jurisdictions that have oil and gas clients. If the Group lost pre-qualification status in any jurisdiction, the Group may face obstacles to enter new contracts in such jurisdictions. Similarly, the Group is required to maintain class certification to operate its offshore rigs. In the event that any of the Group's offshore rigs is unable to renew its IACS Certification, which clients require to be in place, existing contracts may be suspended or terminated, and the Group may face obstacles in the renegotiation of existing contracts or entry into new contracts or the Group may incur significant capital expenditures to achieve IACS re-certification.
	Risks related to operating hazards in the Group' business, including environmental damage.	Oil and gas drilling is a business activity that involves a degree of hazardous risks. These hazards include blowouts, reservoir damage, loss of production, loss of well control, punch-throughs, lost or stuck drill strings, equipment defects, cratering, fires, explosions, oil spills, release of toxic or hazardous substances or gases, power shortages or failures, and pollution. 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 clients and suspension of operations. The Group's vessel fleet is also subject to hazards inherent in onshore and offshore operations, either while on site or during mobilisation, such as capsizing, sinking, grounding, collision, piracy, damage from severe weather and marine life infestations. If any of the above risks materialises, this could have a material adverse effect on the Group's business, results of operations, financial condition or future prospects.
	Risks related to the Group's backlog.	The Group's contract backlog may fail to be realised in whole or in part if the option to extend is not exercised or if clients cancel or renegotiate their contracts or any other of the Group's assumptions in calculating the backlog estimate do not materialise. The inability to realise a substantial amount of the Group's contract backlog would have a material adverse effect on the Group's business, results of operations, financial condition or future prospects.
	Risks Related to Concentration of Revenue from the Group's Relatively Small Number of Clients	The Group relies on a small number of clients, currently the Group's three largest clients comprised more than 86.9% of Dec-2024 Backlog. In certain cases, a single client may have engaged more than one of the Group's assets. Loss of, or underperformance under, a client contract may have a knock-on impact on contracts for the same client on other rigs and may thereby have a corresponding material adverse effect on the Group's other contracts, business, financial condition, results of operations or future prospects.
	Risks related to rig up-grade and refurbishment projects, rig relocations and acquisitions of additional rigs, including delays and cost overruns.	As part of creating value for the businesses, the Group's strategy includes purchasing drilling rigs and refurbishing, maintaining and repairing the rigs using mostly the Group's own workforce, namely its in-house refurbishment and maintenance team, in order to reduce costs. Any delays or overruns in the future could reduce utilization rates, result in the Group not achieving the expected returns on its investments and otherwise have a material adverse effect on the Group's business, results of operations, financial condition or future prospects.
	Risks related to the Group's customer contracts.	Early termination of contracts, contract renegotiations or discount of day rates, or a failure of a client to pay amounts to the Group when due, could have a negative impact on the Group's ability to generate anticipated revenue and could have a material adverse effect on the Group's business, results of operations, financial condition or future prospects.
	Risks related to public health issues and pandemics, such as the COVID-19 pandemic.	The outbreak of infectious diseases in the Kingdom of Saudi Arabia, the MENA region or globally might have a materially negative impact on the relevant country's economy and business environment and may have broader impacts. It could also have a material impact on the supply chain and delivery infrastructure, including access to ports and key export points used by the Group. In addition, it could impact third-party vendors and other counterparties of the Group and their ability to comply with their obligations towards the Group. The aforementioned might affect the business operations of the Group and the demand for oil and gas and therefore have a material adverse effect on the Group's business, results of operations, financial condition or future prospects.

Risk Type	Risk	Description
Key Risks Relating to the Group's Business and Operations (continued)	Risks related to renew-ing or obtaining new and favourable drilling contracts.	There can be no assurance that the Group will renew or secure drilling contracts with rates and terms that will provide a reasonable rate of return on the Group's investments in the rigs the Group acquires and refurbishes. Any failure to secure profitable drilling contracts in the future would have a material adverse effect on the Group's business, results of operations, financial condition or future prospects.
	Risks related to failure to secure adequate insurance coverage.	The Group maintains insurance against certain hazards including in relation to its assets, rig operations and employees. However, no assurance can be given that any of the Group's existing insurance policies will be sufficient to cover losses arising from certain events or will be renewed on equivalent, commercially reasonable terms or at all. The Group may become subject to additional risks in the future, which could result in material risk of losses. In the event that the Group incurs losses due to lost revenue or other eventualities in the future, which are not covered by its insurance policies, such losses will be incurred by the Group with no recourse to the insurers and, hence, would have a material adverse effect on the Group's business, results of operations, financial condition or future prospects.
	Risks related to fluctuating interest rates of the Group's borrowings.	The applicable interest rates could rise significantly in the future, thereby increasing the Group's interest expenses associated with its obligations, reducing cash flow available for capital expenditures which would have a material adverse effect on the Group's business, results of operations, financial condition or future prospects.
	Risks related to incurring capital and operating expenditures and securing related funds.	Any failure to obtain the funds for necessary future operational expenses on acceptable terms, in time, or at all, in order to cover the outlined instances where capital expenditure and operational expenditure is not in proportion to operating revenues, or where unforeseen capital expenditures arise, could have a material adverse effect on the Group's business, results of operations, financial condition or future prospects.
	Risks related to legal disputes.	If the Group is subject to any judicial or administrative action that results in any judgment or set of judgments against the Group, and such judgment or combined judgments entail substantial amounts of damages, this could have a material adverse effect on the Group's business, financial condition, results of operations or future prospects.
Risk Type	Risk	Description
Risks Related to the Market, Industry and Regulatory Environment	Risks related to the contract drilling industry being highly competitive and cyclical, with periods of low demand and excess rig availability.	The fluctuating demand in the oil production industry may affect demand for the Group's assets and services and any reduction in demand for the Group's drilling rigs that results in rigs becoming idle could have a material adverse effect on the Group's business, results of operations, financial condition or future prospects.
	Risks related to new laws and government regulations, changes to existing laws and government regulations and uncertainty of legal systems.	The Group is heavily regulated and is subject to a range of laws and regulations that are applicable in the Kingdom of Saudi Arabia and all other jurisdictions in which it operates. The Group's operations are affected by laws and regulations relating to the oil and gas industry. Accordingly, the Group would be directly affected by the adoption of new laws and regulations limiting or curtailing exploration and development drilling for oil and gas for economic, environmental, health, safety or other policy reasons. Any of these events or similar legislative or regulatory activity would adversely affect the Group's operations by limiting drilling opportunities or significantly increasing the Group's operating costs, which would have a material adverse effect on the Group's business, results of operations, financial condition or future prospects.
	Risks related to compliance with environmental regulations.	The Group's operations are or may become subject to laws and regulations, including applicable international conventions, controlling the discharge of materials into the environment, pollution, contamination and hazardous waste disposal or otherwise relating to the protection of the environment. Failure to comply with these statutes and regulations may subject the Group to civil or criminal enforcement action, which may not be covered by contractual indemnification or insurance and would have a material adverse effect on the Group's business, results of operations, financial condition or future prospects.
	Risks related to changes in accounting principles or policies.	The Group has prepared its consolidated financial statements in accordance with the IFRS accounting standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements endorsed by the Saudi Organization for Chartered and Professional Accountants ("SOCPA") (collectively referred to as "IFRS as endorsed in "KSA"). Some of these publications or updates may adversely and materially affect the Group's business, financial position, results of operations and prospects.



ADES' results underscore its ability to navigate a challenging operating environment while capitalizing on opportunities across its diverse global footprint



Performance Review

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Total revenue reached SAR 6.2 billion, reflecting a 43.1% increase compared to 2023. This surge was fuelled by strong performance across our core markets

CFO's Note

I am pleased to present the financial results for ADES for 2024—a year that has once again demonstrated our robust performance and strategic execution. Our latest results underscore our ability to navigate a challenging operating environment while capitalizing on opportunities across our diverse global footprint.

In 2024, our total backlog reached an all-time high of SAR 28.27 billion as of 31 December 2024, one of the highest in the industry and representing a 2.6% increase over the previous year. This was realized despite a revenue burn rate of SAR 6.2 billion for the year, translating into net additions of circa SAR 7 billion. These improvements were driven by a combination of newly awarded long-term contracts—including a significant offshore rig contract in Saudi Arabia and two onshore renewals—expansion in Kuwait with six onshore contracts, higher daily rates achieved through renewals in Egypt and Qatar, and strategic awards in Algeria and Thailand. Additionally, the acquisition of two contracted premium jackups from Vantage Drilling in Southeast Asia (SEA) further bolstered our backlog.

Our revenue performance for 2024 was equally impressive. Total revenue reached SAR 6.2 billion, reflecting a 43.1% increase compared to 2023. This was fuelled by strong performance across our core markets. In Saudi Arabia, revenue grew by 44.8%, driven by the increased contribution from 19 rigs deployed under the Aramco mega project—a substantial improvement over the 11 rigs that contributed in the prior year. In Kuwait, revenue increased by 30.6%, supported by the operation of 10 rigs compared to eight in 2023. In Qatar, strategic relocation of a rig from Saudi Arabia helped drive a 3.2%

year-over-year increase, maintaining a three-rig operation in the country. Meanwhile, our footprint in India continued to expand with three rigs gradually coming online, while our presence in Southeast Asia was enhanced by the commencement of operations for the EMERALD rig in Indonesia during Q2 2024, the ADM 502 in Thailand in Q3 2024, and the two new offshore rigs acquired from Vantage in Indonesia and Malaysia in Q4 2024. Revenues in Algeria and Tunisia combined surged by 93.7%, reflecting the significant impact of newly awarded contracts. Conversely, revenue in Egypt declined by 9.1%, primarily due to the conclusion of the leased TOPAZ rig contract and lower utilization rates among three onshore rigs—two of which have previously received awards in Algeria with operations expected to commence in 2025.

Revenue contribution and growth by segment also showcased significant improvements. The offshore segment's contribution increased from 73% to 78% of total revenue in 2024, driven by the expanded deployment of rigs in Saudi Arabia, phased ramp-up in India, and new deployments in SEA. The onshore segment also benefited from additional rigs in Kuwait and Algeria, further bolstering overall revenue growth.

In terms of profitability, our EBITDA for 2024 reached SAR 3.0 billion—a 42.0% increase over 2023—with margins maintained at an impressive 49.0% despite one-off costs associated with the redeployment of temporarily suspended rigs. This improvement is a direct result of accelerated offshore growth, enhanced daily rates, and rigorous cost management. These strong EBITDA results translated into an 80.5% increase in net profit, with our net profit margin expanding from

10.4% in 2023 to 13.2% in 2024. These gains reflect not only increased revenues but also a more efficient cost structure, including lower G&A and interest expenses as a percentage of revenue.

Our balance sheet remains robust, with Group equity increasing by 13.2% to SAR 6.5 billion as of 31 December 2024. We have continued to exercise prudent capital expenditure discipline; our CAPEX declined by 41.3% year-over-year to SAR 2.37 billion (excluding SAR 712 million related to the Vantage acquisition), reflecting the completion of key refurbishment projects associated with our recent expansions. Free cash flow generation improved significantly, reaching SAR 2.6 billion—a 41.9% increase year-over-year²—underscoring our efficient cash conversion and operational scalability.

While our net debt stood at approximately SAR 11.3 billion as of 31 December 2024, up from SAR 9.9 billion in the prior year, the majority of our debt service obligations, taxes, and CAPEX have been comfortably financed from operating cash flow.

Overall, our debt structure is designed to support long-term growth, with a well-balanced amortization profile, extended tenor, and prudent hedging strategies that mitigate interest rate risks. Furthermore, our financing terms reflect ADES' strong credit profile, with competitive pricing that underscores lender confidence in our resilient cash flow generation and disciplined financial management.

¹ Cash Conversion is calculated as Free Cash Flow divided by EBITDA.
² Free cash flow calculated as EBITDA less maintenance capex; excludes acquisitions and related refurbishment as well as other refurbishment projects.

SAR 6.2bn
Revenues in 2024

49.0%
EBITDA Margin in 2024

80.5%
Net Profit Growth in 2024

85.4%
Cash Conversion Rate¹ in 2024

Our strong financial performance and solid operational execution have provided the Board with confidence to declare a cash dividend totalling SAR 479.7 million for 2024. Our commitment to dividend distributions along with sustained EBITDA growth and our deleveraging strategy are the key drivers for ADES' robust value creation and total shareholders return.

Looking ahead to 2025, we remain highly optimistic about our growth prospects. Our outlook targets an EBITDA in the range of SAR 3.28 to 3.39 billion, reflecting an implied organic growth rate of 8-12% year-over-year. This positive projection is driven by the continued ramp-up of recently deployed rigs, the expansion of our regional footprint—particularly in emerging markets such as West Africa and further growth in SEA—and sustained high utilization rates coupled with competitive daily rates.

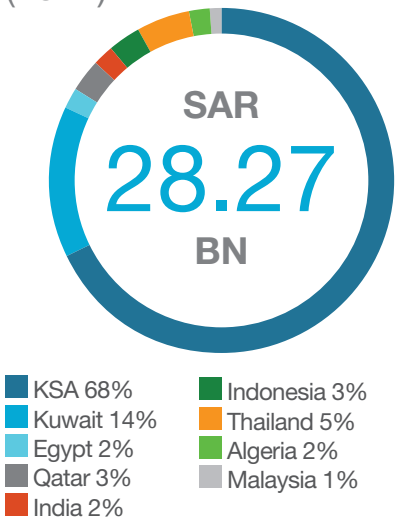
In closing, I extend my heartfelt appreciation to our shareholders, employees, and all stakeholders for their continued support and trust. The outstanding performance of 2024 is a clear reflection of our collective efforts and strategic vision. I am confident that we will continue to build on this momentum, driving sustainable growth and delivering even greater value in the years ahead.

Hussein Badawy
Chief Financial Officer

Operational Developments

In 2024, ADES maintained best-in-class safety and operational standards and delivered on its rig deployment plan and global expansion strategy.

Backlog by Geography (2024)

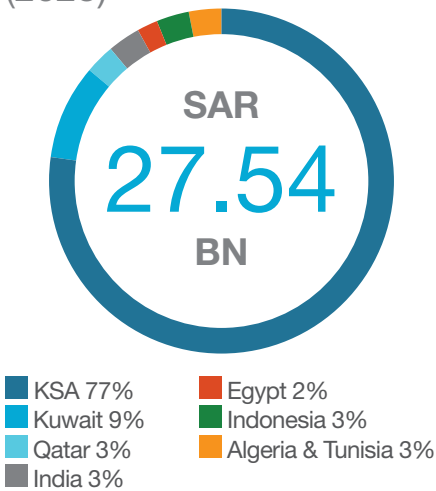


Delivering against our rig deployment plan while maintaining best-in-class safety and operational performance

ADES achieved a historic milestone by deploying 24 rigs in just 18 months for four different clients—a record-breaking feat that underscores its rapid execution and reliability. This extraordinary accomplishment sets a new benchmark in the drilling industry, as the company brought these rigs online with exceptionally high utilization rates while maintaining outstanding safety records. Despite the typical challenges of rig startups, ADES overcame them by upholding the highest standards of performance. This achievement reflects the company’s unwavering commitment to operational excellence and positions it as a leader in delivering efficient, high-standard drilling solutions.

ADES maintained a stellar safety performance in 2024, achieving a Total Recordable Injury Rate (TRIR)¹ of 0.06 compared to 0.09 in 2023—well below the IADC standard of 0.46. This improvement reflects the effectiveness of its integrated health and safety management frameworks. At the same time, effective utilization levels remained consistently high at 97.7%², underscoring the overall efficiency and quality of ADES’ operations.

Backlog by Geography (2023)



On the operational front, the Group delivered exceptional results across its key markets. All 19 rigs awarded under the mega tender in Saudi Arabia were fully operational as of March 2024, demonstrating its commitment to meeting client needs on schedule. In Kuwait, all six onshore rig contracts awarded in 2022 reached full operational status by 2024—with the full run rate starting in April—bringing the total number of operational rigs in the country to 10 units. Similarly, ADES successfully deployed all three offshore rigs in India during 2024, with two rigs coming online in the fourth quarter of 2023 and the third in the first quarter of 2024.

Expanding its footprint further, ADES made significant strides in Southeast Asia. The transfer of the Emerald rig from Qatar to Indonesia was completed with operations commencing in June 2024, while an offshore contract awarded in Thailand in March 2024 was deployed and began operations in the third quarter of 2024. In Algeria, three rigs were deployed as part of recent awards and renewals; by year-end, ADES had six operating rigs in the country, with two additional rigs yet to commence operations.

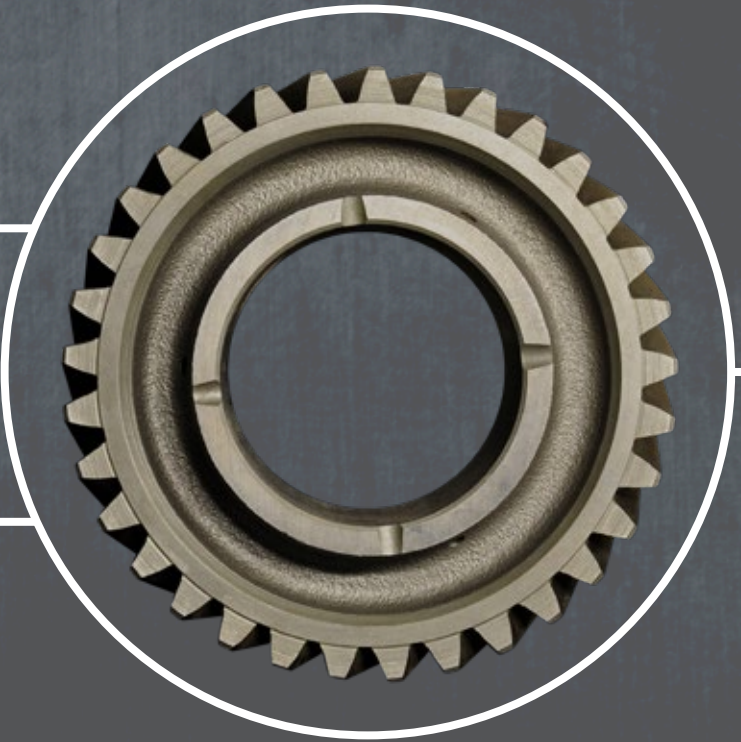
¹ Total Recordable Injury Rate per 200,000 working hours.
² The effective utilization is calculated based on the number of operating days for rigs excluding idle and non-contracted units.

97.7%

Utilization Rate²
in 2024
(vs.98.0% 2023)

0.06

TRIR1 in 2024
(vs.IADC standard of 0.46)



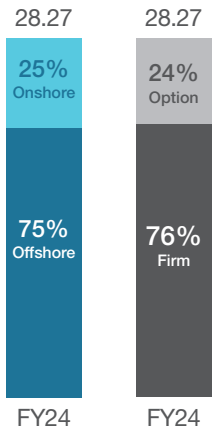
Collectively, these achievements contributed to a robust overall performance, with the Group’s total number of operating rigs reaching 81 in 2024—an increase of 21% year-over-year compared to the 67 rigs in 2023. This strong growth not only highlights ADES’ operational excellence but also reinforces its leadership position in the industry.

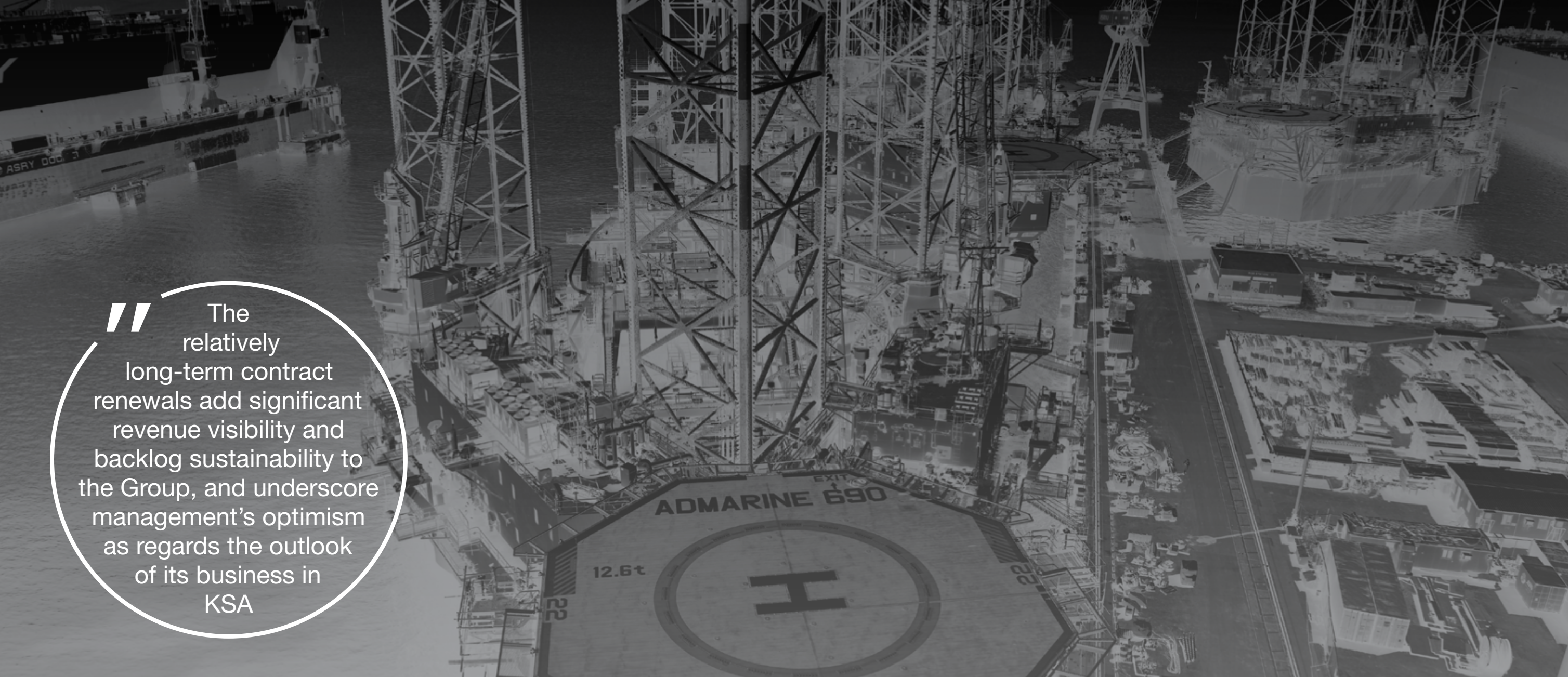
Building long-term backlog replenishment and sustainability

The Group’s total backlog stood at SAR 28.27 billion as of 31 December 2024, up from SAR 27.54 billion as of 31 December 2023. This comes despite a revenue burn-rate of SAR 6.2 billion during the year. This translates to backlog additions of SAR 7 billion in 2024 reflecting the following:

- renewals in October 2024 for ADES 13 & ADES 14 in KSA;
- renewals at higher daily rates for the three rigs in Egypt (AD III, AD VI and AD V) as well as a newly awarded contract in Egypt which was relocated from KSA in 3Q 2024;
- two offshore contracts in Thailand with PTTEP, one of which was relocated from KSA at a higher daily rate;
- renewals for two onshore rigs in Algeria and the expansion in Kuwait with an award for six onshore contracts;
- the newly awarded contract in Qatar relocated from KSA at a higher daily rate;
- the newly awarded long-term contract for one offshore rig in KSA; and
- the acquisition of two contracted premium jackups from Vantage Drilling in Southeast Asia.

Backlog Composition FY 2024 (SAR bn)





“ The relatively long-term contract renewals add significant revenue visibility and backlog sustainability to the Group, and underscore management’s optimism as regards the outlook of its business in KSA

Strengthening our position in key markets and delivering on our global expansion strategy

In March 2024, ADES finalized its long-term service agreement with the Suez Oil Company (SUCO) and Shukeir Marine Oil Company (OSOCO) – subsidiaries of EGPC – as part of a consortium partnership with a leading local Exploration and Production (E&P) player to operate and enhance production in key oil brownfields in Egypt. This new agreement allows ADES to deploy its winning formula for a low-cost production model and expand its service offerings available to its clients, paving the way for potential entry into a new market with a managed risk approach. ADES also commenced operations in 3Q 2024 on its contract with Suez Oil Company (SUCO) for a 24-month jackup drilling unit in Egypt’s Gulf of Suez.

In July 2024, operations commenced on ADES’ awarded contract in Qatar with one of the major

International Oil Companies (IOCs) for a one-year firm jackup drilling contract with optional extensions of up to 18 months. The award maintains ADES’ market share in Qatar with a three-rig operation after the relocation of its Emerald Driller to Indonesia in June 2024.

In August 2024, ADES completed the signing of the previously awarded six onshore contracts with Kuwait Oil Company (KOC), including new contracts for four of the Company’s current operating rigs in the country as well as two newbuild units. All contracts under the award are expected to commence in the second and third quarters of 2025 and will run for a five-year firm term with a one-year optional extension.

In KSA, ADES secured in October 2024 contract renewals for its ADES 13 and ADES 14 onshore rigs operating in the Kingdom. The renewals have a tenor of 10 years and will commence immediately upon expiry of the rigs’ current contracts. This followed ADES’ earlier announcement in July 2024 of securing a contract extension for one of its standard jackup

drilling rigs operating in KSA also for a duration of 10 years. The relatively long-term contract renewals add significant revenue visibility and backlog sustainability to the Group, and underscore management’s optimism as regards the outlook of its business in KSA.

In December 2024, ADES received an LOI from PTTEP for an offshore jackup drilling contract in the Gulf of Thailand. The award is for a five-year firm period plus an optional three-year extension, and will see the deployment of the Admarine 503, a sister rig to the Admarine 502 which began operations in Thailand during the third quarter of this year. Following on the heels of ADES’ acquisition of two contracted premium jackup rigs from Vantage in October 2024, including the Topaz jackup rig in the Malaysia-Thailand Joint Development Area and the Soehanah jackup rig in Indonesia, the new LOI in Thailand further strengthens ADES’ position in Southeast Asia with five jackup rigs under contract and bringing its market share to ~12% (excluding the three rigs operating in India).

Finally, In the first quarter of 2025 ADES secured two new awards in Nigeria, marking the Group’s entry into the 11th country of operations and in line with its strategy to expand into West Africa alongside its existing robust presence in Southeast Asia and the Middle East. The new awards will be operated in collaboration with an in-country partner. Nigeria has significant potential in the oil and gas sector and strong prospects for increased demand for drilling rigs in the coming years, particularly in the offshore drilling segment. As such, ADES will continue to capitalize on the heightened tendering activity with an eye to secure a long-term presence for the recently awarded units.

It is worth noting that with the recent deployments in Qatar, Thailand and Egypt during 2024, and with one new award in Thailand and two in Nigeria, ADES has secured and deployed contracts for the six temporarily suspended rigs in KSA.

Financial Performance

ADES nearly doubles net profit in 2024 to SAR 816.2 million, driven by strong revenue growth and robust EBITDA Profitability.

Key Financial Figures³

SAR mn	2024	2023	Change
Revenues	6,199.0	4,331.9	43.1%
EBITDA ⁴	3,036.8	2,138.8	42.0%
EBITDA Margin	49.0%	49.4%	-0.4pp
Net Profit	816.2	452.1	80.5%
Net Profit Margin	13.2%	10.4%	+2.7pp
CF from Operating Activities before WC	3,168.2	2,104.1	50.6%

Revenues

ADES recorded strong revenue growth of 43.1% y-o-y in 2024, reaching SAR 6,199.0 million. This was driven by sustained expansion in Saudi Arabia with newly deployed rigs, new revenue contributions from India, Indonesia, and Thailand, as well as higher effective daily rates across existing offshore rigs in Saudi Arabia and Egypt. Growth was also supported by increased activity in Kuwait and Algeria within the onshore segment.

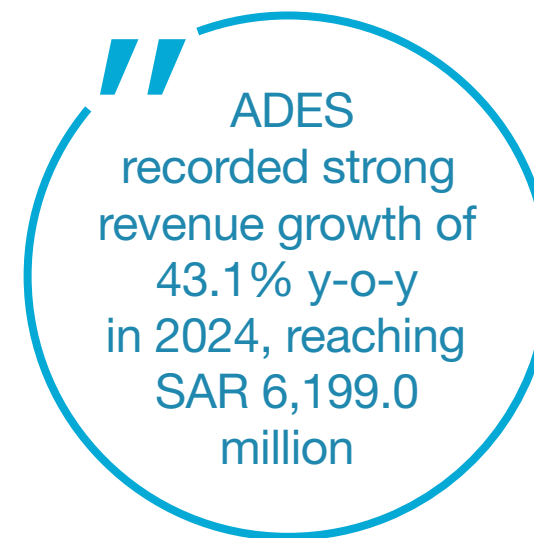
Performance by Geography

SAR mn	2024	2023	Change
Saudi Arabia	4,142.7	2,860.9	44.8%
Kuwait	615.4	471.2	30.6%
Egypt	486.0	534.9	-9.1%
Qatar	356.1	344.9	3.2%
Algeria & Tunisia	197.5	101.9	93.7%
India	220.3	17.9	1125%
Southeast Asia ⁵	181.0	-	-
Total	6,199.0	4,331.9	43.1%

ADES' revenue performance in 2024 reflects higher activity across existing markets alongside meaningful contributions from new geographies, in line with the Group's expansion strategy.

- **Saudi Arabia** revenue grew by 44.8%, supported by the full contribution of all 19 rigs under the Aramco mega project in 2024, compared to 11 rigs in the prior year. Additionally, higher effective daily rates further boosted KSA revenue growth.

- **Kuwait** revenue increased 30.6%, reflecting the full-year impact of previously awarded contracts from 2022, which were fully operational from April 2024. This compares to contributions from eight rigs in 2023.
- **Egypt** revenue declined 9.1% y-o-y, reflecting the absence of revenue from the leased TOPAZ rig, which contributed to 2023 but was no longer leased after its contract ended in early 3Q 2023. Revenue was also impacted by lower utilization of three onshore rigs (two of which have previously received awards in Algeria). Additionally, a newly awarded offshore contract in Egypt commenced operations in 3Q 2024, partially offsetting this impact.
- In **Qatar** revenue increased by 3.2% y-o-y to SAR 356.1 million in 2024 compared to SAR 344.9 million in 2023, following the relocation of the ADM 691 rig from KSA to Qatar, maintaining the Group's three-rig operation following the relocation of the Emerald rig to Indonesia.
- **Algeria & Tunisia** revenue surged 93.7% y-o-y, driven by contributions from seven rigs under newly awarded contracts, compared to four rigs in 2023.
- **India** contributed SAR 220.3 million in 2024, reflecting the deployment of three rigs—two of which were operational for the full year and one that commenced operations at the end of 1Q 2024.



- **Southeast Asia** revenue stood at SAR 181.0 million in 2024, reflecting the commencement of operations of the EMERALD rig in Indonesia in 2Q24, the ADM 502 in Thailand in 3Q24, and two offshore rigs acquired from Vantage in Indonesia and Malaysia in 4Q 2024.

Performance by Segment

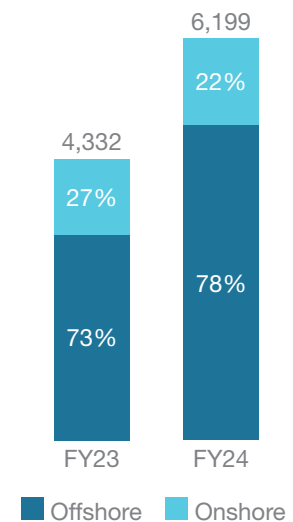
SAR mn	2024	2023	Change
Offshore			
Revenue	4,844.0	3,160.5	53.3%
Gross Profit ⁶	3,007.5	1,961.8	53.3%
Gross Profit Margin	62.1%	62.1%	-
Onshore			
Revenue	1,355.0	1,171.4	15.7%
Gross Profit ⁶	603.7	534.0	13.0%
Gross Profit Margin	44.5%	45.6%	-1.1pp

The Group's offshore segment delivered strong growth of 53.3% y-o-y driven by revenue generated from the 19 deployed rigs awarded in Saudi Arabia (Aramco mega project) starting March 2024, as well as revenue generated from the three offshore rigs in India, two offshore rigs in Indonesia (including one acquired from Vantage), one offshore rig in Malaysia (acquired from Vantage), and the redeployment of three suspended rigs to Thailand, Qatar and Egypt.

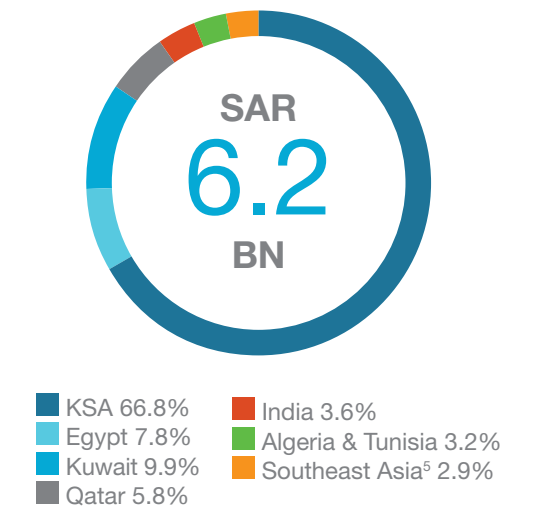
Meanwhile, the onshore segment also benefited from the contribution of five additional rigs in Kuwait and Algeria.

As a result of offshore expansion, the segment now represents 78.1% of total revenue, up from 73.0% in 2023. Higher effective daily rates and strong offshore profitability contributed to solid gross margins for the Group in 2024.

Revenue by Segment (SAR mn)



2024 Revenue by Geography



2023 Revenue by Geography



³ Figures for 2023 are for the period from 28 December 2022 to 31 December 2023.

⁴ 2024 EBITDA includes a non-cash share-based payments expense incurred for the year ending 31 December 2024.

⁵ Southeast Asia includes Indonesia, Thailand and Malaysia.

⁶ Gross profit excludes depreciation.

EBITDA

In line with revenue growth, ADES delivered a 42.0% y-o-y increase in EBITDA to SAR 3,036.8 million in 2024, with EBITDA margin staying largely intact at 49.0% versus 49.4% in 2023 despite some one-off costs primarily related to the accelerated redeployment of suspended rigs. The Group's robust EBITDA performance reflects the growing contribution from the offshore segment, higher effective daily rates, and disciplined cost management with G&A/revenue ratio declining to 6.6% from 8.2% in 2023.

Net Profit

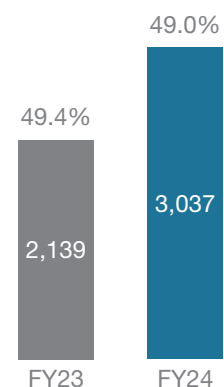
Net profit almost doubled, increasing 80.5% y-o-y to SAR 816.2 million in 2024. This was driven by strong revenue growth and strong EBITDA margins. Net profit margin expanded from 10.4% in 2023 to 13.2% in 2024, reflecting lower financing costs as a percentage of revenues, which was partially offset by increased depreciation following rig deployments in KSA, Kuwait, India, Algeria and Southeast Asia. Net profit also reflects a bargain purchase gain related to the Vantage acquisition which was offset by a non-cash provision for other taxes and other non-recurring expenses.

Operating Cash Flow

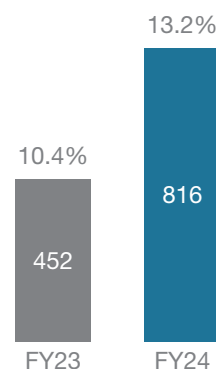
The Group maintained strong cash generation capabilities, with operating cash flow rising 50.6% y-o-y to SAR 3,168.2 million in 2024, compared to SAR 2,104.1 million in the prior year. This reflects the Group's significantly expanded scale of operations and strong EBITDA growth during the year.

In line with revenue growth, ADES delivered a 42.0% y-o-y increase in EBITDA to SAR 3,036.8 million in 2024

EBITDA (SARmn / Margin)



Net Profit (SARmn / Margin)



CAPEX

Total capital expenditure in 2024 amounted to SAR 3,088.4 million, of which SAR 712.1 million were related to the Vantage acquisition and SAR 444.1 million was allocated to recurring maintenance CAPEX for operational rigs. Excluding the Vantage acquisition, total CAPEX for the year stands at SAR 2,376.3 million, representing a 41.3% y-o-y decrease from SAR 4,048.0 million in 2023, when CAPEX included significant refurbishment projects supporting the Group's rig deployment strategy. Maintenance CAPEX in 2023 stood at SAR 311.8 million.

Net Debt

Net debt stood at SAR 11,313 million as of 31 December 2024, compared to SAR 9,917 million at year-end 2023. This reflects ADES' ability to fund its debt service obligations, taxes, and the majority of its CAPEX requirements through operating cash flow.

In July 2024, ADES successfully secured a USD 3 billion multi-tranche, dual currency upsize to the existing syndicated loan facility, providing ADES with the financial flexibility to capitalize on new potential growth opportunities, including acquisitions and organic growth. The new USD 3 billion upsized financing is predominantly intended as a standby facility for the Group's ambitious expansion plans, divided into the equivalent of a USD 2.7 billion standby CAPEX term tranche and a USD 300 million Revolving Credit Facility (RCF) tranche.

In light of ADES' strong performance, the Board of Directors has decided to distribute a cash dividend equivalent to 60% of the Group's 2H-2024 net profit⁷, amounting to SAR 242.2 million. Combined with its 1H 2024 distribution, this brings total dividend for the year 2024 to SAR 479.7 million.

Outlook

Looking ahead to 2025, ADES is well-positioned to build on its transformative 2024 performance, with a strong outlook underpinned by our proven global strategy, operational excellence, and robust financial flexibility. The Group expects EBITDA of SAR 3.28-3.39 billion in FY 2025, implying an organic growth rate of approximately 8-12% year-over-year, driven by continued operational expansion, the ramp-up of recently deployed rigs, and an increasingly diversified regional footprint.

Key factors supporting our guidance include:

- **Unwavering Safety and Operational Excellence:** We remain deeply committed to delivering best-in-class safety and operational performance. Our focus on maintaining exceptional safety metrics and high utilization rates will continue to be a cornerstone of our client service and operational strategy.
 - **Growth Amid Market Tightness:** Despite transient market challenges, tightness in the offshore jackup segment persists with utilization rates remaining elevated around the 90% mark. Additionally, more than a third of the suspended rigs in KSA have been re-contracted, reaffirming our view that strong tendering activity in key markets in the GCC, Southeast Asia and West Africa will sustain long-term demand. Our growth strategy has thus leveraged ADES' global platform — enhancing our leadership in the GCC and MENA regions while aggressively expanding into Southeast Asia. The Group also plans to deepen its presence in
- West Africa following its recent entry into Nigeria, and we are confident in ADES' ability to secure further renewals and long-term contracts.
- **Attractive Growth Opportunities and Funding Strength:** With current market dynamics presenting attractive growth opportunities — including heightened tendering activities in target markets along with compelling valuation levels — the Group is well positioned to execute on its organic growth strategy as well as being well-prepared to execute attractive M&A transactions. The successful up-size of our syndicated loan facility by USD 3 billion underscores our financial firepower, ensuring that we have both the flexibility and resources to capitalize on accretive opportunities.
 - **Consistent Commitment to Sustainable Growth:** Building on the momentum of 2024, our disciplined operational model and lean cost structure will continue to drive multi-year growth, delivering superior shareholder value. We remain steadfast in our commitment to operational excellence and sustainable performance, even in a challenging macroeconomic environment.
- In summary, ADES is confident that our strong global platform, strategic expansion, and focus on safety and operational efficiency will enable us to navigate 2025 successfully. We look forward to capitalizing on emerging opportunities, deepening our market presence, and delivering sustained growth and profitability in the coming year.

⁷ Net profit attributed to equity holders of the parent.



ADES'
Sustainability
Strategy integrates
environmental
stewardship, social
responsibility, and robust
governance, ensuring
long-term value
creation to all
stakeholders



Sustainability

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Sustainability

ADES is committed to advancing sustainability within the oil and gas sector by prioritizing ethical governance, the health, safety, and wellbeing of its employees, minimizing its environmental impact, and creating a positive impact on the communities where it operates.

Our Approach to Sustainability

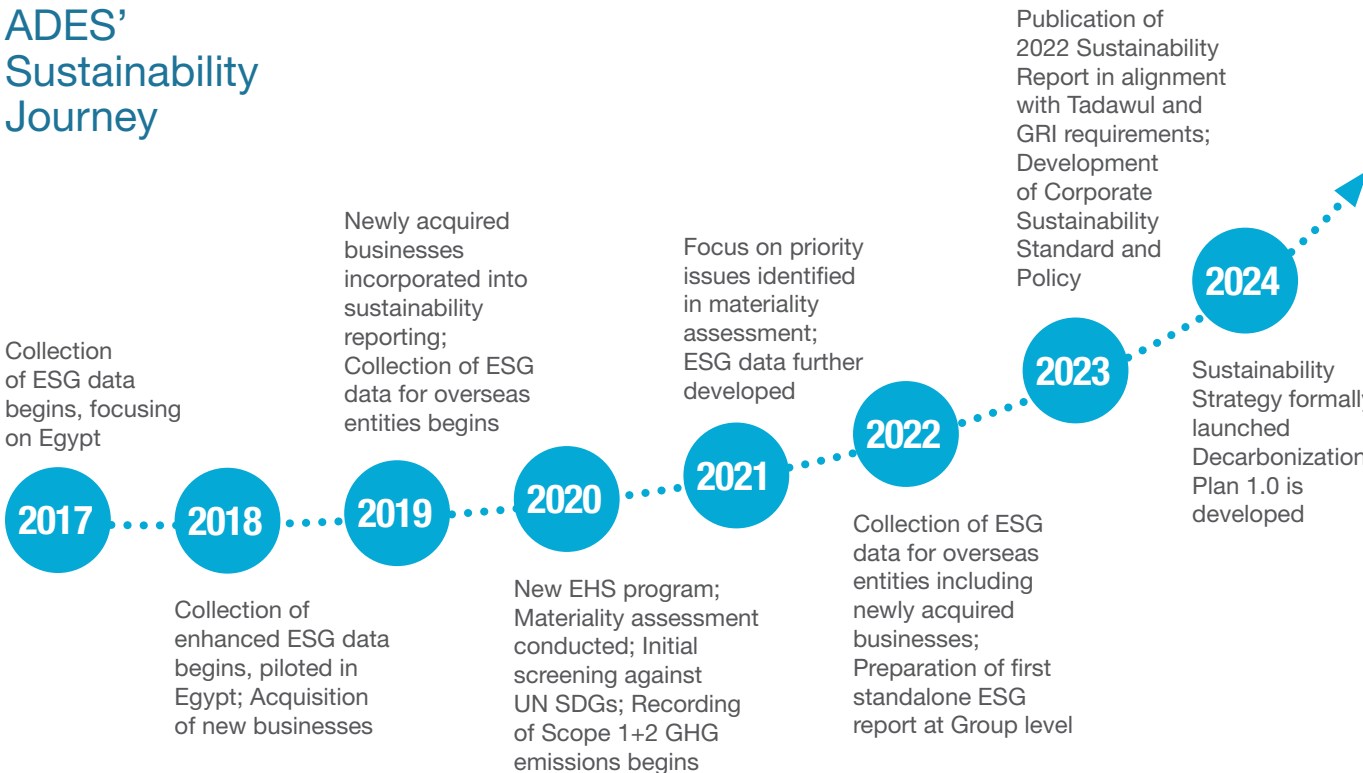
Underpinning and guiding the Group’s actions is a deep commitment to understanding and monitoring our impact. This is achieved through meticulous data gathering and analysis, ensuring that our decisions are informed and meaningful. Over the years, ADES has developed mechanisms across its operations to seamlessly integrate data collection into our processes, enabling us to take effective action. Understanding our environmental footprint in this way enables us to identify actions and initiatives to reduce our emissions, waste and resource consumption. This is enhanced by dedication to optimize the efficiency of our activities and processes in drilling and workover.

ADES is in compliance with relevant environmental regulations and standards in the territories where it operates and continually seeks ways to reduce its impact further. By taking these actions, the Group aims to demonstrate its commitment to environmental

stewardship within the sector. We are committed to taking action to support the United Nations Sustainable Development Goals (UN SDGs) and aim to align with the social, economic and environmental aspects the Goals prioritize.

By generating meaningful employment opportunities and driving economic growth, the Group empowers communities to thrive. Through active engagement with local stakeholders, it identifies key issues and incorporates these insights into strategic decision-making. Notable initiatives such as **Branches of Change**, which supports sustainable forestry practices; **CAT Remote Fleet Vision (RFV)**, aimed at minimizing the environmental footprint of fleet operations; and the **Battery Energy Solutions System**, designed to enhance energy efficiency and resilience, reflect the Group’s commitment to sustainable resource management and improving the well-being of local communities.

ADES’ Sustainability Journey



Stakeholder Engagement and Materiality

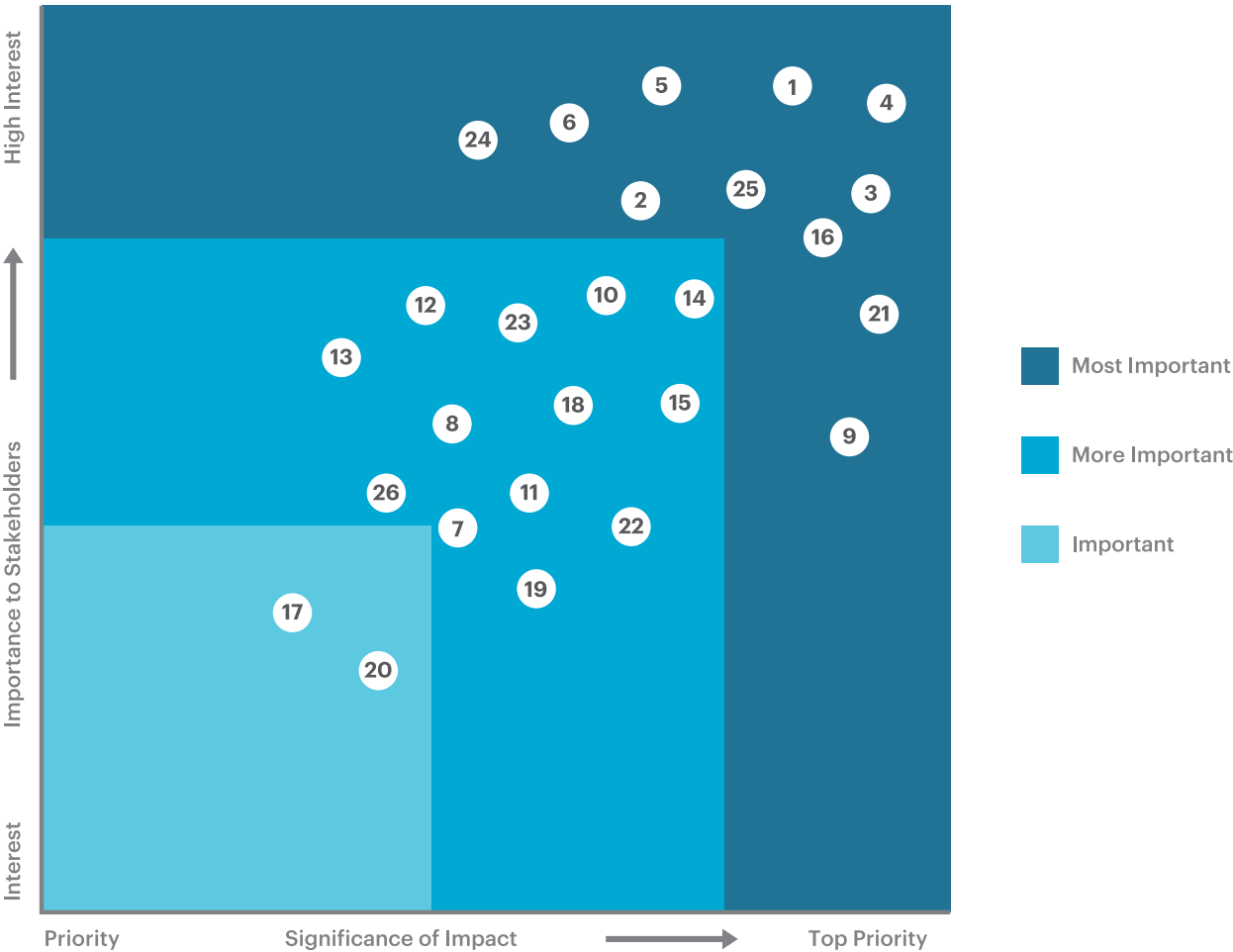
In 2022, ADES conducted a materiality assessment to identify and prioritize ESG issues of greatest relevance to stakeholders. This process included developing a GRI-aligned survey to assess economic, environmental, social, and governance aspects, distributing it online for accessibility, and analyzing responses to align sustainability priorities with stakeholder expectations.

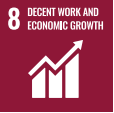
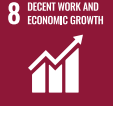
The identified topics were plotted on a materiality matrix, considering their significance to stakeholders and their impact on ADES’ performance. This analysis ensures alignment with global commitments, including the Paris Agreement and UN SDGs, and informs the company’s sustainability report and action plans.

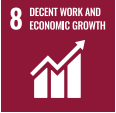


Materiality Matrix

Through extensive stakeholder consultation, the Materiality Matrix depicted aids in pinpointing issues that have a substantial impact on the economic, social, and environmental performance of the Group or that may significantly shape stakeholders’ perceptions and decisions.



	Material Topics GRI	Description	Material Topic UN SDG	Boundaries	Priority
1	403	Health and Safety		ADES	Most important
2	201	Finances		ADES	Most important
3	401	Employee turnover rate		ADES	Most important
4	305	Emission		ADES	Most important
5	103-2	Workforce and Contractor Grievances		ADES	Most important
6	403	Climate Change Mitigation & Adaptation		ADES	Most important
7	303, 306	Waste Management		ADES	More important
8	410	Security of Infrastructure/Assets		ADES	More important
9	403	Safeguarding Health During the Modern Health Crisis		ADES	Most important
10	418	Cybersecurity and data protection		ADES	More important
11	406	Business Ethics, Integrity, Transparency & Anti-Corruption		ADES	More important
12	201	Infrastructure and overall services		ADES	More important
13	415	Compliance with International, Sustainability Regulations & Frameworks		ADES	More important

	Material Topics GRI	Description	Material Topic UN SDG	Boundaries	Priority
14	301	Operational efficiency		ADES	More important
15	403	Emergency Preparedness		ADES	More important
16	201,203	Economic Growth		ADES	Most important
17	416	Customer Privacy and Safeguarding Customer Information		ADES	Important
18	204	Sustainable Procurement		ADES	More important
19	308	Compliance with Federal and Local Sustainability Regulations & Frameworks		ADES	More important
20	404	Training, Education, and Growth of Employees		ADES	Important
21	203	Economic Contribution to Sustainability Matters		ADES	Most important
22	308	Sustainability (Economic, Environmental, and Social) Assessment of the Supply Chain		ADES	More important
23	413	Local Community		ADES	More important
24	405,406	Equal Opportunity and Diversity		ADES	Most important
25	413	Corporate Volunteering		ADES	Most important
26	304	Biodiversity Conservation		ADES	More important

Our Sustainability Framework adheres to globally recognized standards, such as GRI and IPIECA and is aligned with the UN SDGs and the Saudi Vision 2030

ADES' Sustainability Framework

ADES' sustainability efforts are guided by our Sustainability Framework. The Framework acts as a standard to provide a clear structure for our actions and initiatives, ensuring they are relevant and targeted towards addressing the most important concerns. The Framework is based on five pillars:

ADES' Sustainability Pillars



GOVERNANCE & BUSINESS ETHICS



CLIMATE CHANGE & ENERGY



ENVIRONMENTAL PROTECTION



SAFETY, HEALTH & SECURITY



SOCIAL RESPONSIBILITY

Aligning with Local and Global Benchmarks

The Framework adheres to globally recognized standards, such as GRI and IPIECA and is aligned with the UN SDGs and the Saudi Vision 2030.



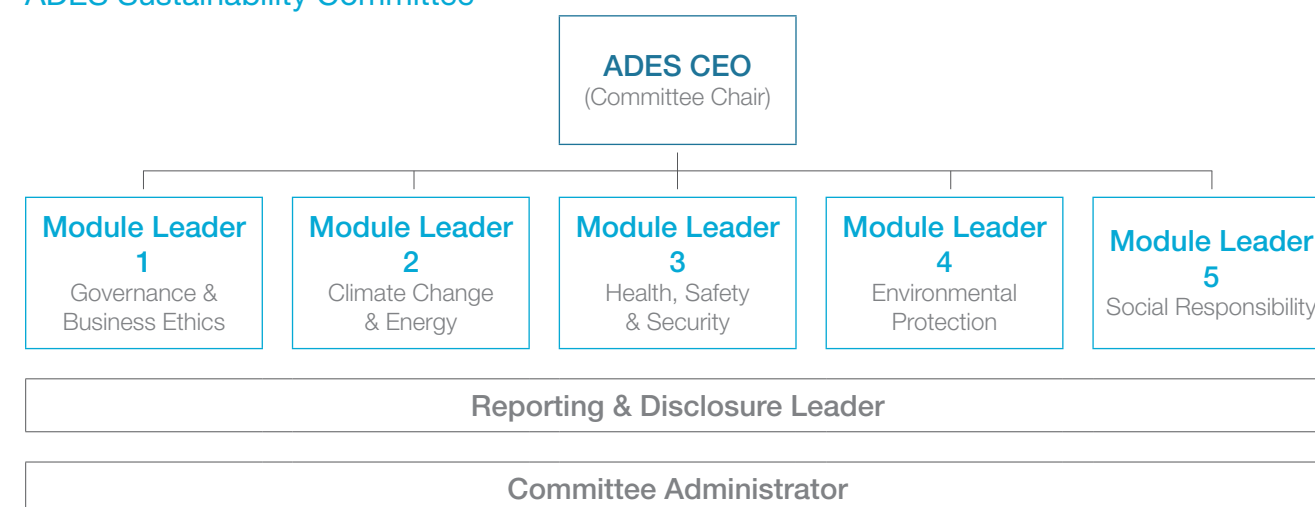
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Sustainability Committee

To oversee the implementation of its Sustainability Framework, ADES has established a Sustainability Management Committee chaired by the CEO and comprising Module Leaders, a Reporting and Disclosure Leader, and an administrator. The Committee plays a key role in driving ADES' Sustainability Strategy, overseeing reporting mechanisms, and ensuring effective administration processes. It regularly reviews the Framework to ensure it provides the necessary guidance to the company. Additionally, the Committee is responsible for quarterly reviews of sustainability KPIs, approving budgets for sustainability projects, evaluating project proposals and modifications, and endorsing continuous improvement plans. It also approves the annual sustainability report, reviews outcomes of third-party audits, and identifies forward-looking material issues and indicators. This structured governance supports ADES' commitment to effective sustainability management and progress.

ADES Sustainability Committee



Sustainability Strategy

ADES has implemented a sustainability strategy, which sets out the Group's short-term, mid-term, and long-term sustainability goals.

ADES' Sustainability Strategy integrates environmental stewardship, social responsibility, and robust governance, ensuring long-term value creation for all the Group's stakeholders. The Strategy sets out ways in which the Group will put the five pillars of the Sustainability Framework into practice, providing a roadmap for compliance as well as a commitment to excellence and leadership. This includes utmost adherence to laws and regulations, minimizing the environmental negative impacts, reducing the carbon footprint, and advancing health and safety measures in the workplace.



Governance & Business Ethics

Robust corporate governance practices are a critical element in building a company's reputation and trust among its stakeholders. ADES is committed to the highest levels of ethical corporate governance and ensuring best practices are followed throughout the company's operations.

Governance Framework

ADES' corporate governance framework, overseen by the Board, guides the company's leadership, policies, and practices while ensuring compliance with regulations. It includes controls for monitoring risks and mitigating environmental and social impacts, with regular assessments to maintain effectiveness.

A Corporate Governance Manual supports this framework, outlining rules aligned with the Capital Markets Authority's regulations, along with a set of policies that include, but are not limited to, Corporate Culture and Business Ethics Policy that comprises a whistle blowing policy, Anti-bribery and Anti-corruption Policy, Anti-money Laundering Policy and Sanctions Policy.

The Board sets the company's objectives, shaping governance to uphold high standards, sustainability, risk management, and shareholder value. To ensure efficiency and compliance, it has established 2 key committees, being the Nomination and Remuneration, and Audit Committees.

Business Ethics

Ethics and integrity are fundamental principles at ADES, underpinning all of the Group's activities as well as its expectations for the behaviour of every employee. Our ethical governance approach includes stringent regulatory oversight, risk analysis, and regular monitoring of performance metrics, reflecting an unwavering commitment to responsible and sustainable business practices in line with the highest international standards.

Regular risk assessments enable ADES to identify and mitigate potential threats to the business and uphold the Group's integrity. ADES adheres strictly to all relevant laws and regulations and its set of adopted policies that lays out the Group's requirements for maintaining transparency in how business is conducted. Compliance with the Group's policies and the Group's Corporate Culture and Business Ethics Policy is mandatory for all employees as well as the suppliers and business partners. A due diligence process ensures partners and suppliers are aligned with the Group's ethical standards, with thorough investigation of any instances of non-compliance. This ensures consistent adherence to ethical conduct

throughout ADES' value chain and reinforces the Group's commitment to the highest standards.

Risk Management & Compliance

Business Risk Management (BRM) is a key priority for ADES to protect the integrity of the company. Continuous systematic monitoring of the Group's operations at all levels enables risks to be identified, evaluated, treated, monitored, reported and mitigated.

Oversight of business risk sits with the Board, which defines the Group's risk appetite and tolerance levels and ensures that the risk management policies are aligned with best practice and standards, such as ISO 31000. Policies and procedures are regularly reviewed and updated to ensure they remain relevant for its needs and risk assessments are conducted regularly.

Underneath the Board, risk is managed by an Enterprise Risk Management Team, collaborating with departmental heads from an array of functions including Finance, Operations, Legal, and HSE, as well as the Group's Risk Officer. Specific tasks and responsibilities are assigned to stakeholders and other committees to ensure the comprehensive monitoring and mitigation of risks throughout the organization. ADES also has several systems and processes, including regular audits, to ensure compliance with all relevant statutory regulations and applicable laws.

Please refer to page 48 for a detailed view on the Group's Risk Management frameworks.

Sustainable Supply Chain

Sustainability at ADES extends throughout its supply chain. ADES has developed a sustainable procurement procedure that recognizes the importance of environmental stewardship, social responsibility and economic impacts in procurement practices. The Group also seeks to source from local suppliers wherever possible, supporting the growth of local economies.

A detailed roadmap has been established for sustainable procurement. In 2025, this will see all suppliers assessed on their sustainability practices. Training will be provided to introduce suppliers to lifecycle thinking assessments,

Ethics & integrity are fundamental principles at ADES, underpinning all of the Group's activities

which evaluate the environmental impact of product and services from raw material extraction through to disposal or recycling. In the second stage of the roadmap's implementation, ADES will begin the process of integrating sustainability standards into procurement considerations such as contracts and tenders, energy use, emissions and labour standards, with regular audits to track performance and identify challenges. A pilot program will be initiated, with suppliers using energy-efficient equipment and low-emission transportation. This will be extended further in stage 3 of the strategy.

This roadmap will both heighten awareness of sustainability throughout the Group's supply chain and pave the way for tangible improvements in suppliers' sustainability performance.

Sustainable Economic Growth

ADES' strategy is to achieve sustainable economic growth. It does so through an operating framework based on investment in employee development, the

efficient use of environmental resources, engagement in community initiatives, and sourcing from local suppliers whenever possible. These factors provide the Group with competitive advantages that help it to withstand the economic headwinds caused by geopolitical instability, increased security risks and cyberthreats, macro-economic factors and rising insurance premiums. Against this backdrop, ADES' growth testifies to the Group's underlying resilience.

The Group's business model to achieve sustainable operations involves offering clients highly competitive day rates for its services, designed to be sustained during periods of downturn. High rig utilization rates, consistent cashflows and a long-term backlog also contribute significantly to the Group's growth. In 2024, ADES achieved revenue of SAR 6,199 million, an increase of 43% on 2023, producing a net profit of SAR 816.2 million, an increase of 80.5% y-o-y. This performance endorses the Group's business strategy, underlining its financial robustness and demonstrating its significant contribution to regional and national economies.



Climate Change & Energy

ADES is optimizing energy use and investing in cleaner technologies to reduce carbon emissions by 2030, with plans to implement an ISO 50001-compliant energy management system by 2025.

As a leading global drilling contractor, efficient management of energy is an important way in which ADES can help protect the environment. By optimizing energy usage across its operations, the Group aims to contribute to meeting global climate change targets. This includes investing in cleaner, more efficient energy technologies that will enable ADES to reduce carbon emissions by 2030.

To help achieve this, the Group has implemented an Energy Management Policy, a goal of which is to introduce an energy management system in accordance with ISO 50001 Energy Management Systems Requirements standards that is potentially planned for 2025.

Energy Management

ADES recognizes the need to transition from traditional fossil fuels to cleaner forms of energy and is committed to playing its part in achieving this shift. Identifying and implementing more efficient technologies and solutions will assist the Group to reduce its carbon footprint and meet its reduction target.

As part of this goal, the Group is integrating energy-efficient practices such as replacing traditional lighting with LED bulbs and installing motion-sensor lighting, as well as integrating battery storage technologies. In addition, solar-powered lighting has been installed in specific areas, such as yards and security gates on land rigs. This has measurably reduced fuel consumption in these rigs.

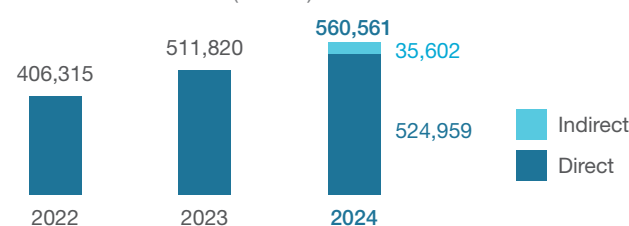
One of the key steps in this process is capturing accurate data on energy consumption that enables opportunities for reductions and savings to be identified. ADES has invested in systems that enable this data to be collated and analysed, providing insights that will help further improvements to be identified. In 2025, ADES is looking into utilizing advanced data analytics to optimize load profiles and reduce inefficient power usage.

Greenhouse Gas Emissions (GHG)

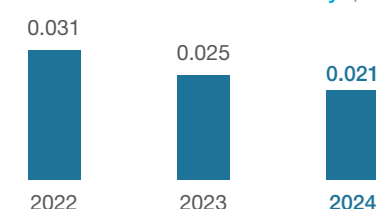
ADES' Energy Management Policy underscores the company's commitment to reducing carbon emissions across Scope 1, 2, and across its value chain, in areas that have a significant impact.

The GHG emissions calculations for 2022 and 2023 were limited to stationary combustion emissions under Scope 1. In 2024, ADES expanded its reporting boundaries to include refrigerants and fire suppression under Scope 1, as well as emissions from electricity consumption under Scope 2. This expansion reflects the company's commitment to improving the accuracy, completeness, and transparency of its emissions reporting. ADES will continue to enhance its calculation methodologies, incorporating mobile combustion under Scope 1 and expanding its inventory to include relevant Scope 3 categories in the next reporting cycle.

Direct (Scope 1)¹ & Indirect (Scope 2)² GHG Emissions (tCO₂e)



GHG Emissions Intensity (tCO₂e/Man-hours worked)



The year-on-year increase in GHG emissions is primarily attributed to the Group's significant operational growth, reflected in increased asset activity, higher man-hours, and expansion into new countries. Furthermore, the expansion of reporting boundaries to include additional GHG sources, such as refrigerants and electricity consumption, as well as enhanced calculation methodologies has also contributed to the observed increase. These developments reflect the Group's commitment to improving transparency and completeness in its GHG emissions reporting. Despite the suspension of operations in Saudi Arabia, as noted in the attrition section, the overall scale of operations has expanded.

¹ Scope 1 GHG calculations in 2022 and 2023 were limited to stationary combustion within the countries of operation. In 2024, the boundary was expanded to include both stationary combustion and refrigerants across all areas of operation.
² Scope 2 GHG calculations, covering electricity consumption, were introduced in 2024 and applied to all areas of operation.

+86%

Caterpillar Reman Components Utilization

65-87%

Reduction in Energy Use
& Greenhouse Gas Emissions

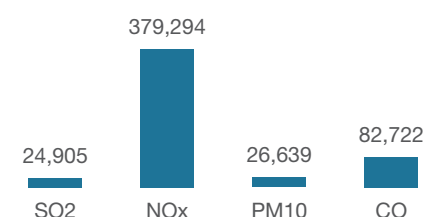
+66k lbs

Adjusted Landfill Savings

Air Emissions

ADES continually invests in monitoring air quality and measuring atmospheric pollutant levels at rigs across all its operational territories. An annual Air Quality Program measures emissions and assesses ambient air quality for carbon monoxide (CO), sulfur oxide (Sox), nitrogen oxides (Nox), particulate matter (PM2.5 and PM10), and total suspended particulates. The measurements also provide valuable information about GHG emissions from exhaust stacks, in particular those from ADES' own generators. The assessments also ensure the Group meets the requirements of relevant government bodies and regulators.

Air Emissions (Kg)



CASE STUDY:

ADES and Caterpillar: A Model for Sustainability in Oil & Gas

ADES has emerged as a sustainability leader in the Oil & Gas sector through its partnership with Caterpillar. Since 2021, ADES has maintained an 86.5% utilization rate of Caterpillar Reman components, achieving significant environmental benefits, including a 65-87% reduction in energy use and greenhouse gas emissions. This initiative has also led to 66,220 lbs of adjusted landfill savings.

In November 2024, ADES and Caterpillar jointly showcased the operational excellence achieved through their collaboration. By integrating Reman solutions and leveraging telematics technologies like Remote Fleet Vision, ADES has set a benchmark for sustainability and innovation in the Oil & Gas industry. Caterpillar continues to celebrate this partnership through digital campaigns and collaborative marketing efforts, reinforcing ADES' position as an industry pioneer.



The Group has implemented an Energy Management Policy, a goal of which is to introduce an energy management system in accordance with ISO 50001 Energy Management Systems Requirements



Environmental Protection

ADES is extremely conscious of its responsibilities to environmental stewardship. The Group is committed to protecting the environments in which it operates and minimizing its environmental footprint. As an ISO 14001-certified organization, the Group upholds the highest standards of environmental management, ensuring sustainability is embedded across all aspects of its operations, from resource management to emission reductions.

Waste Management

ADES upholds stringent waste management practices across all operations, ensuring waste is properly identified, segregated, and managed in an environmentally responsible manner. Recycling initiatives target materials like paper, glass, and metal, while hazardous waste is carefully handled to mitigate risks. To reduce plastic waste, ADES has introduced eco-friendly alternatives such as cotton laundry bags, reusable utensils, and water dispensers.

Water and Wastewater

In the oil and gas industry in which ADES operates, water and wastewater and their disposal require meticulous management to minimize impacts on ecosystems and employee health. Water must be managed responsibly and treated before it can be released into the environment.

ADES has launched a pilot wastewater management system in Qatar, aiming to serve as a model for other locations. The system ensures proper storage, segregation, and treatment of wastewater through specialized containment and analysis.

With operations in water-stressed regions, ADES prioritizes water conservation through efficient technologies like smart taps and water colliders, reducing overall consumption.

Water Consumption on Rigs (m3)	2023	2024
Potable water consumption	429,334	2,607,427

In 2024, ADES fully implemented enhanced environmental data tracking, ensuring more accurate reporting of potable water consumption, which was not comprehensively standardized in previous years. This, along with expanded operations, increased rig mobilizations, a larger workforce, and the extended presence of third-party personnel, contributed to the

significant rise in water consumption. The improved monitoring aligns with ADES’ commitment to sustainability, operational excellence, and regulatory compliance.

Biodiversity

Aligned with the Group’s Sustainability Strategy, ADES recognizes the potential environmental impact of drilling operations and is committed to biodiversity protection. As a drilling contractor, ADES operates on sites managed by client companies, which are responsible for obtaining environmental permits and conducting Environmental Impact Assessments (EIAs) before operations commence.

To further mitigate biodiversity risks, ADES conducts pre-drilling environmental site assessments to identify potential ecological sensitivities and implement necessary protective measures. Additionally, post well-completion environmental assessments are carried out to ensure that drilling sites are left in an environmentally sound condition, minimizing habitat disruption and ensuring site restoration where applicable.

Restoring Ecosystems Through “Branches of Change”

In 2024 and as part of our commitment to biodiversity conservation, ADES launched the strategic “Branches of Change” initiative, aiming to plant 12,500 trees in Saudi Arabia by 2030. This program supports the restoration of natural ecosystems, enhances local biodiversity, and promotes habitats for native species, aligning with Saudi Vision 2030 and the Saudi Green Initiative.

To maximize environmental impact, ADES employs innovative technology to accurately track, monitor, and calculate carbon sequestration for each tree planted, ensuring data-driven sustainability outcomes.

“ADES achieved ZERO loss of containment into the environment throughout 2023 and 2024”

Oil Spill Prevention and Response

As part of ADES’ commitment to environmental stewardship, the company has implemented a comprehensive Oil Spill Procedure across its operational sites to protect and minimize the environmental impacts of its activities. This procedure outlines detailed processes for spill prevention, response preparedness, and mitigation, in compliance with international, national, and client regulations. It applies to all onshore and offshore locations managed by ADES, ensuring systematic

spill classification, reporting protocols, and regular personnel training to effectively prevent, address, and manage oil spill incidents.

These initiatives, combined with the Group’s decarbonization efforts and commitment to the sustainable use of natural resources, as outlined in the “Environment” and “Climate Change and Energy” sections of this report, reflect ADES’ dedication to advancing biodiversity conservation while aligning with GRI and MSCI standards.



Safety, Health and Security

ADES places the highest importance on the well-being of its employees and contractors, embedding a strong commitment to health and safety across all aspects of its operations.

Safety is our True North

The health and safety of its workforce is ADES’ number 1 priority at all times. The Group upholds an unwavering commitment to the health, safety and well-being of all its employees, contractors and others who work with it. This principle is firmly rooted in the culture, policies and priorities of the Group’s business.

The Group operates a Health, Safety, and Environment Management System (HSEMS), ensuring that all health and safety issues are managed effectively and in strict adherence to all relevant local and international laws, regulations, and other requirements. This spans all

ADES’ operations, helping to safeguard its workforce and minimize environmental impacts where it operates.

Of course, protecting health and safety is an ongoing challenge and ADES is committed to continual improvement. ADES continually seeks better and safer ways of operating, and to maintain a culture of safety at all operational locations. This is guided by its Quality, Health, Safety, Security and Environmental (QHSSE) Policy, which pledges to maintain safe and efficient operations while safeguarding the health, safety and security of all individuals, the environment, and clients’ assets.

QHSSE: The ADES 3x3



People

Cultivating a safety-conscious culture by empowering individuals and underscoring collective responsibility and accountability.



Process

A strategic approach to enhance operational efficiency and mitigate risks through systemic improvements



Plant

Optimizing our assets and ensuring their integrity through a commitment to reliability, safety, and environmental stewardship.

Health & Safety Data

Health & Safety Data	Unit	2022	2023	2024
Total Recordable Injury Rate (TRIR) ³	Rate	0.1	0.09	0.06

³ Total Recordable Injury Rate per 200,000 working hours.

In 2024, ADES achieved 25 years of lost-time-injury-free operations in Kuwait, an outstanding testament to our team’s 24/7 commitment and dedication to safety

RIGEYE: Safety Through the AI Lense

RIGEYE, a trademark of ADES Group, is a bespoke smart AI-powered tool to elevate safety standards and operational effectiveness across the Group’s workplaces. The system uses a hands-free, wearable computer worn by safety coaches and supervises on rigs that enables them to identify safety risks and intervene to prevent accidents.

RIGEYE uses two main data sources: CCTV cameras and helmet cameras worn by the users. The system uses the recorded video and images these cameras generate and uses advanced AI to detect potential safety issues in real time. By operating as a preventative, educational, and supportive tool, anticipating incidents, detecting safety behaviors and hazards, and promoting compliance, it

effectively acts as an additional, experienced team member.

Complementing the RIGEYE, ADES Operations Command Center (OCC) operates 24/7 to enhance safety and prevent losses by monitoring the RIGEYE camera-based feeds. OCC personnel review footage to identify risks or exemplary practices, sharing findings through Lessons Learned Reports to support ongoing safety training. Detected risks are promptly reported to the relevant personnel for immediate intervention. Currently implemented across ADES’ Saudi and selected fleet in Egypt and Qatar, the system is planned to expand globally to ensure real-time safety enhancements across all operations.

- Real time hazard and unsafe behaviour recognition.
- Integrates a dynamic & static Recording – Helmet camera & CCTV.
- Events are correlated with a predefined self-learnt case.
- Alarm is activated according to the events’ severity.





Social Stewardship

ADES is committed to conducting its business in a way that creates sustainable value while making a lasting, positive impact on society.

As a major employer, ADES aims to provide a workplace in which everyone can thrive and grow in a safe, supportive environment, enabling them to enjoy fulfilling and meaningful careers. As a good corporate citizen, ADES also aims to make a positive and lasting impact on wider society. The Group places a strong focus on community development, building partnerships with schools, colleges, NGOs and others, as well as sourcing from local suppliers. Through a range of initiatives, ADES promotes community engagement and empowerment, especially through activities such as education and sport.

Diversity & Inclusion

Central to ADES' corporate culture is a working environment that reflects the varying societies in which it operates, enabling us to better understand our customers and external stakeholders. Diversity and inclusion are central to this goal, as the Group believes a diverse workplace empowers people to be themselves, encouraging fresh ideas, creativity and innovation.

This approach begins at recruitment, and the Group aims to attract applicants from a diverse range of ages, backgrounds, cultures and experiences, while ensuring equal opportunities for every candidate. This helps to foster greater understanding and awareness of others' ideas and perspectives, encouraging new and innovative thinking and solutions.

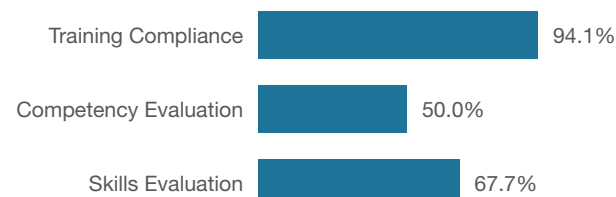
ADES supports a culture of fairness and respect through diversity and inclusion policies, equitable compensation, and a safe, harassment-free workplace. Robust procedures address any incidents promptly and confidentially, while ongoing training fosters professionalism and awareness.

Training & Development

ADES is committed to employee growth through a range of initiatives designed to equip individuals with the skills and knowledge needed to reach their full potential. New employees begin with a three-month program that ensures a smooth integration, and learning opportunities continue throughout their careers, with options for internal courses and academic qualifications.

The company supports ongoing development by offering financial assistance for higher education relevant to employees' roles. A performance management system tracks the effectiveness of training programs, aligning individual development with business objectives to foster commitment and growth for both employees and the company.

Training & Competency



Our Community

As part of its corporate social responsibility (CSR) initiatives in 2024, ADES invested SAR 14.6 mn (3.9 USD mn) of community investments, demonstrating the Group's commitment to supporting and empowering local communities.

Social Initiatives

Other highlights in 2024 included a two-month summer internship enabling young university graduates to gain valuable experience and growth opportunities by immersing themselves in ADES operations in Saudi Arabia, Bahrain, Kuwait, and Egypt. The internships provided hands-on experience and valuable insights into the workplace, helping to develop the leaders of the future.

ADES employees also volunteered their time for good causes. In collaboration with VeryNile, employees removed two tons of plastic litter from the River Nile, helping fishermen and other river users while raising awareness of environmental stewardship.

Additionally, ADES Saudi had partnered with Saudi Food Bank Association "Etaam" to prepare and pack food parcels for those in need during the Holy Month of Ramadan.



ADES Saudi partnered with Saudi Food Bank Association "Etaam"



ADES Egypt organizes continuous visits and support to Al Nas Hospital



ADES employees volunteering for the VeryNile initiative

Key Highlights in Community Engagement and Sponsorships



Sponsorships and Partnerships (Social and Governance Aspects)

- Gold Sponsor at India Energy Week: Demonstrates commitment to the energy transition in India, engaging in the global energy conversation on sustainable energy solutions.
- Diamond Sponsor at IPTC, KSA: Promotes collaboration on sustainable energy solutions and the development of energy policies in the Middle East.
- Mega Sponsor at Saudi Capital Markets Forum: Supports the development of financial markets and sustainability within the region, fostering long-term economic growth.
- Gold Sponsor at IPA Convex, Indonesia: Aligns with regional energy sustainability efforts, driving conversations on clean energy and innovation in Southeast Asia.



Strategic Focus Areas (Governance and Environmental Aspects)

- Platinum Sponsor at Asia Pacific Drilling Technology Conference and Exhibition, Thailand: Highlights the company's investment in advancing technology and innovation for sustainable energy exploration and extraction, supporting the energy transition in the Asia-Pacific region.



Industry Engagement and Thought Leadership (Social and Governance Aspects)

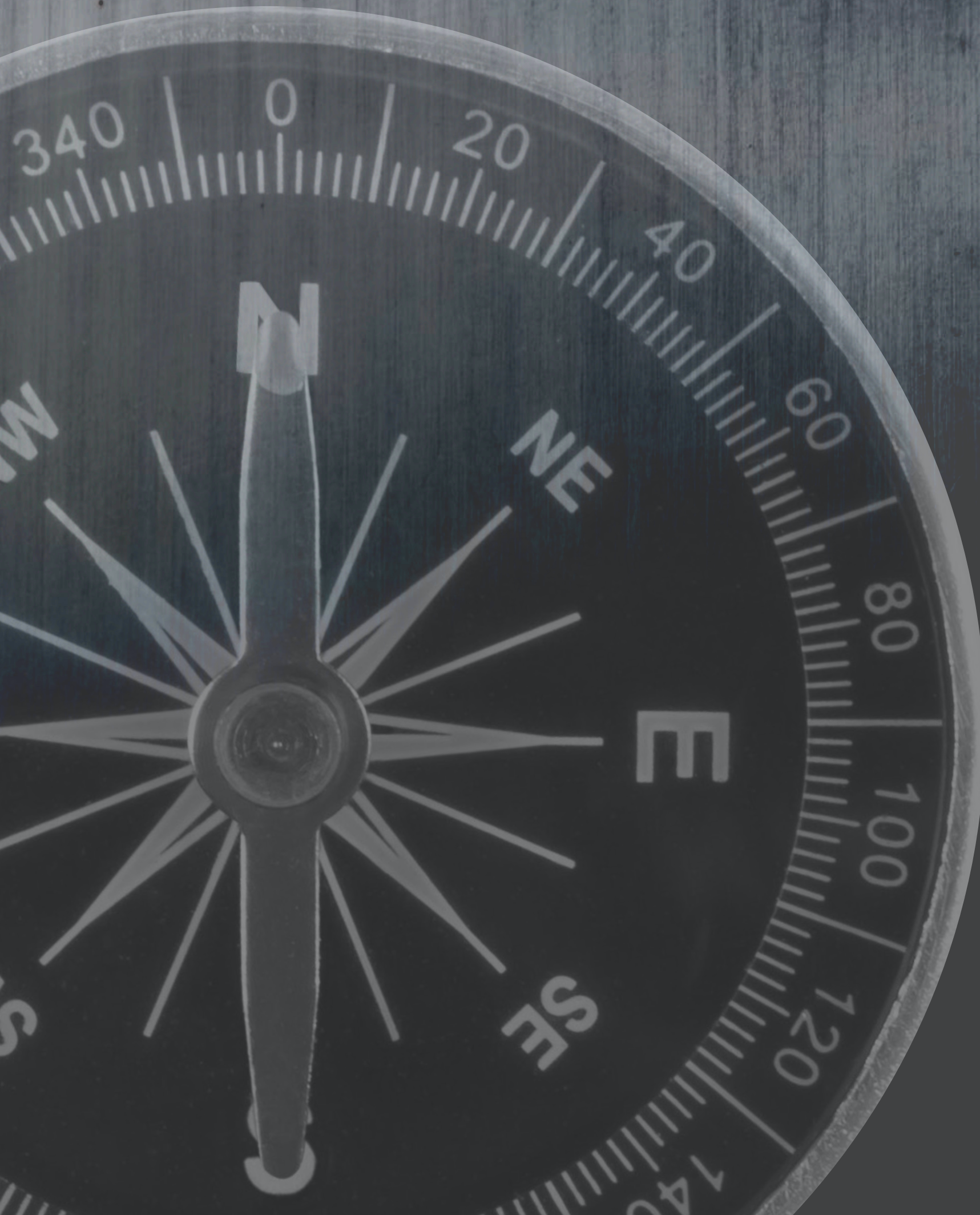
- Participated in EGPES 2024: Contributed to the development of energy policy in Egypt and supported the growth of sustainable energy in the region, demonstrating commitment to sustainable development.
- Participated in NAPEC 2024 Exhibition and Conference, Algeria: Actively engaged in discussions on energy transitions in North Africa, furthering knowledge exchange and fostering regional cooperation on sustainability.



Corporate Social Responsibility (CSR) Initiatives

- ADES Egypt organizes continuous visits and support to Al Nas Hospital
- Launched waste segregation and minimization awareness campaign at Al Su'ba School in KSA
- ADES India organized a blood donation camp
- Breast Cancer and Diabetes Awareness Sessions at the Egypt Office

As a good corporate citizen, ADES also aims to make a positive and lasting impact on the wider society



// ADES
is dedicated
to maintaining
a strong corporate
governance framework,
consistently improving its
internal processes and
structures to align
with best global
practice



Governance

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Corporate Governance Structure

ADES is dedicated to maintaining a strong corporate governance framework, consistently improving its internal processes and structures to align with the Corporate Governance Regulations (“CGRs”) issued by the Capital Market Authority (CMA) and the highest international standards. The Board acknowledges the importance of effective corporate governance and has adopted a governance framework, including charters and policies, that ensures compliance with all required aspects of the CMA Corporate Governance Regulations, comprising provisions relating to, amongst other matters, shareholders rights, Board and Committees, professional and ethical standards, related parties’ transactions and conflict of interest, disclosure and transparency policies.

The Board is ultimately responsible for providing strategic direction, guidance, and leadership on operations, business expansion, and strategy globally. The Board structure comprises two main committees; namely (i) the Audit Committee and (ii) the Nomination & Remuneration Committee for the efficient management, supervision, and operations of the business. The Board committees are set up to support the Board in carrying out its fiduciary duties in accordance with their respective mandates. Each Board committee has a committee charter that outlines its structure, powers, function, and duties. The chairperson of each Board committee reviews and discusses a range of pertinent matters for consideration, direction, and/or approval, as necessary.

The Board and its Committees are committed to maintaining a membership composition that possesses the appropriate balance of skills and experience essential for effectively guiding the organization in alignment with the highest governance standards.

Board Structure, Term, Duties And Independence

The Company’s current Board of Directors consists of nine (9) highly regarded and well-qualified members from both regional and global business networks. This includes three (3) independent directors, five (5) non-executive directors, which encompasses the Chairman of the Board, and one (1) executive director who serves as the Vice-Chairman and Chief Executive Officer.

According to the Company’s Bylaws, term of the Board, including the Chairman, is a maximum of four (4) years per term. However, the first Board term is five (5) Gregorian years, from 02/06/1444H (corresponding to 26/12/2022G) until 28/07/1449H (corresponding to 26/12/2027G), in accordance with the Companies Law in force on the date of the Board’s formation.

Subject to the provisions of the Companies Law and CGRs, as well as the Company’s Bylaws and Internal Corporate Governance Manual, the Board possesses extensive authority to manage the Company and steer its activities toward achieving its objectives, bearing ultimate responsibility for its stewardship. The Board of Directors is accountable to shareholders for the Company’s overall strategy, governance, and performance.

The Board’s role involves developing and fostering the values, ethics, and culture of ADES and its subsidiaries (“ADES Group”), establishing the Company’s strategic goals, overseeing their implementation, formulating internal control rules and procedures, and assessing the performance of both the business and management in relation to its strategic and cultural objectives, all aimed at creating and delivering value to shareholders.

The Chairman oversees the Board, while the Vice-Chairman ensures that the Board members are consistently informed about the Company’s performance and Committees’ resolutions through regular reports, presentations, and updates.

The CGRs prevent merging the roles of the Chairman and Chief Executive Officer roles. The company adheres to this requirement by maintaining a clear separation of responsibilities between the Chairman and the CEO. The Chairman is accountable for leading the Board and ensuring its effectiveness, while the CEO manages the day-to-day operations of the company, implements its strategy, proposes plans for Board approval, and ensures ongoing communication with shareholders. The CEO also serves as an Executive Director on the Board.

The Board is ultimately responsible for providing strategic direction, guidance, and leadership on operations, business expansion, and strategy globally

The Board of Directors

(The ‘Board’)

The following table includes the names, positions, membership classification and appointment dates of each member of the Board.

Name	Title	Membership Classification	Date of Appointment
Mr. Ayman Mamdouh Mohamed Fathy Abbas	Chairman	Non-executive	26/12/2022
Dr. Mohamed Farouk Abdelmeguid Abdelkhalek	Vice-chairman	Executive	26/12/2022
Mr. Hatem Ahmed Elsayed Soliman	Member	Non-executive	26/12/2022
Mr. Muteb Mohammed Saad Alshathri	Member	Non-executive	09/03/2023
Mr. Fadi Adel Mohamed Al Said	Member	Non-executive	09/03/2023
Mr. Abdulrahman Khalid Abdullah Al Zamil	Member	Non-executive	26/12/2022
Dr. Kamel Bennaceur	Member	Independent	20/02/2024
Mr. Haitham Muhammed Abdulrhman AlFayez	Member	Independent	20/02/2024
Mr. Mohamed Walid Taoufik Cherif	Member	Independent	20/02/2024

The Board of Directors encompasses a diverse array of professional backgrounds, featuring expertise from multiple fields and valuable leadership insights. The Non-Executive Directors contribute an external perspective to the Board’s decision-making and strategic planning. Their diverse international experience enables them to provide valuable challenges and distinct insights into the formulation of potential strategies.



Ayman Abbas

Chairman

Ayman Abbas has been involved in ADES Group’s Board since inception and has held the position of Chairman since 2003. He has played a key role in transforming the Company into a global player.



In addition to his position on the Board of ADES Group, Mr. Ayman held executive positions in several organizations, including Director General for Schneider Electric Engineering Services, and Executive Chairman for ADES International Holding Ltd. He was also previously Chairman of Tenth of Ramadan for Pharmaceutical Industries and Diagnostic Reagents (Rameda) SAE, an Egyptian joint stock company listed on the EGX, as well as Chairman of ADES Egypt.

Mr. Ayman holds a Bachelor’s degree in Business Administration from the American University in Cairo, Egypt.

Current and Previous Positions:

Company	Membership	Location	Legal Entity
Chairman of ADES Holding Company	Current	Inside KSA	Public Joint Stock Company
Chairman of the Board of Directors of ADES Drilling Services Ltd.	Current	Outside KSA	Limited by Shares Company
Director of ADES International for Drilling	Current	Outside KSA	Limited by Shares Company
Director of Advanced Transport Services	Current	Outside KSA	Limited by Shares Company
Director of Kuwait Advanced Drilling Services	Current	Outside KSA	Limited by Shares Company
Chairman of Intro Investments Holding Ltd.	Current	Outside KSA	Private Company
Director of Intro Sustainable Resources Holding Ltd	Current	Outside KSA	Private Holding Company
Director of Intro Sustainable Power and Utilities Holding Ltd	Current	Outside KSA	Private Holding Company
Director of Intro Renewable Energy Holding Ltd	Current	Outside KSA	Private Holding Company
Director of Intro Energy Solutions Holding Ltd	Current	Outside KSA	Private Holding Company
Director of Intro Resources Recovery Holding Ltd	Current	Outside KSA	Private Holding Company
Director of Intro Material Recovery Holding Ltd	Current	Outside KSA	Private Holding Company
Director of Intro Waste Management Holding Ltd	Current	Outside KSA	Private Holding Company
Director of TBS Holding Ltd	Current	Outside KSA	Private Holding Company
Director of Intro Projects Holding Ltd	Current	Outside KSA	Private Holding Company
Director of Intro Sports Holding Ltd	Current	Outside KSA	Private Holding Company
Director of Intro Data Centers Holding Ltd	Current	Outside KSA	Private holding company
Chairman of A Ventures Holding Ltd	Current	Outside KSA	Private holding company
Director of Inventive Investments Holding Ltd	Current	Outside KSA	Private holding company
Director of ADES Investments Holding Ltd.	Current	Outside KSA	Private Company
Director of ADES International Holding Ltd.	Current	Outside KSA	Private Holding Company
Director of Advansys Technology	Current	Outside KSA	Closed Joint Stock Company
Partner at Compass Capital for Financial Investments SAE	Previous	Outside KSA	Closed Joint Stock Company
Director General of Schneider Electric Engineering Services	Current	Outside KSA	Closed Joint Stock Company
Chairman of Advanced Energy Systems ADES S.A.E	Current	Outside KSA	Closed Joint Stock Company
Director of Advantage for Drilling S.A.E	Current	Outside KSA	Closed Joint Stock Company
Director of Egyptian Chinese Drilling Company S.A.E	Current	Outside KSA	Closed Joint Stock Company
Director of Intro for Trading and Contracting Co.	Current	Outside KSA	Closed Joint Stock Company
Director of Bariq for Advanced Industries S.A.E	Current	Outside KSA	Closed Joint Stock Company
Chairman of Advansys for Integrated Projects	Current	Outside KSA	Closed Joint Stock Company
Director General and Chairman of Fagr Agricultural and Development Project Company	Current	Outside KSA	Closed Joint Stock Company
Director of Intro Solar S.A.E	Current	Outside KSA	Closed Joint Stock Company
Director of Intro Utilities S.A.E	Current	Outside KSA	Closed Joint Stock Company
Director of Environ Adapt for Recycling Services S.A.E	Current	Outside KSA	Closed Joint Stock Company
Director of Environ Adapt for Recycling Industries S.A.E	Current	Outside KSA	Closed Joint Stock Company
Director of Intro Energy S.A.E	Current	Outside KSA	Closed Joint Stock Company
Director of Intro Energy Distribution and Management S.A.E	Current	Outside KSA	Closed Joint Stock Company
Director of Advansys Engineering Services & Consultancy	Current	Outside KSA	Closed Joint Stock Company
Director of Hills Integrated Construction Services	Current	Outside KSA	Closed Joint Stock Company
Chairman of Tenth of Ramadan for Pharmaceutical Industries and Diagnostic Products (Rameda) SAE	Current	Outside KSA	Joint Stock Company
Chairman of Rameda Pharmaceutical Trading SAE	Current	Outside KSA	closed joint stock company
Director of M2 Facilities Management	Current	Outside KSA	Closed Joint Stock Company

Mohamed Farouk

Vice-Chairman

Dr. Mohamed Farouk has been a member of the ADES Group's Boards and has served as Chief Executive Officer since 2012, during which he has led the Company's expansion into new markets and services as ADES transforms into a leading global rig operator, headquartered in Al Khobar- Saudi Arabia since 2022.

Dr. Farouk joined the Group from Invensys Operations Management (IOM), a FTSE 100 company, where he was most recently senior vice president for global delivery and operations based in Texas. He served earlier with Invensys as Director of Invensys Global Engineering Excellence Centers in Egypt, India, China and Argentina, prior to which he was the General Manager of Invensys Engineering and Services in Egypt. He began his career in 1991 as a Project Engineer at ConiSys Egypt, a provider of control and instrumentation systems technology.

Dr. Farouk holds a PhD in Systems Engineering and Control from Case Western Reserve University of Ohio, USA. He was subsequently an associate professor of electrical engineering at Cairo University. He holds a Master's degree in Electrical Engineering and Control from Cairo University, Egypt and a Bachelor's degree in Electrical Engineering from Cairo University, Egypt.



Current and Previous Positions:

Company	Membership	Location	Legal Entity
Vice Chairman and CEO of ADES Holding Company	Current	Inside KSA	Public Joint Stock Company
Managing Director of Advanced Energy Systems (ADES) SAE	Current	Outside KSA	Closed Joint Stock Company
Director of Intro Investments Holding Ltd.	Current	Outside KSA	Private Company
Director of ADES International Holding Ltd	Current	Outside KSA	Private Holding Company
Director of ADES Investments Holding	Current	Outside KSA	Private Company
Director of ADES Drilling I Ltd.	Current	Outside KSA	Limited by Shares Company
Director of ADES Drilling Services II Ltd.	Current	Outside KSA	Limited by Shares Company
Director of ADES Drilling Services III Ltd.	Current	Outside KSA	Limited by Shares Company
Director of ADES Drilling Services IV Ltd.	Current	Outside KSA	Limited by Shares Company
Director of ADES Drilling Services V Ltd.	Current	Outside KSA	Limited by Shares Company
Director of ADES Drilling Services Ltd.	Current	Outside KSA	Limited by Shares Company
Director of ADES GCC for Drilling Ltd.	Current	Outside KSA	Limited by Shares Company
Director of ADES Advanced Drilling Services Ltd.	Current	Outside KSA	Limited by Shares Company
Partner of Misk Holding Ltd.	Current	Outside KSA	Private Company
Director of Advanced Drilling Services	Current	Outside KSA	Limited Liability Company
Director of ADES International for Drilling	Current	Outside KSA	Limited Liability Company
Director of Advanced Transport Services Co	Current	Outside KSA	Limited Liability Company
Director of Kuwait Advanced Drilling Services	Current	Outside KSA	Limited Liability Company
Director of United Precision Drilling Company	Current	Outside KSA	Limited Liability Company
Director of Precision Drilling Company	Current	Outside KSA	Limited Liability Company
Director of Schneider Electric Engineering Services	Current	Outside KSA	Closed Joint Stock Company
Director of Inventive Investments Holding Ltd	Current	Outside KSA	Private Company
Director of Rig Finance Ltd.	Current	Outside KSA	Limited Liability Company
Director of ADES Drilling Services Cyprus Ltd	Current	Outside KSA	Limited Liability Company
Director of Compass Capital for Financial Investments,	Current	Outside KSA	Closed Joint Stock Company
Director of Tenth of Ramadan for Pharmaceutical Industries and Diagnostic Reagents (Rameda) SAE	Current	Outside KSA	Joint Stock Listed Company
Director of Egyptian Chinese Drilling Company	Current	Outside KSA	Closed Joint Stock Company
Senior Vice President of Invensys Operation Management	Previous	Outside KSA	Public Company

Hatem Soliman

Non-Executive Director

Hatem Soliman is a highly experienced sector professional who serves as a Non-Executive Board Member at the Company. He is also a Director for several companies including OEC, a leading Brazilian company operating in the engineering, procurement, and construction field, ABYSS Services, an Australian Company operating in the Artificial Intelligence (AI) sector, Intro Group and an Independent Director on the Board of Rameda, an Egyptian company listed on the Egyptian Stock Exchange (EGX) operating in Pharmaceuticals.

Mr. Soliman has previously served as Board Member at Exten, ADES International and Ocyan, a Brazilian deep water drilling company. He was also Senior Adviser to Schlumberger's Global CEO between 2017 and 2018. Prior to that, he served as Executive President of the Middle East, Asia, Pacific regions and Latin America at Schlumberger, and he also served as Global Executive President of Schlumberger Testing Services.

Mr. Hatem holds a Bachelor's degree in Electrical Engineering from Helwan University.



Current and Previous Positions:

Company	Membership	Location	Legal Entity
Non-executive Director of ADES Holding Company	Current	Inside KSA	Public Joint Stock Company
Director of OEC	Current	Outside KSA	Brazilian Company
Director of ABYSS Services	Current	Outside KSA	Australian Company
Director of Intro Group	Current	Outside KSA	Limited Liability Company
Independent Director at Tenth of Ramadan for Pharmaceutical Industries and Diagnostic Products (Rameda) SAE	Current	Outside KSA	Joint Stock Company
Director of Ocyan	Previous	Outside KSA	Brazilian Company
Director at Exten	Previous	Outside KSA	Listed Company
Director at ADES International Holding Ltd	Previous	Outside KSA	Private Company
CEO Advisor at Schlumberger Global	Previous	Outside KSA	Limited Company
President at Schlumberger Middle East, Asia & Pacific	Previous	Outside KSA	Limited Company
President at Schlumberger Latin America	Previous	Outside KSA	Limited Company
President at Schlumberger Testing Services	Previous	Outside KSA	Limited Company

Muteb Alshathri

Non-Executive Director

Muteb Alshathri brings extensive industry experience to his role as Board Member at ADES Group. He joined the Public Investment Fund in 2018 and currently serves as a Senior Director leading the MENA Private Equity section, in addition to the regional investment companies. He also sits on the board of listed companies and non-listed companies across MENA. He previously served as an Advisor at Saudi Aramco and Manager at RICC.



Mr. Muteb graduated from Northwest University with a Bachelor’s degree in Industrial Engineering, and holds an MBA from Harvard University.

Current and Previous Positions:

Company	Membership	Location	Legal Entity
Non-executive Director of ADES Holding Company	Current	Inside KSA	Public Joint Stock Company
Non-executive Chairman of Depa PLC	Current	Outside KSA	Listed Company
Non-executive Vice Chairman of Saudi Jordanian Investment Company	Current	Outside KSA	Closed Joint Stock Company
Non-executive Vice Chairman of Saudi Bahrain Investment Company	Current	Inside KSA	Closed Joint Stock Company
Non-executive Vice Chairman of Saudi Sudanese Investment Company	Current	Inside KSA	Closed Joint Stock Company
Non-executive Vice Chairman of Saudi Iraqi Investment Company	Current	Inside KSA	Closed Joint Stock Company
Non-executive Director of Capital Bank	Current	Outside KSA	Joint Stock Listed company
Non-executive Director of Saudi Egyptian Investment Company	Current	Outside KSA	Closed Joint Stock Company
Non-executive Director of Saudi Tourism Investment Company (Asfar)	Current	Inside KSA	Closed Joint Stock Company
Non-executive Chairman of Saudi Omani Investment Company	Current	Inside KSA	Closed Joint Stock Company
Non-executive Vice Chairman of Qassim Cement Company	Previous	Inside KSA	Listed Company
Non-executive Director of Saudi Ceramic Company	Current	Inside KSA	Listed Company
Senior Director at Public Investment Fund (PIF)	Current	Inside KSA	Governmental Fund
Director at RICC	Previous	Inside KSA	Joint Stock Company
Advisor at Saudi Aramco	Previous	Inside KSA	Listed Joint Stock Company

Fadi Al Said

Non-Executive Director

Fadi Al Said is a non-executive director of the Board of Director of the Company bringing a wealth of experience to ADES’ Board. Mr. Al Said is an investment professional with extensive experience in the MENA region. He currently serves as a Senior Director in the MENA investments division at the Saudi Public Investment Fund (PIF), a role he has held since 2020.



Mr. Al Said also holds several other board memberships and leadership roles. He is a Board member of the Saudi Jordanian Investment Fund (SJIF), and the Saudi Jordanian Investment Company (SJIC). He also serves as the Chairman of of Kingdom of Health and Vice-chairman of DEPA.

Prior to his current roles, Mr. Al Said held senior investment management positions, including acting as a Managing Director and Lead Portfolio Manager at Lazard Asset Management from 2014 to 2020, as well as a Senior Investment Manager and Head of MENA investments at ING Investment Management from 2008 to 2014.

Mr. Fadi holds an Executive Master of Business Administration from Cass Business School, City University of London, and a Bachelor Degree in Economics from the University of Jordan. He is also a CFA charterholder.

Current and Previous Positions:

Company	Membership	Location	Legal Entity
Non-executive Director of ADES Holding Company	Current	Inside KSA	Public Joint Stock Company
Senior Director at Public Investment Fund (PIF)	Current	Inside KSA	Governmental Fund
Non-executive Director of B.TECH Company	Current	Outside KSA	Closed Joint Stock Company
Non-executive Director of Depa PLC	Current	Outside KSA	Listed Company
Non-executive Director of Saudi Jordanian Investment Fund (SJIF)	Current	Inside - Outside KSA	Limited Company
Board Member at Saudi Jordanian Investment Company (SJIC)	Current	Inside - Outside KSA	Limited Company
Managing Director and Head of MENA Investments at Lazard Asset Management	Previous	Outside KSA	Listed Company
Director and Head of MENA at ING Investment Management	Previous	Outside KSA	Listed Company

Abdulrahman Khalid Al Zamil

Non-Executive Director

Abdulrahman Khalid Al Zamil is a non-executive member of the Board of Directors of the Company, he is also the Chairman of the Board at both Al Zamil Food Industries and sits as President and Executive Board of Directors on the Board of Zamil Group Investment Company.

In addition, Mr. Abdulrahman is also Board member at many renowned companies, including Innovative Energy, MLM Investments, Dhahran International Exhibitions, Gulf Stabilizers Industries, and Yamama Red Bricks Factories. In addition to being the Chairman of Zamil Food Industries, he is also the chairman of the company's Executive Committee.

Mr. Abdulrahman holds a Bachelor's degree in Finance and Economics from King Fahd University, as well as a Master's degree in Executive MBA from London Business School.

Current and Previous Positions:

Company	Membership	Location	Legal Entity
Non-executive Director of ADES Holding Company	Current	Inside KSA	Public Joint Stock Company
Executive Director of MLM Investments Limited	Current	Inside KSA	Limited Liability Company
Non-executive Director of Dhahran International Exhibitions Company	Current	Inside KSA	Closed joint Stock Company
Non-Executive Director of Arabian Aminate	Current	Inside KSA	Limited Liability Company
Vice-chairman of Gulf Stabilizers Industries (GSI)	Current	Inside KSA	Closed joint Stock Company
Non-executive Director of Yamama Red Bricks Factories	Current	Inside KSA	Limited Liability Company
Executive Board of Director and President of Zamil Group Investment Company	Current	Inside KSA	Limited Liability Company
Chairman of Zamil Food Industries Ltd.	Current	Inside KSA	Limited Liability Company
Chairman of the Executive Committee of Zamil Food Industries Ltd.	Current	Inside KSA	Limited Liability Company
Non-executive Board of Director at National Power Company	Previous	Inside KSA	Limited Liability Company
Treasury and Project Finance Manager at Zamil Group Holding Company	Previous	Inside KSA	Closed joint Stock Company
Project Finance Analyst at Zamil Group Holding Company	Previous	Inside KSA	Closed joint Stock Company
Financial Analyst at HSBC Middle East	Previous	Outside KSA	Limited Liability Company



Kamel Bennaceur

Independent Member

Dr. Kamel Bennaceur is an independent member of the Board of Directors of the Company, he is also the Chairman of DAMORPHE Company, a nano-technology focused start-up developing and selling high-value for the energy sector, and Chief Executive Officer of Nomadia Energy, Abu Dhabi.

Dr. Bennaceur brings over 40 years of experience in the fields of oil and gas, alternative energy, innovation, research and development, energy markets economics and outlooks and presiding worldwide engineering association.

His previous roles include serving as the Minister of Industry, Energy and Mines Government of Tunisia, President of Society of Petroleum Engineers (SPE), Dallas - a leading global professional energy organization and Chief Economist at ADNOC Abu Dhabi, and Chief Economist as Schlumberger, Paris/Houston.

Dr. Bennaceur holds a Bachelor's degree in Mathematics from the University of Paris, a Masters degree in Engineering/ Applied Math from Ecole Polytechnique Paris and an Aggregation in Mathematics from Ecole Normale Supérieure, France.

Current and Previous Positions:

Company	Membership	Location	Legal Entity
Independent Director of ADES Holding Company	Current	Inside KSA	Public Joint Stock Company
Non-executive Chairman of Damorphe	Current	Outside KSA	Private Company
Chief Executive Officer of Nomadia Energy	Current	Outside KSA	Private Free Zone Company
Minister of Industry, Energy and Mines	Previous	Outside KSA	Government of Tunisia
President of Society of Petroleum Engineers	Previous	Outside KSA	Global Organisation
Chief Economist at ADNOC	Previous	Outside KSA	Public Company
Director Sustainability, Technology and Outlooks at International Energy Agency	Previous	Outside KSA	Intergovernmental Organisation
Technology Center President at Schlumberger	Previous	Outside KSA	Public Company
Chief Economist at Schlumberger	Previous	Outside KSA	Public Company
Manager/ Senior Manager/ Senior Vice President at Schlumberger	Previous	Outside KSA	Public Company



Haitham AlFayez

Independent Member

Haitham AlFayez is an independent member of the Board of Directors of the Company. Mr. Haitham is currently the Chief Executive Officer of Awqaf Investment Company, as well as Board Member at several companies including Albilad Bank, Umm Al Qura Development and Construction, Kidana Development Company, Ekhaa Charity of Orphans Care Foundation and also the Chairman of the Investments Committee and an Executive Committee member at Arriyadh Holding Company.



Among his previous roles, Mr. Haitham served as Executive Director of Local Investment at Kingdom Holding, Head of Direct Investment Department at Saudi Aramco’s Investment Department, Director Proprietary Investment at Jadwa Investments, Economic Policy Associate at United Nations Development Programme and Senior Credit Analyst at Saudi Industrial Development Fund.

Mr. Haitham holds a Bachelor’s degree in Information Systems, which he received from King Fahd University of Petroleum & Minerals at Saudi Arabia and earned an MBA in Business Administration from Imperial College London in Britain.

Current and Previous Positions:

Company	Membership	Location	Legal Entity
Independent Director of ADES Holding Company	Current	Inside KSA	Public Joint Stock Company
Chief Executive Officer of Awqaf Investment Company	Current	Inside KSA	Closed Joint Stock Company
Independent Board Member, Chairman of Nomination & Remuneration Committee and Risk Committee Member at Albilad Bank	Current	Inside KSA	Listed Joint Stock Company
Independent Board Member and Remuneration & Nomination Committee Member at Kidana Development Company	Current	Inside KSA	Closed Joint Stock Company
Board Member at Umm Al Qura Development and Construction	Current	Inside KSA	Closed Joint Stock Company
Member at Ekhaa Charity of Orphans Care Board of Trustees and Chairman of the Investment Committee	Current	Inside KSA	Charity Association
Executive Committee Member at Arriyadh Holding Company	Current	Inside KSA	Closed Joint Stock Company
Investment Committee Member at Special Integrated Logistic Zone Company	Current	Inside KSA	Closed Joint Stock Company
Executive Director Local Investment at Kingdom Holding	Previous	Inside KSA	Public Company
Head Of Direct Investment Department at Saudi Aramco Investment Department	Previous	Inside KSA	Listed Company
Director Proprietary Investment at Jadwa Investment	Previous	Inside KSA	Closed Joint Stock Company
Economic Policy Associate at United Nations Development Programme	Previous	Outside KSA	United Nations Agency
Senior Credit Analyst at Saudi Industrial Development Fund	Previous	Inside KSA	Government Financial Institution

Mohamed Walid Cherif

Independent Member

Mohamed Walid Cherif serves as an Independent Member of the Board and Chairman of the Audit Committee and Remuneration & Nomination Committee of the Company. Mr. Walid is Founder & Managing Partner of BluePeak Private Capital. Mr. Walid has more than 28 years of experience in international finance in emerging markets. He has raised and invested more than US\$ 1 billion of capital and has structured and executed 40 transactions on the investment and divestment sides.



Mr. Walid was an independent director of several companies including ADES International Holding Ltd, a previously LSE-listed oil and gas servicing company, and several other businesses operating in the Middle East and Africa region.

Mr. Walid is currently the Managing Partner and founder of BluePeak Private Capital, an asset management firm focused on private markets in Africa. Prior to that, he founded the private credit business of Gulf Capital in 2011, focused on structured investments across Africa, the Middle East, and Turkey, and previously headed the GSC Group - NBK Capital Mezzanine Fund operating in the Middle East and Turkey. Before joining NBK Capital in 2007, Mr. Walid spent 10 years at the International Finance Corporation in Washington, D.C., Istanbul, and Dubai.

Mr. Walid holds a Bachelor’s degree in Finance from the Higher Institute of Management in Tunisia and an MBA in Finance and Investments from George Washington University in USA.

Current and Previous Positions:

Company	Membership	Location	Legal Entity
Independent Director of ADES Holding Company	Current	Inside KSA	Public Joint Stock Company
Founder and Managing Partner of BluePeak Private Capital	Current	Outside KSA	Private Debt Fund
Audit Committee Chairman and Nomination & Remuneration Committee Chairman at ADES Holding Company	Current	Inside KSA	Public Joint Stock Company
Director at Carbon Holdings	Previous	Outside KSA	Private Company
Director at iSON Xperiences	Previous	Outside KSA	Private Company
Senior Managing Director at Gulf Capital	Previous	Outside KSA	Private Company
Senior Manager and Fund Head at Watani investment Company (NBK Capital)	Previous	Outside KSA	Subsidiary of NBK
Senior Investment Officer at IFC – World Bank Group	Previous	Outside KSA	Member of World Bank Group

Evaluation of the Board and its Committees

This year, an independent third-party consultant, the GCC Board Directors Institute (GCC BDI), was engaged to conduct an external Board assessment for the evaluation of the performance of the Board and its committees, to highlight areas of success and assist the board in seeking areas for improvement in line with best regional and international practice. The assessment was conducted using an online survey completed by the directors and senior executives. GCC BDI independently oversaw the survey process, compiled and analysed feedback and communicated a comprehensive assessment of the results to the Nomination & Remuneration Committee. The Nomination & Remuneration Committee, which is responsible for overseeing Board performance, governance practices, and director compensation, was then able to review the results and determine any areas requiring attention or improvement. Feedback from Directors was carefully reviewed to be tracked over time to identify trends and enable the identification of key areas of improvement to ensure the Board’s performance is continuously enhanced, aligned with industry best practices.

Board Meetings Held During 2024 and Attendance Sheet

In compliance with the CGRs the Board convenes regular meetings to perform its duties effectively, and convenes meetings whenever needed. Moreover, the Board convenes no less than four meetings per year, and no less than one meeting every three months to assess the Company’s strategic and financial performance including reviewing potential investments, financial arrangements, and other matter as may be required. The Board receives regular and timely updates on the Company’s activities to ensure it can effectively perform its oversight and decision-making functions. All Directors have access to the advice and services of the Group’s General Counsel.

For the year 2024, the Board held (8) meetings. The following table shows details of those meetings and their attendance:

Name	Position	1st Meeting	2nd Meeting	3rd Meeting	4th Meeting	5th Meeting	6th Meeting	7th Meeting	8th Meeting	Total
		04/03/2024	12/05/2024	05/06/2024	09/07/2024	04/08/2024	02/09/2024	03/11/2024	14/12/2024	
Mr. Ayman Abbas	Chairman	✓	✓	✓	✓	✓	✓	✓	✓	8
Dr. Mohamed Farouk	Vice-chairman	✓	✓	✓	✓	✓	✓	✓	✓	8
Mr. Hatem Soliman	Board Member	✓	✓	✓	✓	✓	✓	✓	✓	8
Mr. Muteb Alshathri	Board Member	✓	✓	✓	✓	✓	✓	✓	✓	8
Mr. Fadi Al Said	Board Member	✓	✓	✓	✓	✓	✓	✓	✓	8
Mr. Abdulrahman Al Zamil	Board Member	✓	✓	✓	✓	✓	✓	✓	✓	8
Mr. Mohamed Walid Cherif	Independent Board Member	✗	✓	✗	✓	✓	✓	✓	✓	6
Mr. Kamel Bennaceur	Independent Board Member	✓	✓	✓	✓	✓	✓	✓	✓	8
Mr. Haitham AlFayez	Independent Board Member	✓	✓	✓	✓	✓	✓	✓	✓	8

✓ Present ✗ Absent

Board Committees

Audit Committee and Its Report for the year 2024

The Audit Committee was established pursuant to Board Resolution dated 17/08/1444H (corresponding to 09/03/2023G), and the Audit Committee’s charter was approved by the Board of Directors on 03/08/1444H (corresponding to 23/02/2023G) and by the Extraordinary General Assembly on 17/10/1444H (corresponding to 07/05/2023G).

In compliance with the CGRs and provisions of the Company’s bylaws, and following the election of the independent directors on the Board during the Ordinary General Assembly held on 20/02/2024, the Board ensured that the Chairman of the Audit Committee is from amongst the independent directors. The Audit Committee consists of three non-executive members appointed by the Company’s Board of Directors two two (2) of whom are non-Board members, and one (1) independent director who serves as Chairman of the committee, none of whom is a member of the Executive Management.

According to the Audit Committee’s charter, the term of the committee is four (4) years, which may be extended subject to the approval of the Board of Directors.

The audit activities at the Company encompasses both Internal Audit and the External Audit, which aim to provide independent assurance on the effectiveness of the Company’s reports, financial statements and internal control systems. A strong Internal Control System (ICS) is vital for safeguarding assets, maintaining accurate financial reporting, and complying with laws and regulations. The combined efforts of the Internal Audit Department and the external auditor ensure that internal controls are continuously assessed and improved, mitigating risks and preventing fraud.

Audit Committee Duties

Pursuant to the Audit Committee charter, the Audit Committee is tasked with overseeing the company’s activities, ensuring the integrity and transparency of financial reports and statements, and monitoring internal control systems. The committee’s specific responsibilities include the following:

Financial Reports:

- Reviewing the company’s interim and annual financial statements before presenting them to the Board of Directors, and providing recommendations to ensure their fairness, accuracy, and transparency.
- Providing technical opinions (upon the Board’s request) on whether the Board’s report and the financial statements are balanced, clear, and include the necessary information for shareholders and investors to assess the company’s financial position, performance, business model, and strategy.
- Investigating significant or unusual matters within the financial statements.
- Thoroughly reviewing any issues raised by the company’s Chief Financial Officer (CFO) as well as any concerns raised by the external auditor.
- Verifying the accuracy of accounting estimates for material matters in the financial statements.
- Reviewing the company’s accounting policies and providing opinions and recommendations to the Board of Directors regarding them.

Internal Audit:

- Reviewing and assessing the internal control systems, financial controls, and risk management procedures of the company.
- Reviewing internal audit reports and monitoring the implementation of corrective actions in response to any audit observations.
- Supervising and overseeing the performance and activities of the internal audit department and the internal auditors to ensure that the department has the necessary resources and is effectively carrying out its responsibilities.
- Approve all decisions as required regarding the appointment, removal, performance appraisal and compensation of the Head of Internal Audit Department. The Audit Committee will approve the overall resources made available to Internal Audit, and the compensation levels of internal audit staff.

External Auditors:

- Recommending to the Board of Directors the nomination and dismissal of external auditors, determining their fees, and evaluating their performance after verifying their independence and reviewing their scope of work and contract terms.
- Ensuring the independence, objectivity, and fairness of the external auditor and assessing the effectiveness of the audit process, taking into account relevant standards and regulations.

- Reviewing the external auditor’s audit plan and ensuring they are not providing any technical, administrative, or advisory services outside the scope of the audit. The committee also provides insights on such matters.
- Responding to inquiries from the external auditor.
- Reviewing the auditor’s report and any observations on the financial statements and following up on actions taken in response to the findings.

Compliance Assurance:

- Reviewing the results of regulatory reports and verifying that the company has taken the necessary corrective actions in response.
- Ensuring the company’s compliance with relevant laws, regulations, policies, and guidelines.
- Reviewing and providing insights on transactions and contracts proposed to be entered into between the company and related parties and submitting recommendations to the Board of Directors.
- Raising issues to the Board that the Audit Committee believes require action, along with providing recommendations on the necessary measures to be taken.

Audit Committee Members

The Audit Committee consists of independent members with expertise in areas like finance and governance. The table below outlines the structure:

NAME	POSITION
Mohamed Walid Cherif	Chairman – Independent Member
Ahmed Kordi	Committee Member
Omar Saleh	Committee Member

Mohamed Walid Cherif
Audit Committee Chairman

Please refer to the director’s biography provided on page 97.

Ahmad Kordi
Member

Ahmad Kordi serves as a member of the Audit Committee of the Company. Ahmad is a distinguished investment professional, currently serving as the Head of Investment Research & Decision Support at the Public Investment Fund (PIF), with over a decade of experience in fundamental analysis research and investment management. At PIF since April 2019, Ahmad has played a pivotal role in establishing and leading a world-class buy-side research team covering MENA markets. Ahmad’s leadership extends to performance analytics and business support functions, where he has successfully implemented advanced analytics tools including artificial intelligence applications to enhance the investment decision-making processes.

Additionally, Mr. Ahmad serves on various committees and boards including being a Director at Alexandria Container and Cargo Handling Company and at Abu Qir Fertilizers Company, an Egyptian joint stock companies listed on the Egyptian Exchange.

Prior to his tenure at PIF, Mr. Ahmad was a Senior Manager at GIB Capital, and a founding member of their asset management capabilities in Saudi Arabia. His earlier experience includes serving as an Equity Research Analyst at HSBC Saudi Arabia.

Mr. Ahmad is an Executive MBA candidate at HEC Paris and holds an Msc in Financial Analysis and Fund Management from the University of Exeter. He earned his Bachelor in Accounting and Finance from the University of Aberdeen. He is also a CFA charterholder, and served multiple positions including the chairmanship of CFA Society Saudi Arabia.

Current and Previous Positions:

Company	Membership	Location	Legal Entity
Head of Equity Research, Securities Investments Department - Middle East and North Africa at the Public Investment Fund	Current	Inside KSA	Sovereign Wealth Fund
Audit Committee Member at ADES Holding Company	Current	Inside KSA	Public Joint Stock Company
Director at Alexandria Container and Cargo Handling Company	Current	Outside KSA	Public Joint Stock Company
Director at Abu Qir Fertilizers Company	Current	Outside KSA	Public Joint Stock Company
Vice President, Senior Investment Manager at GIB Capital	Previous	Inside KSA	Closed Joint Stock Company
Equity Research Analyst at HSBC Saudi Arabia	Previous	Inside KSA	Closed Joint Stock Company

Omar Saleh
Member

Omar Saleh serves as a member of the Audit Committee of the Company. Mr. Saleh is the co-founder and Chief Executive Officer of Khazna, a financial technology company offering digital-based financial services, founded with the vision of improving the financial well-being of underserved individuals and micro-businesses by providing simple, user-centric and technology driven financial services.

Prior to founding Khazna, Mr. Saleh was head of Middle East and North Africa at WorldRemit, a leading cross-border payment company, where he led the company’s expansion into the region. Prior to that, he was head of business development and strategy at ADES International, where he led the post IPO growth phase including the direct investment of ~\$400M across the Middle East.

Mr. Saleh Omar holds a Bachelor of Chemical Engineering from Cairo University and a Master of Business Administration from Stanford University.

Current and Previous Positions:

Company	Membership	Location	Legal Entity
Chief Executive Officer at Khazna	Current	Inside -Outside KSA	Private Company
Audit Committee Member at ADES Holding Company	Current	Inside KSA	Public Joint Stock Company
Regional Director at World Remit	Previous	Outside KSA	Closed Joint Stock Company
Head of Business Development and Strategy at ADES International	Previous	Outside KSA	Private Company

Audit Committee Meetings Held During 2024

In compliance with the CGRs the Audit Committee convene periodically, with at least four meetings held during the company’s financial year.

For the year 2024 the Audit Committee convened seven times as specified in the schedule below:

Name	Position	1st Meeting	2nd Meeting	3rd Meeting	4th Meeting	5th Meeting	6th Meeting	7th Meeting	Total
		04/03/2024	21/03/2024	12/05/2024	13/06/2024	04/08/2024	25/09/2024	03/11/2024	
Mohamed Walid Cherif	Chairman	✓	✓	✓	✓	✓	✓	✓	7
Ahmad Kordi	Committee Member	✓	✓	✓	✓	✓	✓	✓	7
Omar Saleh	Committee Member	✓	✓	✓	✗	✓	✓	✗	5

✓ Present ✗ Absent

Results of the Annual Audit of the Effectiveness of the Company’s Internal Control Procedures and the Audit Committee’s Opinion on the Sufficiency of the Company’s Internal Control System

This report outlines the work conducted by the Audit Committee in 2024, in line with the tasks and responsibilities outlined in the Company’s Audit Committee charter.

The Committee carried out its duties throughout the year in the following manner:

1. Reviewed the external auditor’s independence, scope of responsibilities, strategy and audit plan, results of financial audits, relevant audit documents, and any correspondence sent to management on a quarterly basis.
2. Reviewed the reports and notes submitted by the external auditor, met with them to discuss the financial statements prior to approval. The Committee addressed their inquiries and confirmed that no obstacles would affect the progress of the audit.
3. Evaluated the interim financial statements for the periods ended 31 March, 30 June and 30 September as well as the annual consolidated financial statements for the year ended 31 December 2024 to ensure their fairness and transparency, assessing the presentation and disclosure of information in accordance with International Financial Reporting Standards (IFRS) approved in the Kingdom of Saudi Arabia, as well as other standards and pronouncements endorsed by the Saudi Organization for Chartered and Professional Accountants. The Committee also provided a recommendation to the Board of Directors for approval of the annual consolidated financial statements before they were published on the Company’s page on “Tadawul” to be presented at the Annual General Assembly.
4. Reviewed and approved the annual audit plan of the Internal Audit department for the year 2024.
5. Reviewed and approved the internal audit reports submitted by the internal auditors, holding discussions with them to ensure thorough understanding prior approval. The Committee verified the relevance of the corrective action plans and reviewed and approved follow-up reports regarding the implementation of the agreed-upon corrective action plans.
6. Assessed the Company’s internal control systems, policies, procedures, and risk management to confirm they were adequate and compliant.
7. Reviewed the Company’s risk management responsibilities and actions.

The Audit Committee conducted a thorough assessment of the internal control framework, as well as the key and emerging risks. This evaluation covered the effectiveness of internal controls within the Group for the year covered in the Annual Report and accounts, up to the Board’s approval date. The review included financial, operational, and compliance controls, as well as risk management processes, to ensure the accuracy and effectiveness of reports, financial statements, and internal controls. No major control weaknesses were identified that would materially affect the Company’s internal control systems

Remuneration & Nomination Committee

The Remuneration and Nomination Committee was established pursuant to a Board Resolution dated 17/08/1444H (corresponding to 09/03/2023G), the committee charter was approved by the Extraordinary General Assembly on 17/10/1444H (corresponding to 07/05/2023G). According to the Nomination and Remuneration Committee’s charter, the term of the committee is four (4) years, subject to extension, and the majority of the Committee members must be non-executive, and one Committee member must be independent.

In compliance with the CGRs and provisions of the Company’s bylaws, and following the election of the independent directors on the Board during the Ordinary General Assembly held on 20/02/2024, the Board ensured that the Chairman of the Nomination and Remuneration Committee is from amongst the independent directors. The Remuneration and Nomination Committee consists of three non-executive Directors appointed by the Company’s Board of Directors with an independent director serving as the Chairman of the committee.

Remuneration & Nomination Committee Members

Mohamed Walid Cherif
Remuneration and Nomination Committee Chairman

Please refer to the director’s biography provided on page 97.

Fadi Al Said
Member

Please refer to the director’s biography provided on page 93.

Abdulrahman Khalid Al Zamil
Member

Please refer to the member’s biography provided on page 94.

Remuneration & Nomination Committee Duties

Pursuant to the Remuneration and Nomination Committee charter, the Remuneration and Nomination Committee is responsible for regularly assessing the structure, size, and composition of the Company’s Board, its committees, and executive management, including their skills, knowledge, experience, and diversity. The Committee makes recommendations regarding current and future compositions and the benefits provided to members of the Board and committees. Additionally, it establishes clear policies for board membership and a remuneration framework, ensuring the independence of directors where necessary. The Committee also oversees succession planning for both the Board and senior executive roles, offering recommendations to the Board on these matters. Furthermore, it reviews the design of employee share option plans and advises the Board on the remuneration of its members, committee members, and senior executives, in line with the approved policy.

The Committee is further responsible for determining the remuneration policy for Board members and Senior Management, and recommend this policy for Board and General Assembly approval; considering necessary factors, including legal requirements and incentives, when determining remuneration to align with long-term shareholder interests; advising the Board on remuneration for its members and Senior Executives per the approved policy; clarifying the relationship between actual remuneration and the policy, noting any significant deviations; assessing the ongoing relevance of the remuneration policy; reviewing employee share option plans for Board and General Assembly approval.

Remuneration & Nomination Meetings Held During 2024

In compliance with the CGRs the Remuneration and Nomination Committee convenes periodically and as may be necessary, with at least one meeting every six months during the company’s financial year.

For the year 2024 the Remuneration and Nomination Committee convened four times as specified in the schedule below:

Name	Position	1st Meeting	2nd Meeting	3rd Meeting	4th Meeting	Total
		10/03/2024	02/06/2024	16/09/2024	26/12/2024	
Mohamed Walid Cheirf	Chairman	✓	✓	✓	✓	4
Fadi Al Said	Committee Member	✓	✓	✓	✓	4
Abdulrahman Khalid Al Zamil	Committee Member	✓	✓	✓	✓	4

✓ Present ✗ Absent

Executive Committee

The Executive Committee was established pursuant to a Board resolution dated 17/08/1444H (corresponding to 09/03/2023G) for the purpose of assisting the Board and senior management of the Company with daily operations, recommend business objectives and strategies while considering stakeholder interests, monitor strategy execution, develop and review business goals and budgets, oversee expenditure against the budget, delegate authority to senior management, assess organizational structure, identify new business opportunities, and recommend resource allocation to the Board.

The Executive Committee was dissolved pursuant to a Board of Directors resolution on 27 August 2024 and matters falling under its capacity is transferred under the purview of the Board of Directors to streamline the decision-making process and improve operational efficiency, while ensuring that all key issues continue to be discussed and resolved at the Board level.

The below table outlines previous members names, membership classification of the Executive Committee

Name	Membership Classification
Dr. Mohamed Farouk Abdelkhalek	Committee Chairman
Mr. Hatem Soliman	Committee – Board member
Mr. Hussein Badawy	Committee – Non-board Member
Mr. Sadhak Bindal	Committee – Non-board Member
Mr. Abdulrahman Khalid Al Zamil	Committee – Board member

The Executive Committee did not convene any meetings during the year 2024. The Executive Committee members have not been paid any remuneration in the given year.

Executive Management

Dr. Mohamed Farouk
Chief Executive Officer

Please refer to the director’s biography provided on page 90.



Hussein Badawy
Chief Financial Officer

Hussein Badawy serves as the Group CFO since December 2021. Prior to his appointment as the group CFO, he held important roles such as the Investor Relations and Corporate Finance Director. Bringing over more than 16+ years of experience, Hussein has played a pivotal role in ensuring sustainable capital growth and bringing financial stability to the Group, through generating successful strategic investments that are backed up by strong capital structures. In addition to all finance functions, Mr. Badawy spearheads our Strategic Planning and Decision Support function that serves the Group with profound strategies, analytics, and foresight.



Prior to joining ADES, Mr. Badawy served as the Senior Relationship Manager for the Corporate & Investment Banking Group with Arab International Bank, a multilateral bank.

Mr. Badawy holds a Bachelor’s degree in International Business Administration from Sadat Academy for Management Sciences in collaboration with the university of New Brunswick – Canada and has a Professional Certification in Credit Risk & Risk Management from AUC School of Business.

Current and Previous Positions:

Company	Membership	Location	Legal Entity
Chief Financial Officer at ADES Holding Company	Current	Inside KSA	Public Joint Stock Company
Director at Emerald Driller Company	Current	Outside KSA	Limited Company
Director at Advanced Energy Systems ADES SAE	Current	Outside KSA	Joint Stock Company
Director of ADRES HR Solutions Ltd	Current	Outside KSA	Private company
Executive Committee Member at ADES Holding Company	Previous	Inside KSA	Public Joint Stock Company
Director at Compass Capital Financial Investments	Previous	Outside KSA	Joint Stock Company
Chairman of the Audit Committee at Compass Capital Financial Investments	Previous	Outside KSA	Joint Stock Company
Member of the Risk Committee at Compass Capital Financial Investments	Previous	Outside KSA	Joint Stock Company
Senior Relationship Manager at the Corporate and Investment Banking Group, Arab International Bank	Previous	Outside KSA	Bank

Morcos William

Group General Counsel & Company Secretary

Mr. Morcos William serves as the Group General Counsel and Company Secretary at ADES Holding Company, overseeing all legal and governance matters. With over 21 years of experience, Mr. William has played a pivotal role in shaping the legal framework that supports the company's strategic growth and global expansion.

As Group General Counsel, Mr. William leads ADES's legal and compliance functions, ensuring alignment with international regulations and best practices. His areas of expertise include capital markets, corporate restructuring, acquisitions, and project financing. He has been instrumental in navigating ADES through its major milestones, including successfully leading multiple strategic acquisitions, expansion into new markets, securing syndicated loans to support the Company's continued growth, and leading capital market projects. His leadership has been crucial in managing legal risks, negotiating high-value transactions, and ensuring corporate governance excellence.

Prior to joining ADES, Mr. William held key legal positions, including Head of Legal Affairs at Orascom Telecom Media and Technology Holding and Principal Lawyer for Mobinil (now Orange). where he gained extensive expertise in the telecommunications, media, and technology sectors. His legal proficiency spans across multiple industries, including real estate, maritime, oil and gas, and complex corporate transactions.

Mr. William holds a Bachelor of Law and a Master of International Commercial Transactions and Logistics from the Arab Academy for Science and Technology.



Current and Previous Positions:

Company	Membership	Location	Legal Entity
Group General Counsel of ADES Holding Company	Current	Inside KSA	Public Joint Stock Company
Non-executive Board Member at Advanced Energy Systems (ADES) SAE	Current	Outside KSA	Joint Stock Company
Director of United Precision Drilling	Current	Outside KSA	Limited Liability Company
Director at ADRES HR Solutions Ltd	Current	Outside KSA	Private Company
Legal Advisor in the International Companies Division and Director at Muriya Tourism Development	Previous	Outside KSA	Joint Venture
Head of Legal Affairs at Orascom Telecom, Media & Technology	Previous	Outside KSA	Listed Company
Senior Legal Advisor at Mobinil Egypt	Previous	Outside KSA	Listed Company

Manoj Parmesh

Chief People Officer

Manoj Parmesh serves as the Chief People Officer and is heading the People and Learning functions.

Mr. Parmesh has over two and half decades of experience in the field of strategic human resources capability, building, large scale people mobilization, organization development and competency development programs. Mr. Parmesh has an excellent understanding of the upstream oil & gas industry, having worked with E&P, oilfield services and drilling contractors. Mr. Parmesh has worked in different geographies in Asia, Middle East & North Africa and has held HR leadership roles in Reliance Industries Offshore E&P Business and Weatherford International's Drilling Rigs business.

He also worked at c-suite level for Muscat-based listed company Renaissance Services. Manoj is an alumnus of MIT Sloan and Indian Institute of Management Kozhikode (IIM-K) and is a Chartered Fellow of CIPD of the UK. Manoj is also actively involved in the professional forums of IADC, SPE and CIPD.

Mr. Parmesh holds a Bachelor's degree in Physics from University of Calicut in India, Post Graduate Diploma in Personnel Management from the National Institute of Personnel Management, Kolkatta, in India, Post Graduate Certificate Program from the Indian Institute of Management, Kozhikode in India and a Certificate in Executive Program in General Management from MIT Sloan School of Management, USA.

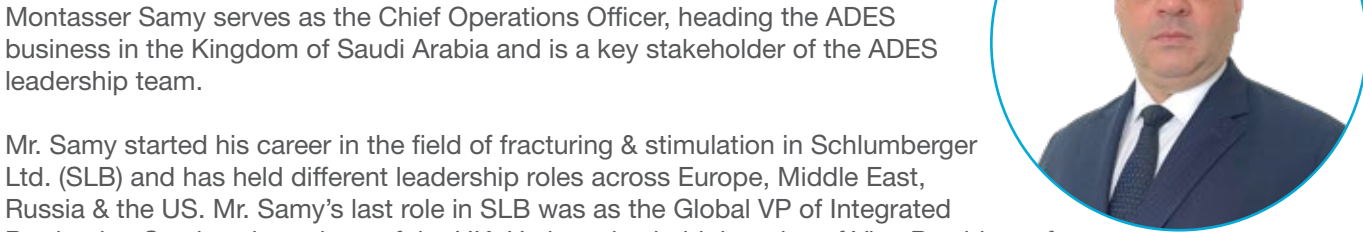


Current and Previous Positions:

Company	Membership	Location	Legal Entity
Chief People Officer at ADES Holding Company	Current	Inside KSA	Public Joint Stock Company
Global Lead HR-Integrated Services & Projects at Weatherford International	Previous	Outside KSA	Listed Company
Chief People Officer at Renaissance Services SAOG	Previous	Outside KSA	Listed Company
Vice President HR/HR Director at Weatherford Drilling International	Previous	Outside KSA	Subsidiary of a Listed Company
HR Manager at Weatherford Drilling International	Previous	Outside KSA	Subsidiary of a Listed Company
Region HR Manager – Training & Talent Acquisition at Weatherford Oil Tool Middle East Limited	Previous	Outside KSA	Subsidiary of a Listed Company
Head of HR Offshore Operations at Reliance Industries Ltd	Previous	Outside KSA	Listed Company
Region HR Manager at Weatherford GmbH	Previous	Outside KSA	Branch of a Listed Company
Country HR Manager at Weatherford Oil Tool Middle East Limited	Previous	Outside KSA	Limited Liability Company
HR Manager at Vallabhdas Kanji Limited	Previous	Outside KSA	Limited Liability Company
Assistant Manager of HR at Thejo Engineering Limited	Previous	Outside KSA	Listed Company

Montasser Samy

Chief Operations Officer



Montasser Samy serves as the Chief Operations Officer, heading the ADES business in the Kingdom of Saudi Arabia and is a key stakeholder of the ADES leadership team.

Mr. Samy started his career in the field of fracturing & stimulation in Schlumberger Ltd. (SLB) and has held different leadership roles across Europe, Middle East, Russia & the US. Mr. Samy’s last role in SLB was as the Global VP of Integrated Production Services based out of the UK. He has also held the roles of Vice President of Well Services for Middle East & Asia and Vice President of Deep water Well Integrity.

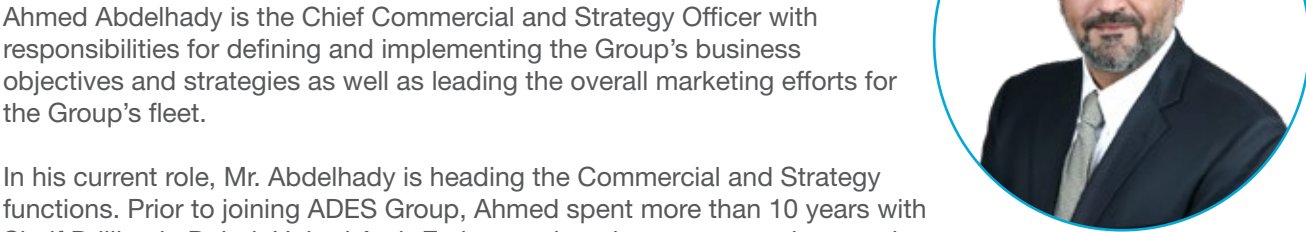
Mr. Samy holds a Bachelor’s degree in Mechanical Engineering from the American University in Cairo.

Current and Previous Positions:

Company	Membership	Location	Legal Entity
Chief Operations Officer at ADES Holding Company	Current	Inside KSA	Public Joint Stock Company
Vice President - Saudi Arabia at ADES Holding Company	Previous	Inside KSA	Public Joint Stock Company
Vice President Integrated Production Services, Global at Schlumberger	Previous	Outside KSA	Listed Company
Vice President for Well Services - Middle East and Asia at Schlumberger	Previous	Outside KSA	Listed Company

Ahmed Abdelhady

Chief Commercial and Strategy Officer



Ahmed Abdelhady is the Chief Commercial and Strategy Officer with responsibilities for defining and implementing the Group’s business objectives and strategies as well as leading the overall marketing efforts for the Group’s fleet.

In his current role, Mr. Abdelhady is heading the Commercial and Strategy functions. Prior to joining ADES Group, Ahmed spent more than 10 years with Shelf Drilling in Dubai, United Arab Emirates where he most recently served as Director of Marketing for the Middle East, Europe and North Africa regions.

Mr. Abdelhady brings an excess of twenty years of industry experience having assumed senior managerial and leadership roles in Marketing & Contracts, Drilling Operations, Projects, Asset Management & QHSE with other industry leading names like legacy GlobalSantaFe and Transocean. Ahmed started his offshore drilling career in SantaFe back in 2001.

Mr. Abdelhady holds a bachelor’s degree in civil engineering from Cairo University with Project Management studies.

Current and Previous Positions:

Company	Membership	Location	Legal Entity
Chief Commercial and Strategy Officer of ADES Holding Company	Current	Inside KSA	Public Joint Stock Company
Director of Marketing at Shelf Drilling	Previous	Outside KSA	Listed Joint Stock Company
Division Manager, Sales & Marketing at Transocean	Previous	Outside KSA	Listed Joint Stock Company
Manager, HR Special Projects at Transocean	Previous	Outside KSA	Listed Joint Stock Company
Projects Manager at Transocean	Previous	Outside KSA	Listed Joint Stock Company
Safety Development Program Manager at Transocean	Previous	Outside KSA	Listed Joint Stock Company
Offshore Safety Development Program at Transocean	Previous	Outside KSA	Listed Joint Stock Company
Rig Manager at Transocean	Previous	Outside KSA	Listed Joint Stock Company
Division Contracts Engineer at Transocean	Previous	Outside KSA	Listed Joint Stock Company
Offshore Positions (Roustabout – Driller) at Global Santa Fe	Previous	Outside KSA	Listed Joint Stock Company

Mehdi Hamel

Vice president QHSSE & Sustainability

Mehdi Hamel serves as the Vice president QHSSE & Sustainability; where in his capacity, he plays a pivotal role in setting strong fundamentals of culture of Quality, Health, Safety, Security, Environment and Sustainability across our global footprint.



Mr. Hamel has over 23 plus years of professional experience and has worked across different countries across the world. Mehdi has held several senior positions as Senior Chief Geophysicist, Sr. Operation Manager, Supply Chain Director and Quality, Health, Safety, Security, and Environment Director for Schlumberger Ltd. (SLB).

Mr. Hamel holds a Master’s degree in Geophysics Engineering from Houari Boumediene University in Algeria and has a Bachelor’s degree in Earth Sciences, University of Science and Technology from Houari Boumediene in Algeria.

Current and Previous Positions:

Company	Membership	Location	Legal Entity
Vice president QHSSE & Sustainability at ADES Holding Company	Current	Inside KSA	Public Joint Stock Company
Senior QHSSE Manager at Saudi Aramco Rowan Offshore Drilling	Previous	Inside KSA	Mixed Limited Liability Company
Senior Geophysicist QHSSE Manager, Supply Chain Operation at Schlumberger Ltd. (SLB)	Previous	Outside KSA	Private
Director of Quality, Health, Safety, Security and Environment Department at Schlumberger Ltd. (SLB)	Previous	Outside KSA	Private
Supply Chain Operations Manager at Schlumberger Ltd. (SLB)	Previous	Outside KSA	Private

Wissam Al Adany

Chief Information Officer

Wissam Al Adany serves as the Chief Information Officer, leveraging nearly three decades of expertise in driving digital transformation for multinational organizations. His strategic leadership spans diverse geographies, including a four-year tenure in Brazil and Kazakhstan, where he spearheaded large scale digital incentives that modernized operations and enhanced organizational agility.



Prior to joining ADES, Mr. Al Adany held transformative roles as Regional Chief Information Officer for the United Nations, overseeing technology strategies across Eastern Europe, Central Asia, and MENA regions. His career also includes executive leadership positions at Lafarge, a global leader in building materials, and GB Auto, a prominent automotive corporation, where he advanced digital innovation and operational excellence.

Recognized for his exceptional leadership and contributions, Mr. Al Adany has been bestowed with prestigious accolades, including the CIO200 award as a distinguished CIO Legend in Africa and MENA for consecutive years 2021, 2022, 2023 and 2024. Further affirming his prowess, he was honored as the best CIO of Automotive in MENA by the esteemed Global CIO Forum. Additionally, Mr. Al Adany has been consistently recognized by IDC, receiving the esteemed “CIO of the Year” title for consecutive years 2022, 2021 and 2020, and being listed among the top 20 CIOs in 2023 and 2024.

Mr. Al Adany holds a Master’s degree in Finance and Operations Management from the American University in Cairo (AUC) and a Bachelor of Communication and Electronics Engineering from Ain Shams University, Faculty of Engineering.

Current and Previous Positions:

Company	Membership	Location	Legal Entity
Chief Information Officer at ADES Holding Company	Current	Inside KSA	Public Joint Stock Company
Regional Chief Information Officer at the United Nations	Previous	Outside KSA	Governmental Organisation
Regional Chief Information Officer at GB Auto	Previous	Outside KSA	Listed Company
Chief Information Officer & Board Member at Americana International Restaurants PLC	Previous	Inside – Outside KSA	Listed Company
IT Director at Americana International Restaurants PLC	Previous	Inside – Outside KSA	Listed Company
IT Director at Lafarge	Previous	Outside KSA	Listed Company
Board Member at Cairo Feed	Previous	Outside KSA	Closed Joint Stock Company
IT Section Head at GlaxoSmithKline PLC	Previous	Outside KSA	Listed Company

Ammar Abbas

Vice President - Supply Chain

Ammar Abbas serves as the Vice President of Supply Chain, with an extensive career spanning 26 years. Mr. Abbas boasts rich expertise in procurement, strategic sourcing, logistics & customs, material management, inventory management, global traceability, product planning, and sales & operations planning (S&OP). His comprehensive mastery of supply chain dynamics extends to the intricacies of the oilfield industry, covering both its technical facets and geographical complexities.



His professional journey includes senior leadership roles in the supply chain domain across significant regions, namely MEA, Europe, Africa, and North America, where he contributed significantly during his tenures at Schlumberger Ltd. (SLB). Furthermore, he held pivotal Champion and Executive Supply Chain positions at NESR.

Mr. Abbas holds a Bachelor's degree in Economics, Accounting and Business administration from Aleppo University in Syria. Mr. Abbas's commitment to excellence is underscored by his acquisition of esteemed certifications in supply chain training from reputable institutions in Europe and the USA.

Mr. Abbas also obtained a training certification in strategic executive supply chain management from MIT.

Current and Previous Positions:

Company	Membership	Location	Legal Entity
Vice President of Supply Chain at ADES Holding Company	Current	Inside KSA	Public Joint Stock Company
Director of Supply Chain at National Energy Services Reunited Corp.	Previous	Outside KSA	Listed Company
Vice President of Supply Chain for North America at Schlumberger Technology Corporation	Previous	Outside KSA	Listed Company
Corporate Transformation-Product planning & Global Traceability Manager at Schlumberger Technology Corporation	Previous	Outside KSA	Listed Company
Regional Logistics Director for Europe and Africa at Schlumberger Service Technology	Previous	Outside KSA	Listed Company
GeoMarket Supply Chain Services Director for the Kingdom of Saudi Arabia, Kuwait, Bahrain and Pakistan and neutral zone at Schlumberger Middle East SA	Previous	Inside KSA	Listed Company
Supply Chain services Director for Oman at Schlumberger Ltd. (SLB)	Previous	Outside KSA	Listed Company
Global Supply Chain supervisor for Sedco- Forex at Schlumberger Ltd. (SLB)	Previous	Outside KSA	Listed Company

Mohamed Saad

Vice President - Asset Management

Mohamed Saad currently assumes the role of Asset Management Vice President. Since joining, Mr. Saad capitalizes on the steady and multi-disciplinary engineering activities and the successful technical and maintenance strategies that ensure successful operating company assets, setting of premium processes & quality standards across our various activities and fleet of offshore jackup rigs, onshore rigs, barge, MOPU and FSO. At ADES, Mr. Saad oversaw the largest project in the drilling sector of managing and delivering 19 rigs in Saudi Arabia.



Mr. Saad has a wealth of professional record of 24+ years of solid experience and technicalities assuming multiple roles with an industry big name as Transocean, where he successfully kicked off his career as a Tour Mechanic in Transocean-Egypt and led ahead a fast-growing career till his last appointment as Asset Manager with Transocean – Malta in 2015.

Mr. Saad holds a Bachelor of Mechanical Power Engineering where he holds several technical certifications and studies to his credit.

Current and Previous Positions:

Company	Membership	Location	Legal Entity
Vice President of Asset Management at ADES Holding Company	Current	Inside KSA	Public Joint Stock Company
Director of Asset Management of Advanced Energy Systems (ADES) SAE	Current	Outside KSA	Closed Joint Stock Company
Asset Manager at Transocean	Previous	Outside KSA	Public Joint Stock Company
Mechanical Superintendent at Transocean	Previous	Outside KSA	Public Joint Stock Company

Remuneration Policy for the Board of Directors, Board Committee Members, and Executive Management

The Company adopts a Remuneration Policy for Board and Committee Members and Executive Management that is prepared in accordance with the requirements of the CGRs, the Companies Law, the Implementing Regulations of the Companies Law for Listed Joint Stock Companies. The policy establishes and defines the mechanisms required to oversee and regulate the remuneration of the Company’s Directors, Committee members, and Executive Management, ensuring compliance with applicable laws and regulations regarding compensation.

In accordance with the CGRs and relevant laws, the remuneration payable to any Director must be fair and proportionate to the director’s activities carried out and responsibilities assumed, and proportionate to the Company’s activities (and operational sector) and the required skills for its management. It should be sufficient to attract and retain talented individuals for their respective roles. The remuneration shall be based on the recommendations of the Nomination and Remuneration Committee endorsed by the Board and approved by the General Assembly.

Remuneration for Board of Directors and committee members may vary based on experience, duties, their independence, and and the number of Board meetings they attended, in addition to other considerations. The Board may also propose a special remuneration for the Chairperson, subject to approval by the General Assembly.

Board Remuneration During Year 2024

All Amounts are in SAR

	FIXED REMUNERATIONS									VARIABLE REMUNERATIONS									
	Fixed Amount	Board Meetings Attendance Allowance	Total Committee Meetings Attendance Allowance	In-Kind Benefits	Technical, Managerial & Consultative work Remuneration	Remunerations of the Chairman, Managing Director or Secretary, If a member	Total			Percentage of the Profit	Periodic Remunerations	Short-Term Incentive Plans	Long-Term Incentive Plans	Granted Shares	Total				End of Service Award
First	INDEPENDENT DIRECTOR								First	INDEPENDENT DIRECTOR									
Haitham AlFayez	200,000	16,000	-	-	-	-	216,000		Haitham AlFayez	-	-	-	-	-	-	-	-	-	
Kamel Bennaceur	200,000	16,000	-	-	-	-	216,000		Kamel Bennaceur	-	-	-	-	-	-	-	-	-	
Mohamed Walid Cherif	200,000	12,000	22,000	-	-	-	234,000		Mohamed Walid Cherif	-	-	-	-	-	-	-	-	-	
Total	600,000	44,000	22,000	-	-	-	666,000		Total	-	-	-	-	-	-	-	-	-	
Second	NONEXECUTIVE DIRECTORS								Second	NONEXECUTIVE DIRECTORS									
Ayman Abbas	250,000	16,000	-	-	-	-	266,000		Ayman Abbas	-	-	-	-	-	-	-	-	-	
Hatem Soliman	200,000	16,000	-	-	-	-	216,000		Hatem Soliman	-	-	-	-	-	-	-	-	-	
Muteb Alshathri	200,000	16,000	-	-	-	-	216,000		Muteb Alshathri	-	-	-	-	-	-	-	-	-	
Fadi Al Said	200,000	16,000	8,000	-	-	-	224,000		Fadi Al Said	-	-	-	-	-	-	-	-	-	
Abdulrahman Khalid Al Zamil	200,000	16,000	8,000	-	-	-	224,000		Abdulrahman Khalid Al Zamil	-	-	-	-	-	-	-	-	-	
Total	1,050,000	80,000	16,000	-	-	-	1,146,000		Total	-	-	-	-	-	-	-	-	-	
Third	EXECUTIVE DIRECTORS								Third	EXECUTIVE DIRECTORS									
Mohamed Farouk Abdelkhalek	200,000	16,000	-	-	-	-	216,000		Mohamed Farouk Abdelkhalek	-	-	-	-	-	-	-	-	-	
Total	200,000	16,000	-	-	-	-	216,000		Total	-	-	-	-	-	-	-	-	-	

The Board may also recommend a special remuneration for the Chairperson of the Board for the General Assembly approval.

Directors, Committee members, and the secretariat shall be compensated for their actual expenses incurred when performing their duties, including travel and accommodation expenses to attend the Board and Committee meetings.

Remuneration of the Board of Directors and Committee Members

According to the Remuneration Policy for Board and Committee Members, as well as Executive Management, the remuneration for Board and Committee members includes an annual compensation and attendance allowance for Board and Committee meetings, subject to relevant legal requirements. Board of Directors and Committee members are not allowed to vote on their own remuneration at General Assembly meetings. Additionally, a Board of Director may receive extra compensation for any additional executive, technical, managerial, or consultancy roles they undertake, with such compensation separate from their Board or Committee remuneration.

Board of Directors and Board Committees’ Remuneration

Pursuant to the Remuneration Policy for Board and Committee Members and members of the Executive Management, the remuneration of the Board of Director and committee members consists of a fixed annual amount and a meeting attendance allowance.

Committees Members’ Remuneration During Year 2024

All Amounts are in SAR

	Fixed Remuneration (excluding meetings attendance allowance)	Meetings Attendance Allowance	Total
Audit Committee Members			
Mohamed Walid Cherif	100,000	14,000	114,000
Ahmad Kordi	100,000	14,000	114,000
Omar Saleh	100,000	10,000	110,000
Total	300,000	38,000	338,000
Nomination & Remuneration Committee Members			
Mohamed Walid Cherif	100,000	8,000	108,000
Fadi Al Said	100,000	8,000	108,000
Abdulrahman Khalid Al Zamil	100,000	8,000	108,000
Total	300,000	24,000	324,000

Remuneration of the Executive Management

The Remuneration and Nomination Committee is authorized to review the salary scale and incentive plan for all employees and the Executive Management providing recommendations to the Board. The Board has the authority to approve individual Executive Management remuneration, which can be delegated (excluding the CEO’s remuneration) as per the internal authority matrix. Executive Management compensation may include base salary, variable pay, allowances, annual performance-linked bonuses, and short/long-term incentives, as determined by the Board.

Key principles for determining the remuneration of the Executive Management include (i) aligning compensation with the Company’s strategic goals (ii) nature and size of the business (iii) ensuring it attracts qualified executives and (iv) balancing fixed and variable pay according to roles and responsibilities while avoiding conflicts of interest.

Executive Management remuneration may include a base salary, variable pay based on specific factors, allowances, an annual performance-linked bonus, and any short- or long-term incentive plans. The compensation for each Executive Management member may vary depending on their role, responsibilities, position importance, and achieved goals.

Executive Management Remuneration During Year 2024

The aggregate remuneration paid to the Company’s five highest paid members of Executive Management (including the CEO – who also serves as an Executive Board member – and CFO) including salaries, benefits and allowances during the year 2024 are set out in the table below.

All Amounts are in SAR

Fixed Remuneration	Salaries	8,056,445.78
	Allowances	3,290,700.74
	In-kind benefits	-
	Periodic remunerations	7,547,175.00
	Deduction	(531,640.83)
	Total	18,362,680.69
Variable Remunerations	Profits	-
	Short-term incentive plan	-
	Long-term incentive plan	-
	Granted shares	98,736,949.54
	Total	98,736,949.54
End of service award		-
Total remuneration of Board executives, if any		216,000.00
Aggregate Amount		117,315,630.23

The remuneration of the Executive Management was determined in accordance with the adopted Remuneration Policy for Board and Committee members, and members of the Executive Management.

There were no material deviations of the granted remuneration from the applicable policy.

Financial Information

Summarized Consolidated Statement of Financial Position

All amounts in thousands SAR	2024
Total Assets	21,628,690
Total Liabilities	15,090,706
Total Equity	6,537,984

Summarized Consolidated Cash Flow Statement

All amounts in thousands SAR	2024
Net Cash Flows from Operating Activities	2,998,780
Net Cash Flows Used in Investing Activities	(3,185,303)
Net Cash Flows From Financing Activities	498,428

Summarized Consolidated Statement of Comprehensive Income

All amounts in thousands SAR	2024
Revenue	6,199,022
Cost of Revenue	(3,839,972)
Gross Profit	2,359,050
Profit for the Year Before Income Tax and Zakat	970,846
Income Tax and Zakat Expense	(154,651)
Profit for the Year	816,195
Profit for the Year Attributable to Equity Holders of the Parent	802,498

Interest, contractual securities or rights issue of the Board members, senior executives and their relatives on shares or debt instruments of the Company or its affiliates during 2024

Apart from the number of awarded shares transferred to employees, including senior executives, outlined in the Treasury Shares section, there is no interest, contractual securities, subscription rights or debt securities belonging to Board members, senior executives and their relatives.

Shareholders Register Requests

Shareholders register requests by the Company during the year 2024.

No. of Requests	Date of Requests	Purpose
1	21 January 2024	General Assembly
1	1 February 2024	Conducting Share Performance analysis
1	3 February 2024	Conducting Share Performance analysis
2	4 February 2024	Conducting Share Performance analysis
1	5 February 2024	Conducting Share Performance analysis
1	8 February 2024	Conducting Share Performance analysis
1	20 February 2024	General Assembly
1	29 February 2024	Conducting Share Performance analysis
1	3 March 2024	Conducting Share Performance analysis
1	6 March 2024	Conducting Share Performance analysis
1	17 March 2024	Conducting Share Performance analysis
1	3 April 2024	Conducting Share Performance analysis
1	17 April 2024	Conducting Share Performance analysis
1	6 May 2024	Conducting Share Performance analysis
2	8 May 2024	Conducting Share Performance analysis
1	14 May 2024	Conducting Share Performance analysis
1	20 May 2024	Conducting Share Performance analysis
1	23 May 2024	Conducting Share Performance analysis
1	11 June 2024	Conducting Share Performance analysis
1	26 June 2024	General Assembly
1	30 June 2024	Conducting Share Performance analysis
1	25 August 2024	Conducting Share Performance analysis
1	15 September 2024	General Assembly
1	17 September	Distribution of Dividends
1	26 September 2024	Conducting Share Performance analysis
2	2 December 2024	Conducting Share Performance analysis
1	29 December 2024	Conducting Share Performance analysis

Description of Any Deal Between the Company and Related Parties

The Company engages in several transactions with related parties to facilitate its regular business operations within its specific field and industry. All agreements with related parties are conducted at fair market value and do not include any preferential terms and conditions. To ensure complete transparency regarding these transactions, a list of key related party transactions that are consistent with those disclosed in the consolidated financial statements is provided below.

Related Party Transactions

The Public Investment Fund of the Kingdom of Saudi Arabia is one of the Shareholders which is ultimately controlled by the Government of the Kingdom of Saudi Arabia (“KSA Government”). The entities controlled by the KSA Government are included in other related parties’ category below. The entities under common control represent the entities controlled by ADES Investment Holding Ltd or its shareholders.

The terms and conditions of the transactions entered into with the related parties are approved by the group’s management.

- (A) Syndication Facility Agreement
- ADES Holding Company and ADES Saudi Limited Company (a subsidiary of the Group) are jointly parties to a syndication term loan facility agreement with a facility total amount of SAR 1,162.5 million (USD 310 million) and SAR 4,837.5 million (USD 1,290 million) divided over eight banks which include Goldman Sachs Bank USA, Riyadh Bank, Arab Petroleum Investments Corporation (APICORP), Banque Saudi Fransi, Gulf International Bank B.S.C., The Saudi National Bank, Al Rajhi Banking, Investment Corporation and Arab National Bank. During 2022, additional lender Saudi Awwal Bank (formerly known as The Saudi British Bank) (SAB) acceded to the agreement as the ninth lender.
- On 14 July 2024, the Group signed an amendment to its existing syndicated facility, securing an additional USD 3 billion, with the majority of existing lenders participating along with new, leading local and regional financial institutions (Alinma Bank, Bank Aljazira and Commercial Bank of Dubai PSC). The new USD 3 billion upsized financing is predominantly intended as a standby facility for the Group’s ambitious expansion plans, divided into the equivalent of a USD 2.7 billion standby term tranche (Facility D). and additional USD 300 million Revolving Credit Facility (RCF) (Facility E).
- The syndicated facility includes five facilities, Facility A, B, C, D and E.
- (B) Saudi National Bank (SNB)
- The Company (as parent of the borrower) and ADES Saudi Limited (as borrower) are parties to a Facility Agreement with the Saudi National Bank (as lender) for the purpose of financing the acquisition of premium jack-up rigs (for the awarded tender with Aramco) and equipment required for the upgrading of the rigs upon initial acquisition.
- (C) Alinma Bank
- The Company (as parent of the borrower) and ADES Saudi Limited (as borrower) are parties to an Ijara Facility Agreement with Alinma Bank (as lender) for the purpose of financing the acquisition of rigs, any additional capital expenditure needed to bring the relevant purchased rigs into operational condition, and refurbishment of the relevant acquired rigs; and a Murabaha Facility Agreement intended to finance short working capital requirements.
- The total Finance Cost related to other related parties mentioned under paragraphs (A), (B) and (C) above during 2024 amounted to SAR 381,458,321 (as at 2023 amounted to SAR 377,372,647).
- (D) Hedge Arrangements:
- SNB - During the year ended 31 December 2022, the Group entered into three Interest Rate Swap (IRS) agreements with Saudi National Bank (SNB) in relation to Al- Rajhi Bank facility (SAR 937,500,000), Saudi National Bank (SNB), (SAR 870,331,250) and Banque Saudi Fransi (BSF) (SAR 1,078,680,000) the objective of the cash flow hedge is to protect against cash outflows variability related to floating-rate interest payments on the hedged portion of the credit facility using the 3-month

SAIBOR rate. Such cash outflows variability results from changes which may occur on the 3-month SAIBOR market rate (i.e. the designated benchmark interest rate).

- **SNB** - During the year ended 31 December 2022, the Group entered into Interest Rate Swap (IRS) agreements with Saudi National Bank (SNB) to partially hedge Syndication Facility A SAR portion (SAR 1,066,250,000). The objective of the cash flow hedge is to protect against cash outflows variability related to floating-rate interest payments on the hedged portion of the credit facility using the 6-month SAIBOR rate. Such cash outflows variability results from changes which may occur on the 6-month SAIBOR market rate (i.e. the designated benchmark interest rate).
- **Gulf International Bank (GIB)** - During the year ended 31 December 2022, the Group entered into Interest Rate Swap (IRS) agreements with GIB to partially hedge Syndication Facility A SAR portion (SAR 1,066,250,000). The objective of the cash flow hedge is to protect against cash outflows variability related to floating-rate interest payments on the hedged portion of the credit facility using the 6-month SAIBOR rate. Such cash outflows variability results from changes which may occur on the 6-month SAIBOR market rate (i.e. the designated benchmark interest rate).

The gain on cash flow hedge during 2024 from the above-described arrangements was amounted to SAR 5,656,123 (Net loss as at 2023 amounted to 10,650,635).

(E) Drilling Contracts with Aramco

The Group is party to 44 onshore and offshore drilling contracts with Aramco, including 37 onshore and offshore drilling contracts through ADES Saudi, while the branch of ADES GCC for Drilling Limited is party to 7 offshore drilling contracts (each as a contractor). Pursuant to these contracts, the contractor carries out onshore and offshore drilling works for oil and/or gas for the benefit of Saudi Aramco in the locations it specifies, according to the day rates indicated in the contracts. The Group's total revenue from drilling contracts entered into with Saudi Aramco for the financial year ended 31 December 2024 amounted to SAR 4,142,669,421 (as at 2023, it amounted to SAR 2,860,917,428).

(F) Rig Rental Agreement

Advanced Energy Systems (ADES) S.A.E (as lessor) is party to a rig rental agreement with the Egyptian Chinese Drilling Company – ECDC (as lessee) for chartering land rigs 810 and 815 for conducting drilling operations in the Arab Republic of Egypt. The Group's total revenue from the Rig Rental Agreement entered into with the Egyptian Chinese Drilling Company – ECDC for the financial year ended 31 December 2024 amounted SAR 26,491,432 (as at 2023, it amounted to SAR 14,806,502).

(G) Aramco Secondary Offering Participation

During the year 2024, the Company acquired a number of 3,669,724 at Aramco's Secondary Public Offering. During the year ended 31 December 2024, the Group received cash dividends of SAR 3,534 thousand (2023: nil) from Saudi Arabian Oil Company (Saudi Aramco).

Loans and Borrowings

The Group has secured loans and borrowings as follows:

- **Syndication Loan (Facility A, B, C and D)**
ADES Holding Company and ADES Saudi Limited Company (a subsidiary of the Group) are jointly parties to a syndication term loan facility agreement with a facility total amount of SAR 1,162.5 million and SAR 4,837.5 million divided over eight banks which include Goldman Sachs Bank USA, Riyadh Bank, Arab Petroleum Investments Corporation (APICORP), Banque Saudi Fransi, Gulf International Bank B.S.C., The Saudi National Bank, Al Rajhi Banking, Investment Corporation and Arab National Bank. During 2022, additional lender Saudi Awwal Bank (formerly known as The Saudi British Bank) (SAB) acceded to the agreement as the ninth lender.

The syndicated facility includes five facilities, Facility A, B, C, D and E.

Facility A is repayable in half-yearly instalments effective from June 2022 to December 2029. Facility C is repayable in half-yearly instalments effective from June 2023 to December 2029. As at 31 December 2024, the principal amount outstanding is SAR 3.07 billion and SAR 1,660 million of Facility A and C, respectively. During the year ended 31 December 2024, the Group has repaid SAR 315 million and SAR 180 million of Facility A and C, respectively.

Facility B is a revolving credit facility ("RCF") with the original total amount of SAR 562.5 million. During the period ended 31 December 2023, one of the existing lenders under the syndicated facility increased their participation with an additional SAR 562.5 million under Facility B which has increased Facility B total commitments to SAR 1,125 million. RCF facility is valid until 31 December 2028 with a requirement to clean down the balance once in each calendar year. As at 31 December 2024, the principal amount outstanding is Nil.

On 14 July 2024, the Group signed an amendment to its existing syndicated facility, securing an additional USD 3 billion, with the majority of existing lenders participating along with new, leading local and regional financial institutions (Alinma Bank, Bank Aljazira and Commercial Bank of Dubai PSC). The new USD 3 billion upsized financing is predominantly intended as a standby facility for the Group's ambitious expansion plans, divided into the equivalent of a USD 2.7 billion standby term tranche (Facility D). and additional USD 300 million Revolving Credit Facility (RCF) (Facility E). The USD 2.7 billion standby term tranche has 8.5 years term with a final maturity in December 2032, including a 12-month grace period. The amount to be utilized under the standby term tranche shall be repaid on a semi-annual basis at the final maturity date. RCF (Facility E) has 8 years with a final maturity in June 2032. During year 31 December 2024, the Group has utilized from tranche "D" SAR 1,099 million.

• BSF Loan

ADES Saudi Limited Company is a party to a loan agreement with total amount of SAR 1,425M with Banque Saudi Francis. The loan is repayable in 27 Quarterly instalments effective from March 2023 to September 2029. During 2024, BSF facility was upsized with an additional SAR 824 million which is long-term. As at 31 December 2024, the principal amount outstanding is SAR 1,530M. The facility includes an additional limit to be utilized for the issuance of letter of guarantees amounting to SAR 187.5M, an additional overdraft limit with SAR 30M and an additional multipurpose limit to cover working capital needs including issuance for letter of guarantees and short-term loans with total amount of SAR 150M. During the period ended, the Group has repaid SAR 153M.

• SNB Loan

ADES Saudi Limited Company is a party to a loan agreement with a total amount of SAR 1,500M with the Saudi National Bank. The loan is repayable in 29 Quarterly instalments effective from April 2023 to April 2030. As of 31 December 2024, the principal amount outstanding SAR 1,230M. During the period ended, the Group has repaid SAR 135M.

• AL Rajhi Loan

ADES Saudi Limited Company is a party to a loan agreement with a total amount of SAR 937.5M with Al Rajhi Banking & Investment Corporation. The loan is repayable in 29 Quarterly instalments effective from Jul 2023 to Jul 2030. During 2022, ADES Saudi Limited Company and the bank agreed to increase the total loan amount to reach SAR 1,500M. As of 31 December 2024, the principal amount outstanding is SAR 1,284M. During the period ended 31 December 2024, SAR 144M has been repaid on the outstanding balance.

• Al Inmaa Loan

ADES Saudi Limited Company is a party to a loan agreement amount of SAR 2,693M with Al Inmaa Bank. The loan is repayable in 15 Semi-annual instalments effective from September 2023 to September 2030. As at 31 December 2024, the principal amount outstanding is SAR 2,277M The Al Inma facility includes a separate line amounting to SAR 150M for the purpose of covering short-term working capital needs, During the period ended December 2024, no payments were due related to the long-term loan in accordance with the terms of the agreement, and SAR 150M million related to working capital line.

• Mashreq Loan

The Group obtained a loan facility of SAR 33M from Mashreq Bank PSC during August 2021. This loan is repayable in 18 quarterly equal instalments effective from June 2022 to September 2026. As at 31 December 2024, the principal amount outstanding is SAR 11.5M. During the period ended 31 December 2024, the Group has repaid SAR 6.6M.

Banks Short Term Credit Facilities

Advanced Energy Systems ADES SAE, a subsidiary of the Group, is a party to the following Short Term Credit Facilities:

- an overdraft facility limit amounting to SAR 45M with Al Ahli Bank of Kuwait (ABK). As of 31 December 2024, the principal plus interest amount outstanding is SAR 38.3M, noting that it's a revolving facility with a tenor of 180 days.

- an overdraft facility limit amounting to SAR 45M available for overdrafts &/or Letters of Guarantee with Export Development Bank of Egypt (EBE). As of 31 December 2024, no amount is outstanding.
- an overdraft and/ or Letter of Guarantees facility limit with a total amount of SAR 75M as at 31 December 2024 with Emirates National Bank of Dubai S.A.E, equivalent to available for overdrafts &/or Letters of Guarantee. As of 31 December 2024, no amount is outstanding is. Noting that it's a revolving facility.
- an overdraft and/ or Letter of Guarantees facility limit with a total amount of SAR 15M as at 31 December 2024 with Abu Dhabi Commercial Bank – Egypt (ADCB) equivalent to available for overdrafts &/or Letters of Guarantee. As of 31 December 2024, there is no amount outstanding. Noting that it's a revolving facility with a tenor of 180 days.
- an overdraft facility limit with a total amount of SAR 75M as of 31 December 2024 with Societe Arabe Internationale de Banque – Egypt (SAIB). As of 31 December 2024, the principal plus interest amount outstanding is SAR 4.6M. Noting that it's a revolving facility.
- an overdraft facility limit amounting to SAR 67.5M as at 31 December 2024, available for overdrafts &/or Letters of Guarantee available for overdraft with Suez Canal Bank (SCB). As of 31 December 2023, no amount is outstanding.
- an overdraft facility limit amounting to SAR 46.8M available for overdrafts and/or Letters of Guarantee with Egyptian Gulf Bank (EGB). As of 31 December 2024, the principal plus interest amount outstanding is SAR 1.9M. Noting that it's a revolving facility with a tenor of 180 days.

Statutory Payments

The Company and its below mentioned subsidiaries have paid all current outstanding dues in 2024 in line with Zakat, Tax and Customs Authority rules and regulations. The Company and its subsidiaries mentioned below are in the process of filing 2024 tax and zakat returns during April 2025 and shall pay the resulting tax/ and zakat dues to Zakat, Tax and Customs Authority once tax/zakat returns filling is completed in line with the relevant laws and regulations.

ADES Holding Company	2024 Amount (SAR)	Description
VAT (Input) Paid to Suppliers	(1,907,322)	Value added tax (VAT) paid by ADES to suppliers and service providers resulting from VAT imposed on invoices issued to ADES against purchases of goods or services rendered, in line with VAT regulations as defined by Zakat, Tax and Customs Authority ("ZATCA").
VAT Paid to ZATCA	(1,907,322)	Value added tax (VAT) paid by ADES to Zakat, Tax and Customs Authority ("ZATCA") resulting from net difference between VAT paid to suppliers and service providers and VAT collected from customers.
Zakat & Income Tax	20,293,179	ADES is subject to Zakat at rate of 2.5% which is computed on the Saudi shareholders' zakat base as per the New Zakat Regulations which are principally comprised of the difference between book net profit and adjusted net profit plus Equity and the likes plus non-current liabilities and current liabilities in excess of current Assets (limited to deductible assets) less Deductions. In addition, the zakat base is subject to a minimum and maximum cap as specified under the New Zakat Regulations. In addition, ADES is subject to Income tax rate of 20% which are computed on the foreign shareholders' share of book net income for the year in line with the income tax regulations as defined by Zakat, Tax and Customs Authority ("ZATCA").
Withholding Tax	5,687,464	ADES withholds taxes on certain transactions with non-resident parties in the Kingdom of Saudi Arabia as required under Saudi Arabian Income Tax Law. Withholding taxes paid on behalf of non-resident parties, which are not recoverable from such parties, are expensed in line with the income tax regulations as defined by Zakat, Tax and Customs Authority ("ZATCA").
General Organisation for Social Insurances (GOSI)	646,652	ADES contribution to The General Organization for Social Insurance (GOSI) on behalf of ADES's employees as a defined end of service benefit plans for the Kingdom-based employees which are majority governed under the Kingdom's Saudi Labor Law.
Total Payments	22,812,651 ¹	

1 Total payments excluding VAT paid to suppliers and VAT collected from customers

ADES Saudi Limited	2024 Amount (SAR)	Description
Zakat & Income Tax	7,752,816	ADES is subject to Zakat at rate of 2.5% which is computed on the Saudi shareholders' zakat base as per the New Zakat Regulations which are principally comprised of the difference between book net profit and adjusted net profit plus Equity and the likes plus non-current liabilities and current liabilities in excess of current Assets (limited to deductible assets) less Deductions. In addition, the zakat base is subject to a minimum and maximum cap as specified under the New Zakat Regulations. In addition, ADES is subject to Income tax rate of 20% which are computed on the foreign shareholders' share of book net income for the year in line with the income tax regulations as defined by Zakat, Tax and Customs Authority ("ZATCA").
Withholding Tax	31,599,293	ADES withholds taxes on certain transactions with non-resident parties in the Kingdom of Saudi Arabia as required under Saudi Arabian Income Tax Law. Withholding taxes paid on behalf of non-resident parties, which are not recoverable from such parties, are expensed in line with the income tax regulations as defined by Zakat, Tax and Customs Authority ("ZATCA").
VAT (Input) Paid to Suppliers	(155,730,301)	Value added tax (VAT) paid by ADES to suppliers and service providers resulting from VAT imposed on invoices issued to ADES against purchases of goods or services rendered, in line with VAT regulations as defined by Zakat, Tax and Customs Authority ("ZATCA").
VAT (Output) Collected from Customers	528,516,775	Value added tax (VAT) collected by ADES from customers resulting from VAT imposed on invoices issued by ADES against purchases of goods or services rendered, in line with VAT regulations as defined by Zakat, Tax and Customs Authority ("ZATCA")
VAT Paid to ZATCA	372,786,475	Value added tax (VAT) paid by ADES to Zakat, Tax and Customs Authority ("ZATCA") resulting from net difference between VAT paid to suppliers and service providers and VAT collected from customers.
General Organisation for Social Insurances (GOSI)	43,885,495	ADES contribution to The General Organization for Social Insurance (GOSI) on behalf of ADES's employees as a defined end of service benefit plans for the Kingdom-based employees which are majority governed under the Kingdom's Saudi Labor Law.
Customs Payment	13,038,408	ADES payments to Zakat, Tax and Customs Authority ("ZATCA") against goods imported from outside the Kingdom in line with Customs regulations as defined by Zakat, Tax and Customs Authority ("ZATCA").
Total Payments	841,848,961	
Customs LG Issued in 2024	1,719,860	ADES Issued letter of guarantee in favor of Zakat, Tax and Customs Authority("ZATCA") against goods and equipment imported from outside Kingdom in line with Customs regulations as defined by Zakat, Tax and Customs Authority ("ZATCA")
Total (Including LGs)	843,568,821	

ADES GCC For Drilling Ltd	2024 Amount (SAR)	Description
Withholding Tax	1,012,181	ADES withholds taxes on certain transactions with non-resident parties in the Kingdom of Saudi Arabia as required under Saudi Arabian Income Tax Law. Withholding taxes paid on behalf of non-resident parties, which are not recoverable from such parties, are expensed in line with the income tax regulations as defined by Zakat, Tax and Customs Authority (“ZATCA”).
VAT (Input) Paid to Suppliers	(24,170,109)	Value added tax (VAT) paid by ADES to suppliers and service providers resulting from VAT imposed on invoices issued to ADES against purchases of goods or services rendered, in line with VAT regulations as defined by Zakat, Tax and Customs Authority (“ZATCA”).
VAT (Output) Collected from Customers	100,206,038	Value added tax (VAT) collected by ADES from customers resulting from VAT imposed on invoices issued by ADES against purchases of goods or services rendered, in line with VAT regulations as defined by Zakat, Tax and Customs Authority (“ZATCA”).
VAT Paid to ZATCA	76,035,929	Value added tax (VAT) paid by ADES to Zakat, Tax and Customs Authority (“ZATCA”) resulting from net difference between VAT paid to suppliers and service providers and VAT collected from customers.
General Organisation for Social Insurances (GOSI)	14,010,527	ADES contribution to The General Organization for Social Insurance (GOSI) on behalf of ADES’s employees as a defined end of service benefit plans for the Kingdom-based employees which are majority governed under the Kingdom’s Saudi Labor Law.
Zakat & Income Tax	6,228,030	ADES is subject to Income tax rate of 20% which are computed on the foreign shareholders’ share of net income for the year in line with the income tax regulations as defined by Zakat, Tax and Customs Authority (“ZATCA”).
Customs Payment	978,403	ADES payments to Zakat, Tax and Customs Authority (“ZATCA”) against goods imported from outside the Kingdom in line with Customs regulations as defined by Zakat, Tax and Customs Authority (“ZATCA”).
Total Payments	174,300,999	
Customs LG Issued in 2024	1,434,559	ADES Issued letter of guarantee in favor of Zakat, Tax and Customs Authority (“ZATCA”) against goods and equipment imported from outside Kingdom in line with Customs regulations as defined by Zakat, Tax and Customs Authority (“ZATCA”).
Total (Including LGs)	175,735,558	

General Assemblies Held in 2024

The table below lists the General Assemblies convened during year 2024 and attendance of board members.

Type of General Assembly	Date	Board of Directors Attendance
Extraordinary General Assembly	21/01/2024	Dr. Mohamed Farouk Abdelkhalek – Vice-chairman Mr. Abdulrahman Khalid Al Zamil – Board member Mr. Hatem Ahmed Soliman – Board member
Ordinary General Assembly	20/02/2024	Dr. Mohamed Farouk Abdelkhalek – Vice-chairman Mr. Abdulrahman Khalid Al Zamil – Board member Mr. Hatem Ahmed Soliman – Board member
Ordinary General Assembly	26/06/2024	Dr. Mohamed Farouk Abdelkhalek – Vice-chairman Mr. Abdulrahman Khalid Al Zamil – Board member Mr. Hatem Ahmed Soliman – Board member Dr. Kamel Ben-Naceur – Independent Board Member
Ordinary General Assembly	15/09/2024	Dr. Mohamed Farouk Abdelkhalek – Vice-chairman Mr. Abdulrahman Khalid Al Zamil – Board member Mr. Hatem Ahmed Soliman – Board member Dr. Kamel Ben-Naceur – Independent Board Member Mr. Mohamed Walid Cherif – Independent Board Member

Distribution of Dividends Policy

The Company’s shareholders may approve annual dividends based on the Board’s recommendation. Interim dividends can be distributed quarterly or semiannually, subject to Ordinary General Assembly authorization. The Ordinary General Assembly may also choose to retain reserves to support the Company’s interests or ensure consistent dividend payouts. The General Assembly may also deduct from the net profits amounts for social objectives for the Company’s employees. The dividend policy is periodically reviewed and subject to amendment based on any material changes in the strategy to ensure it is operating at optimal effectiveness.

On 15 September 2024, the Ordinary General Assembly authorized the Board to distribute interim cash dividends to the shareholders on a semi basis for the financial year 2024G

The table below sets out a summary of the interim dividends distributed for the year 2024:
All amounts are in SAR

	Paid	Per Share	Percentage of Dividend to the Share per value
H1-2024	237,498,443	0.216	21.6%
H2-2024 ²	242,205,800	0.22	22%
Total	479,704,243	0.436	43.6%

2 Dividends for H2-2024 amounting to SAR 242.2 million were distributed in 2025.

Treasury Shares

The Company allocated a number of thirty-three million, eight hundred and seventy-one thousand and eight hundred and seventy five (33,871,875) shares – representing 3% of the Company’s capital held as treasury shares as approved by the Extraordinary General Assembly on 07 May 2023 which subject to the Nomination & Remuneration Committee’s approval can be used as share awards to selected company employees. The Extraordinary General Assembly further delegated the Board of Directors and the Remuneration and Nomination Committee to undertake any necessary action for the purpose of allocating these shares to employees pursuant to their discretion by virtue of a committee resolution for each share award.

The aggregate amount of treasury shares as of 31 December 2024 is 28,120,330 shares, representing 2.49% of the total shares of the Company. The total number of awarded shares approved by the Nomination & Remuneration Committee during the year 2024 is 5,751,545 shares; however, a number of 6,727 share remains unallotted. This unallotted balance is set as part of the Treasury Shares balance as at 31 December 2024.

Procedures Taken by the Board to Inform its Members, Including Non-Executives, of Shareholders’ Feedback Concerning the Performance of the Company

As at December 2024, the Management of the Company is dedicated to addressing shareholders’ inquiries and concerns with respect to the performance of the Company. The Board works closely with the Company’s investor relations officers to stay informed with shareholders’ queries and suggestions submitted through email (investor.relations@adesgroup.com) and other communication channels.

Implemented and Unimplemented Corporate Governance Provisions and Justifications for Non-Implementation

The Company has implemented all mandatory provisions contained in the Corporate Governance Regulations issued by the CMA, to the extent applicable to it in light of the Bylaws, except the provision noted below:

Article No.	Article Text	Non-implementation Justification
Article 67	Formation of Risk Management Committee	These are guiding articles.
Article 68	Competencies of the Risk Management Committee	The Audit Committee supports the Board in embedding a sound system of internal control and risk management systems and in monitoring and reviewing their effectiveness; and review and approve all statements to be included in the financial statements and/or on the Company’s website concerning internal controls and risk management.
Article 69	Meetings of the Risk Management Committee	
Article 84	Social Responsibility	These are guiding articles.
Article 85	Social Initiative	The Company constantly contributes to different social activities aimed at developing and enhancing the social and economic conditions in the Group’s operating jurisdictions.
Article 92	Formation of the Corporate Governance Committee	This is a guiding article.
		The Company, and Board, complies with and monitors the implementation of the corporate governance regulations and ensure the effectiveness, and amendment thereof, as may be necessary from time to time.

The following should be declared:

- There are no punishments, penalty, precautionary procedure or preventive measure imposed on the Company by the Authority or any other supervisory, regulatory or judiciary authority.
- There are no conflicts between the audit committee’s recommendation with Board resolution or those which the Board disregards relating to the appointment, dismissal, assessment or determining the remuneration of an external auditor.
- There are no inconsistencies with the standards approved by the Saudi Organization for Chartered and Professional Accountants.
- There are no interests in a class of voting shares held by persons who have notified the Company of their holdings pursuant to Article 85 of the Rules on the Offer of Securities and Continuing Obligations.
- Apart from the number of awarded shares transferred to employees, including senior executives, outlined in the Treasury Shares section, there are no interests, contractual securities or rights issue of the Board members, Senior Executives and their relatives on shares or debt instruments of the Company or its affiliates, and any change on these interest or rights during the fiscal year 2024.
- There are no convertible debt instruments, contractual securities, preemptive right or similar rights issued or granted by the Company during the fiscal year 2024.
- There are no conversion or subscription rights under any convertible debt instruments, contractually based securities, warrants or similar rights issued or granted by the Company.
- There are no redemptions, purchase or cancellation by the Company of any redeemable debt instruments.
- There have been no business or contracts to which the Company has been a party to, that carries any interest for any Board member, Senior Executive or any person related to them.
- There are no arrangements or agreements under which a director or a Senior Executive of the Company has waived any remuneration.
- There are no arrangements or agreements under which a shareholder of the Company has waived any right to dividends.
- There are no Board recommendations to replace the external auditor before the end of its term.
- There are no competing businesses with the Company or any of its activities that any member of the Board is engaging in or was engaging in such competing businesses.

Acknowledgments

The Board of Directors hereby acknowledged the following:

- Proper books of accounts have been maintained.
- The system of internal control is sound in design and has been effectively implemented.
- There are no significant doubts on the Company’s ability to continue its activities.

ADES GROUP COMPANIES

The Company directly wholly owns one main subsidiary which, directly and indirectly, holds ownership in the following domestic and foreign subsidiaries, joint ventures through which the Group operates in the different jurisdictions (together the “Group”).

No	Subsidiary Name	Primary Activity	State of Incorporation	Country(ies) Of Operations	Capital	Company's Direct Ownership Percentage	Company's Indirect Ownership Percentage
1	ADES International Holding Ltd	Holding Company	United Arab Emirates	Not Applicable	USD 43,793,882	100%	100%
2	ADES Saudi Limited Company	Oil & Gas Drilling and Production Services	Kingdom of Saudi Arabia	Kingdom of Saudi Arabia	SAR 500,000	0%	99.99%
3	ADES for Drilling Services Ltd. ¹	Extracting & Drilling Equipment & Machinery Rental	United Arab Emirates	Tunisia and Thailand	USD 500	0%	100%
4	Advanced Energy Systems (ADES) SAE ²	Oil & Gas Drilling and Production Services	Arab Republic of Egypt	Egypt, Algeria and India	USD 32,000,000	0%	99.99%
5	Advantage Drilling Services SAE ³	Trading	Arab Republic of Egypt	Arab Republic of Egypt	USD 2,410,790	0%	49%
6	Egyptian Chinese Drilling Company ⁴	Storing and renting machinery and all needed equipment to the petroleum industry	Arab Republic of Egypt	Arab Republic of Egypt	USD 4,000,000	0%	48.75%
7	Prime Innovations for Trade SAE	Trading	Arab Republic of Egypt	Arab Republic of Egypt	USD 15,000	0%	99.99%
8	AG Academy	Training	Arab Republic of Egypt	Arab Republic of Egypt	EGP 1,000,000	0%	70%
9	Kuwait Advanced Drilling Services	Leasing of Rigs	Cayman Islands	Not Applicable	USD 10,000	0%	100%
10	Emerald Driller Company (EDC) ⁵	Oil & Gas Drilling and Production Services	Cayman Islands	Qatar	USD 50,000	0%	100%
11	ADES International for Drilling	Leasing of Rigs	Cayman Islands	Not Applicable	USD 10,000	0%	100%
12	Advanced Drilling Services	Trading	Cayman Islands	Not Applicable	USD 10,000	0%	100%
13	Advanced Transport Services	Leasing of Transportation Equipment	Cayman Islands	Not Applicable	USD 10,000	0%	100%
14	United Precision Drilling Company (UPDC)	Trading of Oil & Gas Equipment	State of Kuwait	State of Kuwait	KD 2,000,000	0%	47.5%
15	ADES Drilling Services Ltd. ⁶	Leasing of Rigs	Bermuda	Not Applicable	USD 50,000	0%	99.99%
16	ADES Drilling Services I Ltd.	Leasing of Rigs	Bermuda	Not Applicable	USD 36,000,000	0%	99.99%
17	ADES Drilling Services II Ltd.	Leasing of Rigs	Bermuda	Not Applicable	USD 36,000,000	0%	99.99%
18	ADES Drilling Services III Ltd.	Leasing of Rigs	Bermuda	Not Applicable	USD 100	0%	99.99%
19	ADES Drilling Services IV Ltd.	Leasing of Rigs	Bermuda	Not Applicable	USD 1,000	0%	99.99%
20	ADES Drilling Services V Ltd.	Leasing of Rigs	Bermuda	Not Applicable	USD 100	0%	99.99%
21	ADES GCC for Drilling Limited ⁷	Oil & Gas Drilling and Production Services	Bermuda	Kingdom of Saudi Arabia	USD 12,000	0%	99.99%
22	Precision Drilling (Cyprus) Limited	Holding Company	Republic of Cyprus	Not Applicable	EUR 1,000,353	0%	100%
23	ADES Advanced Drilling Services Ltd. ⁸	Leasing of Rigs	Republic of Liberia	Not Applicable	USD 500,000	0%	99.99%
24	ADES Drilling Services Cyprus Ltd	Oil & Gas Drilling Services	Cyprus	Not Applicable	EUR 10,000	0%	100%
25	Rig Finance Ltd. ⁹	Leasing of Rigs	Bermuda	Indonesia	USD 38,487,027	0%	100%
26	PT ADES Drilling Indonesia	Petroleum Oil & Natural Gas Mining Supporting Activities	Indonesia	Indonesia	Rupiah 12 Billion	0%	100%
27	ADRES HR Solutions Ltd.	HR Services	United Arab Emirates	United Arab Emirates	USD 10,000	0%	60%

1 ADES for Drilling Services Ltd has branches in Tunisia and Thailand.
2 Advanced Energy Systems (ADES) SAE has branches in Algeria, India, UAE and Iraq.
3 Advantage Drilling Service SAE is a joint-venture which the Group holds a 49% equity interest in through its subsidiary, Advanced Energy Systems ADES SAE.
4 Egyptian Chinese Drilling Company is a joint-venture which the Group holds a 48.75% equity interest in through its subsidiary, Advanced Energy Systems ADES SAE.
5 Emerald Driller Company (EDC) has a branch in Qatar.
6 ADES Drilling Services Ltd has a branch in Indonesia.
7 ADES GCC for Drilling Limited has a branch in KSA.
8 ADES Advanced Drilling Services Ltd has a branch in Congo.
9 Rig Finance Ltd has a branch in Indonesia.

ADES’ corporate governance framework, overseen by the Board, guides the company’s leadership, policies, and practices while ensuring compliance with regulations



In recognition
of our robust
results, our Board
approved a total dividend
for 2024 of SAR 479.7
million, reinforcing our
commitment to delivering
tangible value to our
shareholders



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INDEPENDENT AUDITOR’S REPORT

To the Shareholders of ADES Holding Company (A Saudi Joint Stock Company)
Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of ADES Holding Company (the “Company”) and its subsidiaries (collectively referred to as the “Group”), which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of 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 material accounting policy information.

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 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. 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 Code of Ethics for Professional Accountants (including International Independence Standards) that is endorsed in the Kingdom of Saudi Arabia that is relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with that 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 judgment, 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 auditor’s opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor’s responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

INDEPENDENT AUDITOR’S REPORT

To the Shareholders of ADES Holding Company (A Saudi Joint Stock Company)
Report on the Audit of the Consolidated Financial Statements (continued)

Key Audit Matters (continued)

Key audit matters	How our audit addressed the key audit matter
Revenue recognition	
The total revenue recognized for the year ended 31 December 2024 amounted to approximately SAR 6,199 million, of which approximately 67% is attributable to the customer contracts with its related party.	Our audit procedures, among others, included the following: • We obtained an understanding of the management’s process and controls for the revenue recognition; • We reviewed the customer contracts, on a sample basis, and evaluated management’s assessment of these contracts for the identification of the performance obligation and recognition of the revenue in accordance with the IFRS 15 - Revenue from customer contracts; • We tested, on a sample basis, the revenue journal entries recorded before and after the period end to the supporting documents; • We performed a monthly trend analysis of the revenue recorded during the year and also compared a rig-wise revenue for 2024 with the revenue recorded for 2023. We obtained understanding of the material variances noted as a result of the above audit procedures; • We have recalculated revenue from the customer contracts, on a sample basis, based on the utilization days of the rigs, the contract rates and mobilization fees as per the customer contracts; • We performed the correlation analysis between the journal entries recorded in revenue, the trade receivable and contract assets and cash accounts.
The Group has identified one performance obligation for each of its customer contracts that mainly includes provision of well drilling, well workover and production, and other related services, and the revenue is recognized over time. Revenue recognized from the customer contracts include mobilization and demobilization fees that are recognized over the period of the customer contract life.	
We identified the revenue recognition to be a key audit matter due to materiality of the revenue to the Group’s consolidated financial statements, large volume of transactions and associated significant risk of overstatement of revenue as a result of fraud or error.	
Refer to note 2 for the Group’s accounting policy relating to revenue recognition and Note 7 and 25 for details of revenue from contracts with customers.	

INDEPENDENT AUDITOR’S REPORT

To the Shareholders of ADES Holding Company (A Saudi Joint Stock Company)
Report on the Audit of the Consolidated Financial Statements (continued)

Key Audit Matters (continued)

Key audit matter	How our audit addressed the key audit matter
Acquisitions	
During the year ended 31 December 2024, the Group entered into a agreements to acquire two premium jackup rigs for a total consideration of SAR 726 million. We considered the accounting of the acquisition to be a key audit matter due to its significance to the consolidated financial statements, and significant judgment and estimates applied by Management in determining whether this constitutes an asset acquisition or a business combination, and the fair values of the acquired assets and assumed liabilities at the acquisition date. Refer to Note 2, 3 and 5 to these consolidated financial statements for the accounting policy, significant judgment and estimates and related disclosures, respectively.	Our audit procedures, among others, included the following: • We obtained understanding of management’s process related to the acquisitions; • We reviewed the underlying documentation, terms and conditions of the transaction including the acquisition date and assessed the accounting treatment of the consideration transferred and the assets and liabilities acquired in accordance with IFRS Accounting Standards.; • We assessed the appropriateness of the valuation model. This involved checking the mathematical accuracy of the valuation workings and challenging the key assumptions and estimates considered by management. • We engaged our valuation specialists to assist us in reviewing the Group’s fair valuation model and in assessing the methodology used to determine the fair value of assets acquired and liabilities assumed; • We assessed the adequacy of disclosures around the transaction, including disclosure of key assumptions and estimates in accordance with IFRS Accounting Standards that are endorsed in the Kingdom of Saudi Arabia.

INDEPENDENT AUDITOR’S REPORT

To the Shareholders of ADES Holding Company (A Saudi Joint Stock Company)
Report on the Audit of the Consolidated Financial Statements (continued)

Other information included in The Group’s 2024 Annual Report

Other information consists of the information included in the Group’s 2024 annual report, other than the consolidated financial statements and our auditor’s report thereon. Management is responsible for the other information in its annual report. The Group’s 2024 annual report is expected to be made available to us after the date of this auditor’s report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available 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.

When we read the Group’s 2024 annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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 IFRS Accounting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants and the applicable provisions of the Regulations for Companies and Company’s By-laws, 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, i.e., the Board of Directors, are responsible for overseeing the Group’s financial reporting process.

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 International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia 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.

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of ADES Holding Company (A Saudi Joint Stock Company)
Report on the Audit of the Consolidated Financial Statements (continued)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

As part of an audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional skepticism 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 risks, 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 for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 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 disclosures are 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.
- 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

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.

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of ADES Holding Company (A Saudi Joint Stock Company)
Report on the Audit of the Consolidated Financial Statements (continued)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

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, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Board of Directors, 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.

For Ernst & Young Professional Services



Marwan S. AlAfaliq
Certified Public Accountant
License No. (422)

Al Khobar: 3 Ramadan 1446H
3 March 2025



CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2024

(All amounts in thousands Saudi Arabia Riyal (SAR), unless otherwise stated)

	Notes	For the year ended 31 December 2024 SAR'000	For the period from 28 December 2022 to 31 December 2023 SAR'000
Revenue	7	6,199,022	4,331,903
Cost of revenue	8	(3,839,972)	(2,620,778)
GROSS PROFIT		2,359,050	1,711,125
General and administrative expenses	9	(424,340)	(369,834)
End of service employment benefits	22-b	(51,504)	(42,934)
Share-based payments expense	25	(110,647)	-
Finance costs, net	10	(803,915)	(711,255)
Other income/(expenses), net		31,292	(41,743)
IPO expenses		-	(15,980)
Bargain purchase gain	5	7,500	-
Acquisition transaction cost	5	(6,142)	-
Provision for other taxes	22-a	(30,448)	-
PROFIT FOR THE YEAR/PERIOD BEFORE INCOME TAX AND ZAKAT		970,846	529,379
Income tax and zakat expenses	11	(154,651)	(77,301)
PROFIT FOR THE YEAR/PERIOD		816,195	452,078
Attributable to:			
Equity holders of the Parent		802,498	442,097
Non-controlling interests		13,697	9,981
		816,195	452,078
Earnings per share basic and diluted attributable to equity holders of the parent (In SAR per share)	24	0.73	0.59
OTHER COMPREHENSIVE INCOME/(LOSS)			
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods (net of any tax):			
Net gain/(loss) on cash flow hedge		11,017	(20,621)
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods (net of any tax):			
Net remeasurement gain/(loss) on defined benefit plans		68,316	(42,754)
Net gain on equity instruments designated at fair value through other comprehensive income		2,381	-
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR/PERIOD, NET OF TAX		81,714	(63,375)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR/PERIOD, NET OF TAX		897,909	388,703
Attributable to:			
Equity holders of the Parent		871,402	389,559
Non-controlling interests		26,507	(856)
		897,909	388,703

The attached notes 1 to 32 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

(All amounts in thousands Saudi Arabia Riyal (SAR), unless otherwise stated)

	Notes	31 December 2024 SAR'000	31 December 2023 SAR'000
ASSETS			
Non-current assets			
Property and equipment	17	17,567,622	16,149,784
Intangible assets		3,956	354
Right of use assets	18-a	494,146	643,617
Derivative financial instruments	29-a,26	61,850	51,517
Prepayments and other receivables	15	215,186	221,366
Investments in joint venture	16	25,416	-
Total non-current assets		18,368,176	17,066,638
Current assets			
Inventories	13	527,273	331,892
Trade receivables	14	857,833	844,731
Contract assets	14	524,671	389,489
Prepayments and other receivables	15	502,391	352,315
Due from related parties	26	1,223	5,105
Investments at fair value through other comprehensive income (FVOCI)	29-b,26	102,936	-
Bank balances and cash	12,26	744,187	432,282
Total current assets		3,260,514	2,355,814
TOTAL ASSETS		21,628,690	19,422,452
EQUITY AND LIABILITIES			
Equity			
Share capital	23	1,129,063	1,129,063
Share premium	23	2,890,367	2,890,367
Treasury shares	23	(28,127)	(33,872)
Cash flow hedge reserve		52,167	41,150
Fair value reserve of financial assets at FVOCI		2,381	-
Share-based payment reserve		119	-
Retained earnings		2,446,821	1,721,532
Equity attributable to equity holders of the parent		6,492,791	5,748,240
Non-controlling interests		45,193	28,667
Total equity		6,537,984	5,776,907
Liabilities			
Non-current liabilities			
Interest-bearing loans and borrowings	21,26	10,725,356	9,169,595
Lease liabilities	18-b	352,374	487,358
Provisions	22	188,571	199,144
Deferred revenue	20	679,962	579,912
Deferred tax, net	11	94,068	61,331
Other payables	19	-	729
Total non-current liabilities		12,040,331	10,498,069
Current liabilities			
Trade and other payables	19	1,270,308	1,639,120
Deferred revenue	20	358,976	287,749
Income tax payable	11	82,468	30,218
Interest-bearing loans and borrowings	21,26	1,331,334	1,180,103
Provisions	22	7,289	10,286
Total current liabilities		3,050,375	3,147,476
Total liabilities		15,090,706	13,645,545
TOTAL EQUITY AND LIABILITIES		21,628,690	19,422,452

The attached notes 1 to 32 form an integral part of these consolidated financial statements.



ADES HOLDING COMPANY (Listed Joint Stock Company) AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

(All amounts in thousands Saudi Arabia Riyal (SAR), unless otherwise stated)

	Attributed to the equity holders of the parent								Non-controlling interest SAR'000	Total equity SAR'000
	Share capital SAR'000	Share premium SAR'000	Treasury shares SAR'000	Fair value reserve of financial assets at FVOCI SAR'000	Cash flow hedge reserve SAR'000	Retained earnings SAR'000	Share based payment reserve SAR'000	Total SAR'000		
Balance at 1 January 2024	1,129,063	2,890,367	(33,872)	-	41,150	1,721,532	-	5,748,240	28,667	5,776,907
Profit for the year	-	-	-	-	-	802,498	-	802,498	13,697	816,195
Other comprehensive income	-	-	-	2,381	11,017	55,506	-	68,904	12,810	81,714
Total comprehensive income	-	-	-	2,381	11,017	858,004	-	871,402	26,507	897,909
Share-based payments (note 25)	-	-	-	-	-	-	110,647	110,647	-	110,647
Shares allotted under share based payment plan (note 25)	-	-	5,745	-	-	104,783	(110,528)	-	-	-
Dividends to non-controlling interests (note 30-a)	-	-	-	-	-	-	-	-	(9,981)	(9,981)
Dividends to shareholders (note 30-b)	-	-	-	-	-	(237,498)	-	(237,498)	-	(237,498)
Balance at 31 December 2024	1,129,063	2,890,367	(28,127)	2,381	52,167	2,446,821	119	6,492,791	45,193	6,537,984

The attached notes 1 to 32 form an integral part of these consolidated financial statements.

ADES HOLDING COMPANY (Listed Joint Stock Company) AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

For the year ended 31 December 2024

(All amounts in thousands Saudi Arabia Riyal (SAR), unless otherwise stated)

	Attributed to the equity holders of the parent								Non-controlling interest SAR'000	Total equity SAR'000
	Share capital SAR'000	Capital contribution SAR'000	Share premium SAR'000	Treasury shares SAR'000	Cash flow hedge reserve SAR'000	Retained earnings SAR'000	Total SAR'000	Total SAR'000		
Issuance of share capital	1,000	-	-	-	-	-	1,000	-	-	1,000
Profit for the period	-	-	-	-	-	442,097	442,097	9,981	452,078	452,078
Other comprehensive income	-	-	-	-	(20,621)	(31,917)	(52,538)	(10,837)	(63,375)	(63,375)
Total comprehensive income	-	-	-	-	(20,621)	410,180	389,559	(856)	388,703	388,703
Issuance of share capital – net of transaction costs	1,128,063	(857,088)	2,890,367	-	-	-	3,161,342	-	3,161,342	3,161,342
Issuance of treasury shares (note 23)	-	-	-	(33,872)	-	-	(33,872)	-	(33,872)	(33,872)
Transaction with the shareholders (note 23)	-	-	-	-	-	9,129	9,129	-	9,129	9,129
Acquisitions as part reorganisation under common control	-	857,088	-	-	61,771	1,302,223	2,221,082	36,350	2,257,432	2,257,432
Dividends to non-controlling interests (note 30-a)	-	-	-	-	-	-	-	(6,827)	(6,827)	(6,827)
Balance at 31 December 2023	1,129,063	-	2,890,367	(33,872)	41,150	1,721,532	5,748,240	28,667	5,776,907	5,776,907

The attached notes 1 to 32 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

(All amounts in thousands Saudi Arabia Riyal (SAR), unless otherwise stated)

	Notes	For the year ended 31 December 2024 SAR'000	For the period from 28 December 2022 to 31 December 2023 SAR'000
OPERATING ACTIVITIES			
Profit for the year/period before income tax and zakat		970,846	529,379
Adjustments for:			
Depreciation of property and equipment	17	1,086,015	665,676
Amortisation of intangible assets		913	199
Depreciation of right of use assets	18	181,703	131,589
Loss on disposal of assets		-	1,093
(Reversal)/provision for impairment of investment in a joint venture		(6,815)	5,024
End of service employment benefits	22-b	51,504	42,934
Share-based payments expense	25	110,647	-
Finance costs, net	10	803,915	711,255
IPO expenses		-	15,980
Share of results of investment in a joint venture		(18,601)	960
Dividends from investment in financial instruments	29-b/26	(3,534)	-
Bargain purchase gain	5	(7,500)	-
Acquisition transaction cost	5	6,142	-
Provision for other taxes	22-a	30,448	-
Provision for obsolete and slow-moving inventory	13	1,401	-
Reversal for impairment of Property and equipment	17	(38,913)	-
		3,168,171	2,104,089
Working capital changes:			
Inventories		(184,463)	(147,617)
Trade receivable		(14,378)	(289,984)
Contract assets		(123,773)	(133,866)
Due from related parties		3,882	4,734
Prepayments and other receivables		6,654	20,174
Trade and other payables		69,170	34,564
Deferred revenue		171,277	721,940
Due to related parties		-	6,975
Cash flows from operations		3,096,540	2,321,009
Income tax paid	11	(73,814)	(26,884)
Provisions paid	22	(23,946)	(11,421)
Net cash flows from operating activities		2,998,780	2,282,704
INVESTING ACTIVITIES			
Purchase of property and equipment		(2,375,110)	(4,048,366)
Purchase of intangible assets		(1,225)	-
Purchase of financial instruments	29-b	(100,368)	-
Reimbursement of the purchase price consideration	6	-	122,030
Acquisition of business, net of cash acquired	5	(712,134)	-
Acquisition of a subsidiary under common control, net of cash acquired		-	189,829
Proceeds from sale of property and equipment		-	22
Dividends from investment in financial instruments	26-a	3,534	-
Net cash flows used in investing activities		(3,185,303)	(3,736,485)

The attached notes 1 to 32 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

For the year ended 31 December 2024

(All amounts in thousands Saudi Arabia Riyal (SAR), unless otherwise stated)

	Notes	For the year ended 31 December 2024 SAR'000	For the period from 28 December 2022 to 31 December 2023 SAR'000
FINANCING ACTIVITIES			
Proceeds from loans and borrowings	21	3,193,562	3,447,680
Repayment of loans and borrowings	21	(1,427,773)	(3,650,568)
Finance cost paid, net		(818,934)	(869,655)
Net proceeds from issuance of shares, net of transaction costs		-	3,129,836
Payment of lease liabilities	18	(200,948)	(164,403)
Dividend paid to equity holders of the parent	30-b	(237,498)	-
Dividend paid to non-controlling interests	30-a	(9,981)	(6,827)
Net cash flows from financing activities		498,428	1,886,063
NET INCREASE IN BANK BALANCES AND CASH		311,905	432,282
Bank balances and cash at beginning of year/period	12	432,282	-
BANK BALANCES AND CASH AT THE END OF THE YEAR/PERIOD	12	744,187	432,282

Refer Notes 5, 13 and 18 for significant non-cash transactions.

The attached notes 1 to 32 form an integral part of these consolidated financial statements.

ADES HOLDING COMPANY (Listed Joint Stock Company) AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December 2024

(All amounts in thousands Saudi Arabia Riyal (SAR), unless otherwise stated)

1 BACKGROUND

Corporate information

ADES Holding Company (the “Company” or the “Parent Company”) was incorporated on 28 December 2022 as a mixed closed joint stock company limited under Saudi laws. ADES Investment Holding Ltd is the ultimate controlling party (the “ultimate controlling party”) of the Company. The Company and its subsidiaries together are referred as the “Group”.

The company’s head office is located at 7429 Prince Turki Street, Corniche District, Al Khobar, Kingdom of Saudi Arabia.

On 28 December 2022, pursuant to the reorganisation, the Shareholders established the Company as a new holding company with a share capital of SAR 1,000 thousand. The Company became the new holding company of the Group through transfer of all issued and outstanding shares of ADES International Holding Ltd (the intermediate holding company of the Group) from ADES Arabia Holding Company (then existing holding company) to the Company. As a result of the aforementioned transfer of shares, during the period ended 31 March 2023, the Company issued additional shares for the amount of SAR 857,087 thousand at par to the Shareholders (as a result the total share capital increased SAR 858,087 thousand). There was no change to the Shareholders and their relative shareholdings before and after the reorganisation. On 12 June 2023, the Board of Directors of the Company proposed to issue additional shares for the amount of SAR 270,976 thousand at par value (as a result the total share capital post increase will be SAR 1,129,063 thousand).

At the time of the reorganisation, ADES International Holding Ltd (the intermediate holding company of the Group) owned all the Group entities and its investments in joint ventures and associates (together the “Existing Group Entities”) directly or indirectly through its subsidiaries.

As the Company is not a business and the reorganisation did not result in any change of economic substance, it is not considered as a business combination as defined by IFRS 3 Business Combinations.

On 21 June 2023, the Capital Market Authority (“CMA”) approved the Company’s application for registering its share capital and offering of 338,719 thousand ordinary shares of the Company’s total capital by way of sale of 101,616 thousand existing shares (the “Sale Shares”) by existing shareholders (in proportion to their existing shareholding), and the issuance of 237,103 thousand new shares (the “New Shares”) through a capital increase. The Sale Shares represent 9% and the New Shares represent 21% of the Company’s issued share capital upon completion of the Offering, totalling 30% of the issued share capital (after issuance of the New Shares and the Company’s capital increase).

On 1 Sha’ban 1445H (corresponding to 11 February 2024), the Company status changed from mixed joint company to listed joint stock company.

On 11 October 2023, the Company completed its Initial Public Offering (“IPO”), and its ordinary shares were listed on the Saudi Stock Exchange (“Tadawul”).

Shareholder	As of 31 December 2023			As of 31 December 2024		
	No. of shares'000	Ownership	Nominal value SAR'000	No. of shares'000	Ownership	Nominal value SAR'000
ADES Investments Holding Ltd	412,277	36.50%	412,277	412,277	36.50%	412,277
The Public Investment Fund of the Kingdom of Saudi Arabia	268,548	23.80%	268,548	268,548	23.80%	268,548
Zamil Group Investment Co	75,647	6.70%	75,647	75,647	6.70%	75,647
Free Float	338,719	30%	338,719	344,464	30.5%	344,464
Treasury Shares	33,872	3%	33,872	28,127	2.5%	28,127
	1,129,063	100%	1,129,063	1,129,063	100%	1,129,063

The consolidated financial statements were authorised for issue on 24 Shaban 1446H (corresponding to 23 February 2025) by the Board of Directors.

ADES HOLDING COMPANY (Listed Joint Stock Company) AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31 December 2024

(All amounts in thousands Saudi Arabia Riyal (SAR), unless otherwise stated)

1 BACKGROUND (continued)

Corporate information (continued)

The Group is a leading oil and gas drilling and production services provider in the Middle East and Africa. The Group services primarily include offshore and onshore contract drilling and production services. The Group currently operates in Egypt, Algeria, Malaysia, Kuwait, Tunisia, Qatar, India, Indonesia, Thailand and the Kingdom of Saudi Arabia. The Group’s offshore services include drilling and workover services and Mobile Offshore Production Unit (MOPU) production services, as well as accommodation, catering, and other barge-based support services. The Group’s onshore services primarily encompass drilling and work over services. The Group also provides projects services (outsourcing various operating projects for clients, such as maintenance and repair services).

The consolidated financial statements of the Group include activities of the following subsidiaries:

Name	Principal activities	Country of incorporation	As at 31 December 2024	As at 31 December 2023
Advanced Energy Systems (ADES) (S.A.E) ¹	Oil & gas drilling and production services	Egypt	100%	100%
ADES Saudi Limited Company ¹	Oil and gas drilling	KSA	100%	100%
Precision Drilling Company ²	and production services Holding company	Cyprus	100%	100%
Kuwait Advanced Drilling Services	Leasing of rigs	Cayman	100%	100%
Prime innovations for Trade S.A. E	Trading	Egypt	100%	100%
ADES International for Drilling	Leasing of rigs	Cayman	100%	100%
AG training	Training	Egypt	70%	70%
Advanced Transport Services	Leasing of transportation Equipment	Cayman	100%	100%
Advanced Drilling Services	Trading	Cayman	100%	100%
ADES for Drilling Services Ltd ³	Extracting & Drilling Equipment & Machinery Rental	UAE	100%	100%
ADES International Holding Ltd	Holding Company	UAE	100%	100%
Emerald Driller Company ⁴	Production services oil and gas drilling and production services	Cayman	100%	100%
ADES Drilling Services I Ltd.	Leasing of rigs	Bermuda	100%	100%
ADES Drilling Services II Ltd.	Leasing of rigs	Bermuda	100%	100%
ADES Drilling Services III Ltd.	Leasing of rigs	Bermuda	100%	100%
ADES Advanced Drilling Services Ltd. ⁵	Leasing of rigs	Liberia	100%	100%
ADES Drilling Services IV Ltd.	Leasing of rigs	Bermuda	100%	100%
ADES Drilling Services V Ltd.	Leasing of rigs	Bermuda	100%	100%
ADES Drilling Services Ltd. ⁶	Leasing of rigs	Bermuda	100%	100%
ADES GCC For Drilling Ltd. ⁷	Oil and gas drilling and production services	Bermuda	100%	100%
ADES Drilling Services Cyprus Ltd.	Oil and gas drilling services	Cyprus	100%	100%
PT ADES Drilling Indonesia	Petroleum oil and natural gas mining supporting activities	Indonesia	100%	-
RIG FINANCE LTD 8	Leasing of rigs	Bermuda	100%	-
ADRES HR Solution LTD	HR Services	Egypt	60%	-

The Company holds investment in Egyptian Chinese Drilling Company (ECDC) (Joint Venture) which is accounted for using the equity method of accounting in these consolidated financial statements.

1 Advanced Energy Systems (ADES) (S.A.E) has branches in Algeria, India, UAE and Iraq. ADES Saudi limited Company acquired 8 subsidiaries from Seadrill.
2 Precision Drilling Company holds a 47.5% interest in United Precision Drilling Company W.L.L, a Kuwait entity which handles the operations of the rigs in Kuwait.
3 ADES for Drilling Services Ltd set up a branch in Tunisia in 2021 and Thailand in 2024, and had changed its name from ADES Holding for Drilling Services Ltd.
4 Emerald Driller Company has a Branch in Qatar which handles operations in the country.
5 ADES Advanced Drilling Services Ltd has a branch in Congo.
6 ADES Drilling Services Ltd. has a branch in Indonesia.
7 ADES GCC For Drilling Ltd has a branch in KSA.
8 Rig Finance Ltd has a branch in Indonesia.

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2 MATERIAL ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES

These consolidated financial statements of the Group have been prepared in accordance with the IFRS accounting standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements endorsed by the Saudi Organization for Chartered and Professional Accountants ("SOCPA") (collectively referred "to IFRS as endorsed in "KSA").

The consolidated financial statements have been prepared under the historical cost basis, except for derivative financial instruments carried at fair value which includes interest rate swap contracts designated as hedging instruments and investment at fair value through other comprehensive income.

The consolidated financial statements are presented in Saudi Arabian Riyal and all values are rounded to the nearest thousand ("SAR000"), except when otherwise indicated. Saudi Arabian Riyal ("SAR") is the functional currency of the Company and the presentation currency for the Group.

The Group has prepared the financial statements on the basis that it will continue to operate as a going concern.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee).
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements.
- The Group's voting rights and potential voting rights.

The Group re-assesses 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. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Parent Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the consolidated financial statements of a member in the Group to bring its accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interests
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities;

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2 MATERIAL ACCOUNTING POLICIES (continued)

2.1 BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES (continued)

Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in the "Acquisition transaction cost" line-item in the consolidated statement of comprehensive income.

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances, and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Contingent consideration, resulting from business combinations, is measured at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in profit or loss in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss as a 'bargain purchase gain'.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

A contingent liability recognised in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of the amount that would be recognised in accordance with the requirements for provisions in IAS 37 Provisions, Contingent Liabilities and Contingent Assets or the amount initially recognised less (when appropriate) cumulative amortisation recognised in accordance with the requirements for revenue recognition.

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2 MATERIAL ACCOUNTING POLICIES (continued)

2.1 BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES (continued)

Group reorganisation and business combinations under common control

In the absence of guidance in IFRS for the Group reorganisation and business combinations under common control, IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors requires to use judgement in developing and applying an accounting policy that provides reliable and more relevant information. As such group reorganisation has no economic substance and is outside the scope of IFRS 3 Business Combinations.

Business combination under common control is accounted for using the pooling of interests method as follows:

- assets and liabilities of Existing Group Entities transferred to the Company are reflected at their carrying amounts and no adjustments are made to reflect fair values, or recognise any new assets or liabilities, at the date of the reorganisation that would otherwise be done under the acquisition method;
- no goodwill is recognised as a result of the reorganisation. Any difference between the consideration transferred and the equity of the entities acquired as at the date of the combination is reflected within equity;
- the consolidated statement of comprehensive income reflects the results of the Existing Group Entities transferred to the Company from the effective date of reorganisaiton.

The Group applied the accounting policy with no restatement of periods prior to the reorganistion (prospective approach) and accordingly has not reported the financial information of the Existing Group Entities acquired before the reorganisation.

Interest in joint ventures and associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. The considerations made in determining joint control are similar to those necessary to determine control over subsidiaries.

The Group's investments in the joint venture and associate are both accounted for using the equity method. Under the equity method, the investment is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the investee since the acquisition date. Goodwill relating to the joint venture or associate is included in the carrying amount of the investment and is not tested for impairment separately.

The consolidated statement of comprehensive income reflects the Group's share of the results of operations of the joint venture and associate. Any change in the other comprehensive income (OCI) of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the joint venture or associate, the Group recognises its share of any changes, when applicable, directly in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the joint venture or associate are eliminated to the extent of the interest in the joint venture or associate unrelated to the Group.

The aggregate of the Group's share of profit or loss of a joint venture and associate is shown on the face of the consolidated statement of comprehensive income outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the joint venture or associate.

The financial statements of the joint venture and associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring their accounting policies in line with those of the Group.

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2 MATERIAL ACCOUNTING POLICIES (continued)

2.1 BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES (continued)

Interest in joint ventures and associates (continued)

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in joint venture or associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the joint venture or associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture or associate and its carrying value, and then recognises the loss as 'Share of results of an associate and a joint venture' in the consolidated statement of comprehensive income.

Upon loss of joint control over a joint venture or significant influence over an associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the joint venture or associate upon loss of joint control or significant influence, and the fair value of the retained investment and proceeds from disposal is recognised in the consolidated statement of comprehensive income.

2.2 CHANGES IN THE ACCOUNTING POLICIES AND DISCLOSURE

a) New and amended standards and interpretations became effective during the year

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2024 (unless otherwise stated). The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The accounting policies adopted in preparation of the consolidated financial statements are consistent with those used in the previous year, except as described below:

- Amendments to IFRS 16: Lease Liability in a Sale and Leaseback
- Supplier Finance Arrangement - Amendments to IAS 7 and IFRS 7

These standards and amendments above do not have an impact on the consolidated financial statements of the Group.

- Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants – Amendments to IAS 1

The amendment above has resulted in additional disclosure in Note 21 but have not had an impact on the classification of the Group's liabilities.

(b) Standards, amendments and interpretations in issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's consolidated financial statements are disclosed below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective:

- Amendments to IFRS 18: Presentation and Disclosure in Financial Statements (1 January 2027)

In April 2024, the IASB issued IFRS 18, which replaces IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new.



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2 MATERIAL ACCOUNTING POLICIES (continued)

2.2 CHANGES IN THE ACCOUNTING POLICIES AND DISCLOSURE (continued)

(b) Standards, amendments and interpretations in issued but not yet effective (continued)

- Amendments to IFRS 18: Presentation and Disclosure in Financial Statements (1 January 2027) (continued)

It also requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements (PFS) and the notes.

In addition, narrow-scope amendments have been made to IAS 7 Statement of Cash Flows, which include changing the starting point for determining cash flows from operations under the indirect method, from 'profit or loss' to 'operating profit or loss' and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards.

IFRS 18, and the amendments to the other standards, is effective for reporting periods beginning on or after 1 January 2027, but earlier application is permitted and must be disclosed. IFRS 18 will apply retrospectively.

The Group is currently working to identify all impacts the amendments will have on the primary financial statements and notes to the financial statements.

- IFRS 19 Subsidiaries without Public Accountability: Disclosures

In May 2024, the IASB issued IFRS 19, which allows eligible entities to elect to apply its reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS accounting standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in IFRS 10, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements, available for public use, which comply with IFRS accounting standards.

IFRS 19 will become effective for reporting periods beginning on or after 1 January 2027, with early application permitted.

As the Group's equity instruments are publicly traded, it is not eligible to elect to apply IFRS 19.

- Lack of exchangeability – Amendments to IAS 21

In August 2023, the IASB issued amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates to specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking.

The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The amendments will be effective for annual reporting periods beginning on or after 1 January 2025. Early adoption is permitted, but will need to be disclosed. When applying the amendments, an entity cannot restate comparative information.

The Group is currently working to identify all impacts the amendments will have on the primary financial statements and notes to the financial statements.

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2 MATERIAL ACCOUNTING POLICIES (continued)

2.3 SUMMARY OF MATERIAL ACCOUNTING POLICIES

Current versus non-current classification

The Group presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle.
- Held primarily for the purpose of trading.
- Expected to be realised within twelve months after the reporting period; or Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle.
- It is held primarily for the purpose of trading.
- It is due to be settled within twelve months after the reporting period. Or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Revenue recognition

The Group recognises revenue from contracts with customers based on a five-step model as set out in IFRS 15.

- Step 1. Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.
- Step 2. Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.
- Step 3. Determine the transaction price: The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.
- Step 4. Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Group allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.
- Step 5. Recognise revenue when (or as) the Group satisfies a performance obligation.

The Group satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

- a) The Group's performance does not create an asset with an alternate use to the Group and the Group has as an enforceable right to payment for performance completed to date.
- b) The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.
- c) The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs.

For performance obligations where one of the above conditions are not met, revenue is recognised at the point in time at which the performance obligation is satisfied.

2 MATERIAL ACCOUNTING POLICIES (continued)

2.3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

When the Group satisfies a performance obligation by delivering the promised goods or services it creates a contract-based asset on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognised this gives rise to a contract liability.

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes and duty. The Group assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent.

Revenue is recognised to the extent it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably.

Based on the assessment of the customer contracts, the Group has identified one performance obligation for each of its contracts and therefore revenue is recognised over time. Some of the customer contracts may include mobilization and demobilisation activities for which revenue, along with the related cost are amortised over the period of contract life from the date of the completion of mobilization activities.

Dividends

Dividend income is recognised when the Group's right to receive the payment is established, which is generally when shareholders approve the dividend.

Interest income

Interest income is recognised as the interest accrues using the effective interest rate method, under which the rate used exactly discounts, estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Contract balances

Contract assets

A contract asset is the right to consideration in exchange of goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for earned consideration that is conditional.

Trade receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before the payment of the consideration is due). Refer to the accounting policies of financial assets in section financial instruments – initial recognition and subsequent measurement.

Contract liabilities

A contract liability (includes deferred revenue) is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Bank balances and cash

Bank balances and cash in the consolidated statement of financial position comprise cash at banks and on hand and short-term highly liquid deposits with a maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts if they are considered an integral part of the Group's cash management.

2 MATERIAL ACCOUNTING POLICIES (continued)

2.3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Taxes

Current taxes

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the consolidated statement of comprehensive income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred taxes

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, associate, and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Sales taxes

Expenses and assets are recognised net of the amount of sales tax, except:

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- When receivables and payables are stated with the amount of sales tax included

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated statement of financial position.

2 MATERIAL ACCOUNTING POLICIES (continued)

2.3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Taxes (continued)
Withholding Tax (WHT)

The Group withholds taxes on certain transactions with non-resident parties in respect to applicable tax laws and regulations of Kingdom of Saudi Arabia and the respective countries in which Group operates. Such withholding taxes suffered as a result of the transactions between the group companies are recorded as other taxes in the consolidated statement of comprehensive income.

Zakat

Zakat is levied based on adjusted income subject to zakat or the zakat base in accordance with the Regulations of the ZATCA in the Kingdom of Saudi Arabia. The Group computes its zakat by using the zakat base. The zakat provision is charged to the consolidated statement of comprehensive income. Differences, if any, resulting from the final assessments are adjusted in the period of their finalization.

Foreign currencies

The Group's consolidated financial statements are presented in SAR and all values are rounded to the nearest thousand ("SAR000"), except when otherwise indicated, which is also the Company's functional currency. For each entity, the Group determines the functional currency and items included in the consolidated financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation, the gain or loss that is reclassified to consolidated statement of comprehensive income reflects the amount that arises from using this method.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in consolidated statement of comprehensive income with the exception of monetary items that are designated as part of the hedge of the Group's net investment in a foreign operation. These are recognised in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in the consolidated statement of comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

In determining the spot exchange rate to use on initial recognition of the related asset, expense, or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of advance consideration.

Group companies

On consolidation, the assets and liabilities of foreign operations are translated into SAR at the rate of exchange prevailing at the reporting date and their consolidated statements of comprehensive income are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is reclassified to profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

2 MATERIAL ACCOUNTING POLICIES (continued)

2.3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Inventories

Inventories are initially measured at cost and subsequently at lower of cost using weighted average method or net realisable value.

At each reporting date, spare parts and consumables are assessed for impairment. If spare parts and consumables are impaired, their carrying amount is reduced to written down value; the impairment losses are recognized immediately in the consolidated statement of profit or loss and other comprehensive income.

Provision for obsolete, slow moving and damaged inventories is made considering various factors including age of the inventory items, historic usage and expected future utilization.

Property and equipment

Assets under construction, property and equipment are stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Such cost includes the cost of replacing parts of the property and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the consolidated statement of comprehensive income as incurred.

For all the years presented in the consolidated financial statements, depreciation on property and equipment except for leasehold land which has indefinite useful life, is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

	2024 Years	2023 Years
Rigs	27	27
Furniture and fixtures	10	10
Drilling pipes	5	5
Tools	5-10	5-10
Building	20	20
IT equipment	5	5
Motor vehicles	5	5
Leasehold improvements*	5	5

*Or lease term, whichever is lower

Rigs include major maintenance and upgrades that are capitalised and depreciated over 5 years (2023: 5 years).

No depreciation is charged on assets under construction. The useful lives and depreciation method are reviewed annually to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from these assets. Any change in estimated useful life is applied prospectively effective from the beginning of period. Expenditure incurred to replace a component of an item of property and equipment that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalised only when it increases future economic benefits of the related item of property and equipment. All other expenditure is recognised in the consolidated statement of comprehensive income as the expense is incurred.

Property and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of property and equipment may not be recoverable.

2 MATERIAL ACCOUNTING POLICIES (continued)

2.3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Property and equipment (continued)

Whenever the carrying amount of property and equipment exceeds their recoverable amount, an impairment loss is recognised in the consolidated statement of comprehensive income. The recoverable amount is the higher of fair value less costs to sell of property and equipment and the value in use. The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. While value in use is the present value of estimated future cash flows expected to arise from the continuing use of property and equipment and from its disposal at the end of its useful life.

Reversal of impairment losses recognised in the prior years are recorded when there is an indication that the impairment losses recognised for the property and equipment no longer exist or have reduced.

An item of property and equipment is derecognised upon disposal or when no further economic benefits are expected from its use or disposal. Any gain or loss arising on de recognition is included in the consolidated statement of comprehensive income.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. After initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets are not capitalized, and expenditure is reflected in the consolidated statement of comprehensive income in the year in which the expenditure is incurred. The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year end.

Intangible assets are amortized using the straight-line method over their estimated useful lives over 5 years (2023: 5 years).

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables and contract assets that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables and contract assets that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

2 MATERIAL ACCOUNTING POLICIES (continued)

2.3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Subsequent measurement

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

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

Financial assets at amortized cost (debt instruments):

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost include trade receivables and due from related parties.

Financial assets designated at fair value through OCI (equity instruments):

These assets are subsequently measured at fair value. Dividends are recognized as income in the consolidated statement of profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to the consolidated statement of profit or loss.

The Group's financial assets at fair value through OCI include hedge instruments, and financial assets at fair value through OCI.

Financial assets at fair value through profit or loss:

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in the consolidated statement of profit or loss.

2 MATERIAL ACCOUNTING POLICIES (continued)

2.3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either (a) the Group has transferred substantially all the risks and rewards of the asset, or
- The Group has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are more than 365 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2 MATERIAL ACCOUNTING POLICIES (continued)

2.3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and other financial liabilities.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

(i) Trade and other payables

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not. These are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

(ii) Interest-bearing loans and borrowings

This is the category most relevant to the Group. After initial recognition, loans and borrowings are subsequently measured at amortised cost using the effective interest rate "EIR" method. Gains and losses are recognised in the consolidated statement of comprehensive income, when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the consolidated statement of comprehensive income. This category generally applies to loans and borrowings.

(iii) Other financial liabilities at amortised cost

Other financial liabilities are initially measured at fair value, net of transaction costs and are subsequently measured 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 through the expected life of the financial liability, or, where appropriate, a shorter period.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the consolidated statement of comprehensive income.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2 MATERIAL ACCOUNTING POLICIES (continued)

2.3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Derivative financial instrument

A derivative is a financial instrument or other contract with all three of the following characteristics:

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided that, in the case of a non-financial variable, it is not specific to a party to the contract (i.e., the ‘underlying’).
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts expected to have a similar response to changes in market factors.
- It is settled at a future date.

The Group uses derivative financial instruments, such as interest rate swap, to hedge its interest rate risks. These interest rate swaps are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Hedge accounting

For the purpose of hedge accounting, as part of the Group risk management policies, Interest Rate Swap contracts (IRS), whether plain vanilla, collars, or IRS with cap-spreads, may be used to either change the floating-interest rate of a debt instrument into fixed rate or vice versa (whether that debt instrument is measured at amortized cost or fair value). When entering into derivatives in order to hedge risk of changes in fair value or cash flows, management ensure that the hedging relationship meets all of the 3-fold criteria in paragraph 6.4.1(c) of IFRS 9 for hedge effectiveness requirements. At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- 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.
- 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.

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the consolidated statement of comprehensive income. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

The amounts accumulated in OCI are accounted for, depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is removed from the separate component of equity and included in the initial cost or other carrying amount of the hedged asset or liability. This is not a reclassification adjustment and will not be recognised in OCI for the period.

This also applies where the hedged forecast transaction of a non-financial asset or non-financial liability subsequently becomes a firm commitment for which fair value hedge accounting is applied.

For any other cash flow hedges, the amount accumulated in OCI is reclassified to profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect profit or loss.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in OCI must remain in accumulated OCI if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to profit or loss as a reclassification adjustment. After discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated OCI must be accounted for depending on the nature of the underlying transaction as described above.

2 MATERIAL ACCOUNTING POLICIES (continued)

2.3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Impairment of non-financial assets

Further disclosures relating to impairment of non-financial assets are also provided in note 3 (significant accounting estimates, judgements, and assumptions) and note 17 (property and equipment).

The Group assesses at each reporting date whether there is an indication that a non-financial asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset’s recoverable amount. An asset’s recoverable amount is the higher of an assets or cash-generating units (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. 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. In determining fair value less costs to sell, an appropriate valuation model is used. Impairment losses of continuing operations are recognised in the consolidated statement of comprehensive income in those expense categories consistent with the function of the impaired asset.

Assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the assets or cash-generating unit’s recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset’s recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior periods. Such reversal is recognised in the consolidated statement of comprehensive income.

The Group identified individual rigs along with related assets as CGU for the purposes of impairment assessment of non-financial assets.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. For years presented, right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Rigs	2024 years Up to 5	2023 years Up to 5
Yards and warehouse	4	4
Office premises	5	5
Motor vehicles	3	3
Other equipment	5	5
Furniture and fixture	10	10
Building	20	20

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment.

2 MATERIAL ACCOUNTING POLICIES (continued)

2.3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Leases (continued)

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value (i.e., below SAR 18,750). Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the consolidated statement of comprehensive income due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Cost of revenue

Cost of revenue includes staff cost, maintenance, depreciation, catering costs, rig move, direct and indirect overheads related to provision of services.

General and administrative expenses

All other expenses, excluding cost of revenue, financial charges, expenses/(gains) related to the acquisitions and other expenses are classified as general and administrative expenses. Allocations of common expenses between cost of revenue and general and administrative expenses, when required, are made on a consistent basis.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and the amount can be reliably estimated. When the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in consolidated statement of comprehensive income net of any reimbursement.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation at the end of the reporting period, using a rate that reflects current market assessments of the time value of money and the risks specific to the obligation. Provisions are reviewed at each consolidated statement of financial position date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

Contingencies

Contingent liabilities are not recognised in the consolidated financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognised in the consolidated financial statements but disclosed when an inflow of economic benefits is probable.

2 MATERIAL ACCOUNTING POLICIES (continued)

2.3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Treasury shares

Own equity instruments issued that are reacquired, or issued and held by the Company (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in the consolidated statement of comprehensive income on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognised in the consolidated statement of changes in equity.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. For assets traded in an active market, fair value is determined by reference to quoted market bid prices. The fair value of items is estimated based on discounted cash flows using interest rates for items with similar terms and risk characteristics. For unquoted assets, fair value is determined by reference to the market value of a similar asset or is based on the expected discounted cash flows. The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Cash dividend and non-cash distribution to equity holders of the Parent

The Group recognises a liability to make cash or non-cash distributions to equity holders of the Parent when the distribution is authorised and the distribution is no longer at the discretion of the Group. A distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity. Non-cash distributions are measured at the fair value of the assets to be distributed with fair value remeasurement recognised directly in equity. Upon distribution of non-cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognised in the consolidated statement of comprehensive income.

Defined benefit plans (pension benefits)

The cost of the defined benefit pension plan and other post-employment medical benefits and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at intervals in response to demographic changes. Future salary increases and pension increases are based on expected future inflation rates for the respective countries.

Share-based payments

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. That cost is recognised in share-based payment expense, together with a corresponding increase in equity (other capital reserves).

3 SIGNIFICANT ACCOUNTING ESTIMATES, JUDGEMENTS AND ASSUMPTIONS

Judgements

The preparation of the Group’s consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

In the process of applying the Group’s accounting policies, management has made certain judgements, estimates and assumptions in relation to the accounting for the businesses acquired, trade receivables, customer credit periods and doubtful debts provisions, useful lives and impairment of property and equipment, income taxes and various other policy matters. These judgements have the most significant effects on the amounts recognised in the consolidated financial statements.

Consolidation of an entity in which the Group holds less than a majority of voting right (de facto control)
The Group considers that it controls United Precision Drilling Company W.L.L (“UPDC”) even though it owns less than 50% of the voting rights. This is mainly because (a) the Group has a substantive right to direct conclusion of revenue contracts, capital expenditures and operational management; (b) the Group has a significantly higher exposure to variability of returns than its voting rights; (c) the Group is the owner of all drilling rigs and equipment and charters the drilling rigs to UPDC on exclusive basis.

The lease term of contracts with renewal options
The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has the option, under some of its leases to lease the assets for additional terms of three to five years. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

The Group included the renewal period as part of the lease term for leases of property and equipment due to the significance of these assets to its operations. These leases have a short non-cancellable period (i.e., three to five years) and there will be a significant negative effect on operation if a replacement is not readily available.

Judgement in determining whether assets and entity acquired qualify as a business combination
During 2024, the Group acquired rigs and related assets and liabilities (refer to note 5 for details). The Group performed an extensive analysis of the terms of the agreements entered into to give effect to the above transactions and applied the requirements of IFRS 3. Management’s evaluation resulted in these transactions qualifying as a business combination.

Key sources of estimation uncertainty

Fair valuation of the acquired assets as part of business combinations
For fair valuation of the identified assets acquired (refer to note 5) which mainly include rigs and inventories, a valuation methodology based on a discounted cash flow (DCF) model was used, as there is a lack of reliable and comparable market data because of the nature of the assets. Key assumptions and estimates used to determine the fair value of the rigs and inventories include the following forecasted information:

- Forecasted day rates and rig utilisation
- Forecasted earnings before interest, tax and depreciation (EBITDA) margin
- Forecasted capital expenses
- Remaining useful life
- Discount factor based on weighted average cost of capital

3 SIGNIFICANT ACCOUNTING ESTIMATES, JUDGEMENTS AND ASSUMPTIONS (continued)

Key sources of estimation uncertainty (continued)

Impairment of trade receivables and contract assets
The Group recognises an allowance for expected credit losses (ECLs). The Group applies a simplified approach in calculating ECLs with respect to trade receivables and contract assets. Therefore, the Group track changes in credit risk which is assumed as the risk of default in meeting the debt obligation by the Country of respective customers. A forward-looking macroeconomic information is assessed to approximate the result of recognising lifetime expected credit losses. At the consolidated statement of financial position date, gross trade receivables and contract assets were SAR 1,528,465 thousand (2023: SAR 1,384,414 thousand) and the provision for impairment in trade receivables and contract assets was SAR 470,206 thousand (2023: SAR 470,206 thousand), refer to Note 14 for details.

Any difference between the amounts actually collected in future periods and the amounts expected will be recognised in the consolidated statement of comprehensive income.

Taxes
The Group is exposed to income and other taxes in certain jurisdictions. Significant judgement is required to determine the total tax liability. Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The tax liability is established, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective counties in which the Group-entities operate.

The amount of such liability is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences in interpretation may arise for a wide variety of issues depending on the conditions prevailing in the respective domicile of the Group companies. At the reporting date, the current income tax and zakat payable was SAR 82,468 thousand (2023: SAR 30,218 thousand). and the provision for tax of SAR 36,718 thousand (2023: SAR 10,286 thousand), refer to Note 22-a for details.

Impairment of non-financial assets
The Group assesses whether there are any indicators of impairment for all non-financial assets for each CGU at each reporting date. The non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

Management identified each rig along with the related assets as a CGU as generally each rig is contracted to the customer based on a separate customer contract.

Management uses the value in use calculation for impairment testing at each CGU level which is based on a discounted cash flow (DCF) model. The forecasted cash flows are estimated based on the historical performance and current contracted rates. The key assumptions used to determine the recoverable amount for the different CGUs are disclosed and further explained in note 17.

Useful lives of property and equipment
The Group’s management determines the estimated useful lives of its property, plant and equipment for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation charge would be adjusted where the management believes the useful lives differ from previous estimates.

Write-down of inventories to net realisable value (NRV)
Inventories are carried at the lower of cost and net realisable value. When inventories become old or obsolete, an estimate is made of their net realisable value. At the reporting date, gross inventories were SAR 625,526 thousand (2023: SAR 397,689 thousand). At the reporting date, the cumulative provision for slow moving items stands at SAR 98,253 thousand (2023: SAR 65,797 thousand). Any difference between the amounts actually realised in future periods and the amounts expected will be recognised in profit or loss in the consolidated statement of comprehensive income.

Defined benefit plans (pension benefits)
The cost of the defined benefit pension plan and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

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Management has determined the operating segments based on the reports reviewed by the Chief Executive Officer (CEO) that are used to make strategic decisions. As operationally, the Group is only in the oil and gas production and drilling services, the CEO considers the business from a geographic perspective and has identified Nine geographical segments (31 December 2023: seven geographical segments). Management monitors the operating results of its segments separately for the purpose of making decisions about resource allocation and performance assessment.

Segment	Egypt SAR'000	Algeria & Tunisia SAR'000	Kingdom of Saudi Arabia SAR'000	Kuwait SAR'000	Qatar SAR'000	India SAR'000	Southeast Asia ***** SAR'000	Total Segments SAR'000	Corporate SAR'000	Adjustments and Eliminations*** SAR'000	Total SAR'000
For the year ended 31 December 2024											
Revenue	486,016	197,466	4,142,669	615,425	356,135	220,266	181,045	6,199,022	-	-	6,199,022
External customers											
Inter-segment ***	448,254	-	33,581	2,850	41,501	-	-	526,186	-	(526,186)	-
Total Revenue	934,270	197,466	4,176,250	618,275	397,636	220,266	181,045	6,725,208	-	(526,186)	6,199,022
Income/(expenses)											
Cost of revenue*	(154,555)	(117,396)	(1,698,517)	(290,403)	(176,516)	(89,776)	(60,678)	(2,587,841)	-	-	(2,587,841)
General and administrative expenses											
Finance costs (net)	(23,792)	(14,869)	(251,858)	(40,546)	(19,534)	(13,671)	(5,422)	(369,692)	(54,648)	-	(424,340)
Depreciation and amortization	(31,135)	(8,297)	(692,055)	(36,709)	(12,846)	(10,912)	(8,732)	(800,686)	(3,229)	-	(803,915)
Bargain purchase gain	(99,884)	(29,117)	(879,161)	(154,411)	(36,356)	(32,729)	(20,473)	(1,252,131)	-	-	(1,252,131)
Other expenses (net) **	(10,891)	33,896	(105,333)	(23,883)	(13,706)	(9,847)	(11,943)	(141,707)	7,500	-	7,500
									(180,393)	-	(322,100)
Segment Profit / (Loss)	165,759	61,683	515,745	69,473	97,177	63,331	73,797	1,046,965	(230,770)	-	816,195
Total Assets as at 31 December 2024 (i)	3,927,901	684,460	12,114,767	2,265,290	1,085,198	153,871	1,000,260	21,231,747	396,943	-	21,628,690
Total Liabilities as at 31 December 2024 (ii)	1,499,751	187,257	11,331,680	665,079	376,299	107,067	834,290	15,001,423	89,283	-	15,090,706
Other Segment information											
Capital expenditure as at 31 December 2024 (i)	74,014	161,993	1,076,940	247,492	32,817	128,376	743,308	2,464,940	-	-	2,464,940

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Segment	Egypt SAR'000	Algeria & Tunisia SAR'000	Kingdom of Saudi Arabia SAR'000	Kuwait SAR'000	Qatar SAR'000	India SAR'000	Total Segments SAR'000	Corporate SAR'000	Adjustments and Eliminations*** SAR'000	Total SAR'000
For the period ended 31 December 2023										
Revenue	534,911	101,940	2,860,918	471,211	344,942	17,981	4,331,903	-	-	4,331,903
External customers	277,114	-	-	6,844	-	-	283,958	-	(283,958)	-
Inter-segment ***										
Total Revenue	812,025	101,940	2,860,918	478,055	344,942	17,981	4,615,861	-	(283,958)	4,331,903
Income/(expenses)										
Cost of revenue*	(214,387)	(64,862)	(1,154,965)	(223,981)	(172,420)	(5,454)	(1,836,069)	-	-	(1,836,069)
General and administrative expenses										
Finance costs (net)	(31,296)	(12,200)	(202,026)	(40,221)	(21,452)	(998)	(308,193)	(61,641)	-	(369,834)
Depreciation and amortization	(55,466)	(7,261)	(604,150)	(40,119)	(21,277)	(2,042)	(730,315)	19,060	-	(711,255)
Other expenses (net) **	(95,882)	(19,452)	(527,095)	(97,468)	(42,209)	(2,602)	(784,708)	-	-	(784,708)
	(8,718)	(2,574)	(118,872)	(14,102)	(5,596)	(1,367)	(151,229)	(26,730)	-	(177,959)
Segment Profit / (Loss)	129,162	(4,409)	253,810	55,320	81,988	5,518	521,389	(69,311)	-	452,078
Total Assets as at 31 December 2023 (i)	3,614,375	504,856	11,866,958	1,955,682	1,076,751	140,341	19,158,963	263,489	-	19,422,452
Total Liabilities as at 31 December 2023 (ii)	2,091,209	299,008	9,089,392	1,150,044	882,098	86,845	13,598,596	46,949	-	13,645,545
Other Segment information										
Capital expenditure as at 31 December 2023 (i)	121,296	85,834	3,577,793	533,151	13,762	418,649	4,750,485	-	-	4,750,485

* Excluding depreciation and amortisation.
** Other expenses (net) includes end of service employment benefits, other taxes, other income/(expenses) (net), income and zakat tax expense, share based payment expense, IPO expense, acquisition transaction cost and tax provision.
*** Inter-segment revenues and other adjustments are eliminated upon consolidation and reflected in the 'adjustments and eliminations' column.
(i) Management presents the assets in the segment which holds such assets, while the capital expenditure is presented in the segment where such assets are utilised.
**** Depreciation and amortisation recorded under cost of revenue.
***** Southeast Asia includes (Indonesia and Thailand).

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5 BUSINESS COMBINATIONS

As part of the Group’s strategy to expand its fleet and operations, the Group acquired two jackup rigs along with customer contracts based in Southeast Asia from Vantage. The acquisition date is determined as 30 October 2024. The transaction involves the direct acquisition of the Topaz rig, which is contracted to work in the offshore Malaysia-Thailand joint development area, and the shares of Rig Finance Ltd., which owns the Soehanah jackup based in Indonesia. These acquisitions are accounted for as business combinations in accordance with IFRS 3 Business Combinations. This transaction resulted in gain on bargain purchase because the fair value of identifiable assets and liabilities acquired exceeded the total fair value of the consideration paid. The Group utilised its position as one of the largest jack-up operator and available liquidity position. These have given added synergies to the Group to negotiate a favorable deal with a seller leading to the gain on bargain purchase supported with the management estimate of the fair value.

The group performed an extensive analysis of the terms of the agreements entered into to give effect to these transactions, applying the ‘inputs, processes, and outputs’ approach required by IFRS 3. Additionally, we consulted our legal advisor regarding the enforceability of the rights and obligations under these agreements, leading to the evaluation that transaction qualify as business combinations.

Identifiable net assets acquired

The provisional fair values of the identifiable assets and liabilities as at the acquisition were:

	Provisional fair values recognized on acquisition SAR,000
Property and equipment	698,245
Inventories	12,319
Accounts receivable and prepayments	28,439
Bank balances and cash	1,864
Total assets (provisional)*	740,867
Accounts payable and accruals	5,902
Employees’ end of service benefits	1,387
Total liabilities (provisional)*	7,289
Total identifiable net assets at fair value (provisional)*	733,578
Gain from bargain purchase	(7,500)
Purchase consideration	726,078
Analysis of purchase consideration	
Net cash paid	711,130
Purchase price adjustment **	14,948
Purchase consideration	726,078
Analysis of cash flow on acquisition (included in cash flows from investing activities)	
Net Cash paid **	(711,130)
Transaction cost paid for acquisition	(2,868)
Cash and cash equivalent acquired	1,864
Net cash out flows on acquisition	(712,134)

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5 BUSINESS COMBINATIONS (continued)

* Additional clarifications and analysis are required to determine the acquisition date fair value of the assets and liabilities acquired. Thus, the assets and liabilities may be subsequently adjusted, with a corresponding adjustment to gain from bargain purchase prior to 30 October 2025 (within one year from the transaction date).

** Outstanding consideration payable amounting to SAR 18,222 thousand is included in trade and other payables (Note 19).

From the date of acquisition, the acquired assets contributed SAR 40,542 thousand of revenue from continuing operations of the Group and reported the profit of SAR 22,173 thousand.

If the combination had taken place at the beginning of the year the acquired business would have contributed SAR 243,253 thousand of revenue of continuing operations and would have reported profit SAR 133,039 thousand.

6 REIMBURSEMENT OF PURCHASE PRICE CONSIDERATION

During the period ended 31 December 2023, the Group collected SAR 122,030 thousand reimbursement from Seadrill as a final settlement for the acquisition of the 7 offshore rigs and their related equipment, drilling contracts, other vendor contracts, certain employees and inventories to be used in the drilling business.

Before the reorganization, on 18 October 2022, ADES Saudi limited Company completed acquisition of 100% voting shares of Seadrill GCC Operations Ltd. and its 7 subsidiaries from Seadrill that own 7 offshore rigs and their related equipment, drilling contracts, other vendor contracts, certain employees and inventories to be used in the drilling business. These entities are registered in Bermuda and operate in the KSA. The acquisition has been accounted for using the acquisition method at the acquisition date and recorded by ADES Saudi limited Company before the reorganisation (refer to note 1) when ADES Saudi limited Company was transferred to the Company along with the other entities under common control.

7 REVENUES

	For the year ended 31 December 2024 SAR’000	From 28 December 2022 to 31 December 2023 SAR’000
Revenue from customer contracts		
Units operations	5,919,699	4,118,769
Catering services	150,873	95,296
Projects income*	35,878	31,064
Others	77,494	71,450
Revenue from lease	15,078	15,324
Revenue from lease	15,078	15,324
	6,199,022	4,331,903

Refer to note 4 for segment disclosure. The primary operational revenue stream is drilling services (units operations) and the revenue is recognised over the time of service.

*Projects income, which is recognized over time, represents services relating to outsourcing various operating projects for clients such as, early production facilities, manpower, maintenance, repair services and exploration and production.

Refer to note 14 and note 20 for trade receivable, contract asset and deferred revenue balances with respect to the customer contracts.

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8 COST OF REVENUE

	For the year ended 31 December 2024 SAR'000	From 28 December 2022 to 31 December 2023 SAR'000
Depreciation and amortization (note 17)	1,252,131	784,708
Staff cost	1,152,378	803,948
Maintenance costs	547,350	348,000
Catering costs	203,887	144,855
Move costs	119,276	90,307
Crew change costs	78,934	58,155
Rental costs (note 18)	73,022	63,492
Insurance	55,014	38,476
Training cost	52,814	36,419
Project direct costs	15,491	20,366
Other costs	289,675	232,052
	3,839,972	2,620,778

9 GENERAL AND ADMINISTRATIVE EXPENSES

	For the year ended 31 December 2024 SAR'000	From 28 December 2022 to 31 December 2023 SAR'000
Staff cost	288,989	240,586
Professional fees	25,386	28,578
Business travel expenses	22,412	21,226
Free zone expenses	16,711	12,964
Depreciation and amortisation (note 17)	16,500	12,756
Communication expenses	9,871	8,930
Rental cost (note 18)	2,396	3,083
Bank services charges	2,169	6,389
Other expenses	39,906	35,322
	424,340	369,834

Auditor's fee for the statutory audit and review of the Group's consolidated financial statements (including financial statements of certain subsidiaries) for the year/period ended 31 December 2024 amounted to SAR 3.855 million (2023: SAR 4.68 million). Auditors' fees for the provision of other services amounted to SAR 1.826 million (SAR 3.15 million).

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10 FINANCE COSTS, NET

	For the year ended 31 December 2024 SAR'000	From 28 December 2022 to 31 December 2023 SAR'000
Interest cost:		
Loan interest expenses*	762,828	668,632
Amortisation of loan transaction costs	46,223	29,095
Interest rate swap related finance income	(79,351)	(71,619)
Interest on overdraft facilities	10,870	56,863
Interest on lease liabilities (note 18)	39,877	28,147
(Unwinding)/discounting on a long-term receivable	(5,380)	1,929
Other finance cost:		
Guarantees related finance costs	20,867	14,197
Other finance cost/(income), net	7,981	(15,989)
	803,915	711,255

* During the year ended 31 December 2024, the gross interest is SAR 784,076 thousand (2023: SAR 849,186 thousand) and the Group capitalized borrowing costs of SAR 21,248 thousand (2023: SAR 180,554 thousand) that is related to the capital refurbishment projects of the rigs that require substantial time to prepare such rigs for their intended use.

Loan interest expenses comprise amount of SAR 709,238 thousand (2023: SAR 598,961 thousand) under Islamic Banking Facilities (Sharia compliant) and amount of SAR 53,590 thousand (2023: SAR 69,671 thousand) under conventional facilities.

11 INCOME TAX AND ZAKAT

Consolidated statement of comprehensive income:

	For the year ended 31 December 2024 SAR'000	From 28 December 2022 to 31 December 2023 SAR'000
Current income tax	50,859	34,047
Zakat expense	75,205	19,602
Deferred tax charge	28,587	23,652
	154,651	77,301

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11 INCOME TAX AND ZAKAT (continued)

Consolidated statement of comprehensive income: (continued)

	For the year ended 31 December 2024 SAR'000	From 28 December 2022 to 31 December 2023 SAR'000
Profit before income tax	970,846	529,379
Tax calculated at domestic tax rates applicable to profits in the primary jurisdiction of 8.89 % (2023:11.33%)	86,284	59,979
Effect of different tax rates in countries in which the Group operates	145,367	25,244
Non-deductible expenses	13,389	2,031
Non-taxable income	(90,389)	(10,068)
Adjustments in respect of current income tax of previous years	-	(4,382)
Withholding taxes	-	4,497
Income tax expense recognized in the consolidated Statement of comprehensive income	154,651	77,301

The effective tax rate is 15.9% (2023: 14.6%).

The Group operates in jurisdictions which are subject to tax rates different than the effective statutory corporate tax rate of 8.89% (2023:11.33%) (including Zakat tax rate of 2.5%) the mainly reason for the change the domestic's tax base which subject to income tax has been reduced. The other jurisdictions include Algeria, Kuwait, Tunisia, Qatar, India, Indonesia and Thailand where applicable tax rates are 26%, 15%, 15%,10%, 10%, 22% and 20% respectively.

Egyptian corporations are normally subject to corporate income tax at a statutory rate of 22.5% however the Company has been registered in a Free Zone in Alexandria under the Investment Law No 8 of 1997 which allows exemption from corporate income tax.

Consolidated statement of financial position:

	31 December 2024 SAR'000	31 December 2023 SAR'000
Current liabilities:		
Opening balance	30,218	-
Acquired as part of business combination under common control and reorganisation *	-	3,453
Charge for the year/period	126,064	53,649
Paid during the year/period	(73,814)	(26,884)
	82,468	30,218

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11 INCOME TAX AND ZAKAT (continued)

Deferred tax recognise during the year/period relates to the following:

	For the year ended 31 December 2024 SAR'000	From 28 December 2022 to 31 December 2023 SAR'000
<i>Deferred tax assets/ (liabilities)</i>		
Property and equipment	(27,538)	(36,726)
Provision for employee terminal benefits	(1,992)	4,119
Provision and others	943	8,955
Fair value reserve of financial assets at FVOCI (Note 29-b)	(187)	-
Derivative financial instruments – cash flow hedges (Note 29-a)	684	3,963
Remeasurement on defined benefit plans (Note 22-b)	(4,647)	2,402
	(32,737)	(17,287)

Reconciliation of deferred tax assets/(liabilities), net:

	31 December 2024 SAR'000	31 December 2023 SAR'000
Opening balance	(61,331)	-
Acquired as part of business combination under common control and reorganisation *	-	(44,044)
Movement for the year/ period	(32,737)	(17,287)
	(94,068)	(61,331)

Deferred tax (expense) /benefit for the year/period is charged to consolidated statement of comprehensive income:

Profit or loss -income tax and zakat expense	(28,587)	(23,652)
Other comprehensive income	(4,150)	6,365
	(32,737)	(17,287)

* These represent the liabilities acquired as part of the reorganisation (note 1) and recorded using the pooling of interests method (refer to note 2 for accounting policy relating to "Group reorganisation and business combinations under common control").

Components of zakat base

The company and its local subsidiary registered under the Saudi Arabian law, file their zakat and income tax declaration on a standalone basis. the significant components of the zakat base of the company, as per the new zakat regulations, are principally comprised of the difference between book net profit and adjusted net profit plus equity and equivalents plus non-current liabilities and current liabilities in excess of current assets (limited to deductible assets) less deductions. in addition, the zakat base is subject to a minimum and maximum cap as specified under the new zakat regulations.

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11 INCOME TAX AND ZAKAT (continued)

Income tax and zakat assessments

The Company, along with certain affiliates are subject to zakat and tax review and audits in the jurisdictions where they operate.

For the Saudi Arabia domestic entities, the zakat and tax declarations for up to the year 2023 have been filed. However, the final assessments have not yet been raised by tax authorities. During 2024 and January 2025, the General Authority of Zakat, Tax, and Customs (“ZATCA”) initiated tax audit by requesting specific information and analysis for year 2023 for both ADES Holding Company and the KSA Branch of ADES GCC For Drilling.

For Qatar, during the current year, there was an ongoing tax inspection in relation to the tax assessment for the period ended 31 December 2017 and year ended 31 December 2018. Based on the assessments, additional taxes was claimed by the tax authorities. This exposure mainly pertains to a higher tax rate that the tax authorities believe should apply to the Group. The Group has appealed against these assessments to the Tax Appeals Committee. Management believes that no tax provision is required in the consolidated financial statements with respect to this tax claim.

For other international entities, the examination of tax returns for certain prior years is still pending or ongoing. However, the Group is not aware of any material claims that may result in material additional tax payments and, as such, no provisions have been recorded in the consolidated financial statements.

Pillar two rules

The Organisation for Economic Co-operation and Development (OECD) / G20 Inclusive Framework on Base Erosion and Profit Shifting published the Pillar Two model rules designed to address the tax challenges arising from the digitalisation of the global economy.

The Group’s Ultimate Parent Entity location is the Kingdom of Saudi Arabia, which has not yet enacted or implemented the Pillar Two rules. However, Pillar Two legislation is either effective, enacted or substantively enacted in certain jurisdictions the Group operates at reporting date.

As the legislation is effective for the Group’s financial year beginning 1 January 2024, the Group has performed an assessment of the potential exposure to Pillar Two income taxes. Based on this assessment, the Pillar Two effective tax rates in most of the implementing jurisdictions in which the Group operates (or those with entities held via implementing jurisdictions) are above 15%. The limited number of jurisdictions where none of the transitional Country by Country Reporting safe harbour tests are not met or applicable, should not result in a material financial impact for the Group. The Group is closely monitoring further developments and legislation that will impact the Group’s overall Pillar Two tax position on a going-forward basis.

The Group applies the IAS 12 exception to recognizing and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

12 BANK BALANCES AND CASH

	31 December 2024 SAR’000	31 December 2023 SAR’000
Bank balances	743,803	431,828
Cash on hand	384	454
Bank balances and cash in the consolidated statement of financial position and bank balances and cash for the purpose of consolidated statement of cash flows	744,187	432,282

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12 BANK BALANCES AND CASH (continued)

Bank balances and cash comprise of balances in the following currencies:

	31 December 2024 SAR’000	31 December 2023 SAR’000
United States Dollar (USD)	473,620	153,135
Saudi Riyal (SAR)	156,709	176,732
Egyptian Pound (EGP)	32,796	46,290
Indonesian Rupiah (IDR)	31,706	-
Kuwaiti Dinar (KWD)	24,305	47,594
India Rupee (INR)	15,324	7,478
Algerian Dinar (DZD)	8,756	567
Other currencies	971	486
	744,187	432,282

13 INVENTORIES

	31 December 2024 SAR’000	31 December 2023 SAR’000
Spare parts, supplies and consumables at:		
Offshore rigs	387,356	226,261
Warehouse and yards	90,685	65,460
Onshore rigs	49,232	40,171
	527,273	331,892

As at 31 December 2024, the inventories are stated net of provision for impairment of inventory of SAR 98,253 thousand (31 December 2023: SAR 65,797 thousand).

	31 December 2024 SAR’000	31 December 2023 SAR’000
Opening balance	65,797	-
Acquired as part of business combination under common control and reorganisation*	-	65,797
Charge during the year/period	1,401	-
Acquired as part of Business combinations	33,328	-
Write off during the year/period	(2,273)	-
Ending balance	98,253	65,797

* These represent the assets acquired as part of the reorganisation (note 1) and recorded using the pooling of interests method (refer to note 2 for accounting policy relating to “Group reorganisation and business combinations under common control”).

14 TRADE RECEIVABLES AND CONTRACT ASSETS

Trade receivables

	31 December 2024 SAR'000	31 December 2023 SAR'000
Trade receivables	1,003,794	994,925
Provision for impairment of trade receivables	(470,206)	(470,206)
	533,588	524,719
Invoice retention*	324,245	320,012
	857,833	844,731

Trade receivables are non-interest bearing and are generally on 30 to 90 days terms, except for one customer balance which is fully impaired, after which trade receivables are considered to be past due. Unimpaired trade receivables are expected to be fully recoverable based on the past experience. It is not the practice of the Group to obtain collateral over receivables and the vast majority are, therefore, unsecured.

*This represents the amounts retained by the customers on the sales invoices as per the terms of the customer contracts.

As at 31 December, the aging analysis of un-impaired trade receivables are as follows:

	Neither past due nor impaired SAR'000	Past due but not impaired				Total SAR'000
		<30 days SAR'000	30 - 60 days SAR'000	61 - 90 days SAR'000	>90 days SAR'000	
2024	333,493	92,448	45,788	27,464	34,395	533,588
2023	354,984	62,770	43,562	10,287	53,116	524,719

The movement in the provision for impairment of trade receivables is as follows:

	31 December 2024 SAR'000	31 December 2023 SAR'000
Opening balance	470,206	-
Acquired as part of business combination under common control and reorganisation*	-	470,206
Ending balance	470,206	470,206

* These represent the assets acquired as part of the reorganisation (note 1) and recorded using the pooling of interests method (refer to note 2 for accounting policy relating to “Group reorganisation and business combinations under common control”).

Contract assets

As at 31 December 2024, the Group has contract assets of SAR 524,671 thousand (31 December 2023: SAR 389,489 thousand), there was no impairment of contract assets and hence no ECL has been recorded (31 December 2023: Nil). The contract assets are neither overdue nor impaired.

15 PREPAYMENTS AND OTHER RECEIVABLES

	31 December 2024 SAR'000	31 December 2023 SAR'000
Advances to contractors and suppliers	350,620	320,966
Prepaid expenses	70,968	23,705
Prepaid mobilization revenue	69,318	58,143
Insurance deposits	27,683	25,902
Margin deposits against letter of guarantees	15,005	16,200
Provision for other receivables	(6,828)	(6,828)
Dividends receivable	4,594	4,594
Provision for impairment in dividends receivables	(4,594)	(4,594)
Other receivables*	190,811	135,593
	717,577	573,681
Current	502,391	352,315
Non-current	215,186	221,366
	717,577	573,681

* Includes due from Vantage Services (other related party) amounting to nil (31 December 2023: SAR 3,731 thousand).

16 INVESTMENTS IN A JOINT VENTURE

Investment in Egyptian Chinese Drilling Company:
The Group holds a 48.75% equity interest in Egyptian Chinese Drilling Company (ECDC). ECDC is a Joint Stock Company operating in storing and renting machinery and all needed equipment to the petroleum industry. As at 31 December 2024, the investment is stated net of provision for impairment of investment of SAR 25,416 thousand (31 December 2023: nil).

Summarised statement of financial position as at 31 December:

	2024 SAR'000	2023 SAR'000
Non-current assets	66,076	31,018
Current assets	98,101	98,586
Non-current liabilities	-	-
Current liabilities	(112,042)	(115,625)
Net assets	52,135	13,979

The Group's share in net assets at adjusted fair value equity - 48.75%	25,416	6,815
Impairment of ECDC investment	-	(6,815)
Net Assets	25,416	-

17 PROPERTY AND EQUIPMENT

31 December 2024	Rigs SAR'000	Furniture and fixtures SAR'000	Drilling pipes SAR'000	Tools SAR'000	Assets under construction SAR'000	IT equipment SAR'000	Motor vehicles SAR'000	Leasehold improvement SAR'000	Building SAR'000	Leasehold land SAR'000	Total SAR'000
Cost:											
As at 1 January 2024	13,979,466	17,156	148,545	502,983	2,944,280	11,185	2,235	636,229	20,078	58,478	18,320,635
Additions	934,964	1,454	7,047	48,699	712,314	3,818	298	58,101	-	-	1,766,695
Acquisitions through business combinations (Note 5)	698,245	-	-	-	-	-	-	-	-	-	698,245
Transfers	3,099,964	64	3,071	79,577	(3,197,645)	33	564	-	14,372	-	-
As at 31 December 2024	18,712,639	18,674	158,663	631,259	458,949	15,036	3,097	694,330	34,450	58,478	20,785,575
Accumulated depreciation and impairment:											
As at 1 January 2024	(1,826,169)	(3,421)	(85,797)	(173,546)	(2,870)	(6,276)	(1,669)	(71,103)	-	-	(2,170,851)
Depreciation	(864,446)	(2,279)	(24,241)	(57,468)	-	(2,910)	(426)	(132,842)	(1,403)	-	(1,086,015)
Reversal of impairment	38,913	-	-	-	-	-	-	-	-	-	38,913
As at 31 December 2024	(2,651,702)	(5,700)	(110,038)	(231,014)	(2,870)	(9,186)	(2,095)	(203,945)	(1,403)	-	(3,217,953)
Net book value:											
At 31 December 2024	16,060,937	12,974	48,625	400,245	456,079	5,850	1,002	490,385	33,047	58,478	17,567,622

17 PROPERTY AND EQUIPMENT (continued)

31 December 2023	Rigs SAR'000	Furniture and fixtures SAR'000	Drilling pipes SAR'000	Tools SAR'000	Assets under construction SAR'000	IT equipment SAR'000	Motor vehicles SAR'000	Leasehold improvement SAR'000	Building SAR'000	Leasehold land SAR'000	Total SAR'000
Cost:											
As of 28 December 2022	-	-	-	-	-	-	-	-	-	-	-
Acquired as part of reorganization under common control *	9,112,777	6,524	115,734	405,720	3,858,904	9,754	2,235	2,600	-	58,478	13,572,726
Additions	582,550	10,960	32,811	65,758	3,916,425	1,431	-	120,472	20,078	-	4,750,485
Transfers	4,284,139	2	-	31,505	(4,831,049)	-	-	515,403	-	-	-
Retirement & disposal	-	(330)	-	-	-	-	-	(2,246)	-	-	(2,576)
As of 31 December 2023	13,979,466	17,156	148,545	502,983	2,944,280	11,185	2,235	636,229	20,078	58,478	18,320,635
Accumulated depreciation and impairment:											
As of 28 December 2022*	-	-	-	-	-	-	-	-	-	-	-
Acquired as part of reorganization under common control*	(1,296,592)	(2,958)	(65,401)	(131,030)	(2,870)	(4,754)	(1,410)	(1,621)	-	-	(1,506,636)
Depreciation	(529,577)	(641)	(20,396)	(42,516)	-	(1,522)	(259)	(70,765)	-	-	(665,676)
Retirement & disposal	-	178	-	-	-	-	-	1,283	-	-	1,461
As of 31 December 2023	(1,826,169)	(3,421)	(85,797)	(173,546)	(2,870)	(6,276)	(1,669)	(71,103)	-	-	(2,170,851)
Net book value:											
At 31 December 2023	12,153,297	13,735	62,748	329,437	2,941,410	4,909	566	565,126	20,078	58,478	16,149,784

*The balances as at 28 December 2022 represent the assets acquired as part of the reorganisation (note 1) and recorded using the pooling of interests method (refer to note 2 for ac-counting policy relating to "Group reorganisation and business combinations under common control")

Most of the rigs are pledged to the lenders (banks) against loans and borrowings (note 21).

17 PROPERTY AND EQUIPMENT (continued)

Impairment assessment and key assumptions used in value in use calculations.
Based on the impairment assessment, Management concluded that recoverable values are higher than the net carrying values of all individual assets. The calculation of value in use is most sensitive to the following assumptions:

- Day rates, EBITDA margins and utilisation days of rigs
- Discount rates
- Remaining useful lives of rigs and estimated future capital expenditures.

Day rates, gross margins and utilisation days – Day rates, gross margins and utilisation days of rigs are estimated based on historical results and the current customer contracts. These are increased over the budget period due to efficiency improvements.

Allocation of depreciation charge:
Depreciation and amortization charge is allocated as follows:

	For the year ended 31 December 2024 SAR'000	From 28 December 2022 to 31 December 2023 SAR'000
Cost of revenue (note 8)	1,252,131	784,708
General and administrative expenses (note 9)	16,500	12,756
Total depreciation and amortization charge*	1,268,631	797,464

* Total depreciation and amortization charge for the year includes depreciation of property and equipment of SAR 1,086,015 thousand (31 December 2023: SAR 665,676 thousand), amortization of intangible assets and depreciation of right of use assets of SAR 913 thousand (31 December 2023: SAR 199 thousand) and SAR 181,703 thousand (31 December 2023: SAR 131,589 thousand) respectively.

Assets under construction and transfers:
Assets under construction represents the amounts that are incurred for any purpose of upgrading and refurbishing property and equipment until it is ready to be used in the operation and amount paid for new rigs purchased that are not ready for use. Assets under construction will mainly be transferred to 'Rigs', 'Tools' of the property and equipment after completion. During the year ended 31 December 2024, the Group completed capital projects for the amount of SAR 3,197,645 thousand (31 December 2023: SAR 4,831,049 thousand) and transferred to the relevant asset categories.

During the year ended 31 December 2024, the Group capitalized borrowing costs of SAR 16,276 thousand (31 December 2023: SAR 180,554 thousand) that are related to the capital refurbishment projects of the rigs that require substantial time to prepare such rigs for their intended use. The rate used to determine the amount of borrowing costs eligible for capitalisation was 7.35% (31 December 2023: 7.56%) which is the effective interest rate of the related borrowings.

18 LEASES

18-a Right of use assets

Set out below, are the carrying amounts of the Group's right-of-use assets and lease liabilities and the movements during the year:

31 December 2024	Rigs SAR'000	Yards and warehouse SAR'000	Office Premises SAR'000	Motor vehicles SAR'000	Other Equipment SAR'000	Total SAR'000
Cost:						
As at 1 January 2024	610,655	20,084	23,619	30,277	113,143	797,778
Additions	8,173	982	1,546	5,963	18,703	35,367
Terminated *	-	(56)	-	(3,137)	(4,964)	(8,157)
Other adjustments	-	(354)	-	(341)	(273)	(968)
As at 31 December 2024	618,828	20,656	25,165	32,762	126,609	824,020
As at 1 January 2024	(85,750)	(14,104)	(6,560)	(13,577)	(34,170)	(154,161)
Depreciation (note 17)	(124,824)	(3,463)	(4,989)	(10,672)	(37,755)	(181,703)
Terminated *	-	56	-	2,158	3,739	5,953
Other adjustments	-	(155)	(73)	-	265	37
As at 31 December 2024	(210,574)	(17,666)	(11,622)	(22,091)	(67,921)	(329,874)
Net Book Value						
At 31 December 2024	408,254	2,990	13,543	10,671	58,688	494,146

18 LEASES (continued)

18-a Right of use assets (continued)

Set out below, are the carrying amounts of the Group’s right-of-use assets and lease liabilities and the movements during the period (continued):

31 December 2023	Rigs SAR’000	Yards and warehouse SAR’000	Office Premises SAR’000	Motor vehicles SAR’000	Other Equipment SAR’000	Furniture and Fixture SAR’000	Building SAR’000	Total SAR’000
Cost:								
As of 28 December 2022	-	-	-	-	-	-	-	-
Acquired as part of reorganization under common control **	331,766	19,302	6,564	9,123	44,558	9,514	28,318	449,145
Additions	318,461	782	19,683	21,241	68,585	-	-	428,752
Terminated *	(39,511)	-	(2,627)	-	-	-	-	(42,138)
Terminated- early settlement	-	-	-	-	-	(9,514)	(28,318)	(37,832)
Other adjustments	(61)	-	(1)	(87)	-	-	-	(149)
As of 31 December 2023	610,655	20,084	23,619	30,277	113,143	-	-	797,778
Accumulated depreciation:								
As of 28 December 2022	-	-	-	-	-	-	-	-
Acquired as part of reorganization under common control **	(15,981)	(9,863)	(4,380)	(8,510)	(13,577)	(2,141)	(3,659)	(58,111)
Depreciation (Note 17)	(95,361)	(4,227)	(3,934)	(5,108)	(20,593)	(951)	(1,415)	(131,589)
Terminated*	25,451	-	1,751	-	-	-	-	27,202
Terminated- early settlement	-	-	-	-	-	3,092	5,074	8,166
Other adjustments	141	(14)	3	41	-	-	-	171
As of 31 December 2023	(85,750)	(14,104)	(6,560)	(13,577)	(34,170)	-	-	(154,161)
Net Book Value								
At 31 December 2023	524,905	5,980	17,059	16,700	78,973	-	-	643,617

* Leases terminated during the year / period ended 31 December 2024 and 2023 have no impact on the cashflows of the Group. Accordingly, these are considered as non-cash transactions in the consolidated statement of cash flows.
** These represent the assets acquired as part of the reorganisation (note 1) and recorded using the pooling of interests method (refer to note 2 for accounting policy relating to “Group reorganisation and business combinations under common control”).

18 LEASES (continued)

18-b Lease liabilities

Set out below are the carrying amounts of lease liabilities and the movements during the year/period:

	31 December 2024 SAR’000	31 December 2023 SAR’000
Opening balance	643,826	-
Acquired as part of business combination under common control and reorganization*	-	376,688
Additions	35,004	419,110
Lease modification-Terminations	(2,204)	(14,936)
Lease modification-Other adjustments	(66)	(780)
Accretion of interest	39,877	28,147
Payments	(200,948)	(164,403)
	515,489	643,826
Current (note 19)	163,115	156,468
Non-current	352,374	487,358
	515,489	643,826

* These represent the liabilities assumed as part of the reorganisation (note 1) and recorded using the pooling of interests method (refer to note 2 for accounting policy relating to “Group reorganisation and business combinations under common control”)

The following are the amounts recognised in the consolidated statement of comprehensive income for year/ period:

	For the year ended 31 December 2024 SAR’000	From 28 December 2022 to 31 December 2023 SAR’000
Depreciation expense of right-of-use assets	181,703	131,589
Interest expense on lease liabilities (note 10)	39,877	28,147
Expense relating to short-term leases (Included in Cost of revenue as rental costs) (note 8)	73,022	63,492
Expense relating to short-term lease (Included in General and administrative expenses as rental costs) (note 9)	2,396	3,083
Total amount in the consolidated statement of comprehensive income	296,998	226,311

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19 TRADE AND OTHER PAYABLES

	31 December 2024 SAR'000	31 December 2023 SAR'000
Trade payables*	736,576	1,091,998
Accrued expenses	221,591	268,757
Lease liabilities (note 18-b)	163,115	156,468
Accrued interest	43,243	44,823
Other payables	105,783	77,803
	1,270,308	1,639,849
Current	1,270,308	1,639,120
Non-current	-	729
	1,270,308	1,639,849

*Trade payables are non-interest bearing and are normally settled by the Group within 60-180 day terms.

20 DEFERRED REVENUE

	31 December 2024 SAR'000	31 December 2023 SAR'000
Opening balance	867,661	-
Acquired as part of business combination under common control and reorganization*	-	145,720
Additions	567,319	943,972
Revenue recognized	(396,042)	(222,031)
	1,038,938	867,661
Current	358,976	287,749
Non-current	679,962	579,912
Ending balance	1,038,938	867,661

Deferred revenue mainly represents the amounts collected from the customers for mobilization of the rigs which are recognized over time.

*These represent the liabilities assumed as part of the reorganisation (note 1) and recorded using the pooling of interests method (refer to note 2 for accounting policy relating to "Group reorganisation and business combinations under common control").

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21 INTEREST BEARING LOANS AND BORROWINGS

	31 December 2024 SAR'000	31 December 2023 SAR'000
Opening balance	10,349,698	-
Acquired as part of reorganisation under common control* (note 1)	-	10,547,486
Borrowings drawn during the year/period	3,193,562	3,447,680
Borrowings repaid during the year/period	(1,427,773)	(3,650,568)
(Unamortised) /amortised arrangement fees, net	(58,797)	5,100
	12,056,690	10,349,698
Current	1,331,334	1,180,103
Non-current	10,725,356	9,169,595
	12,056,690	10,349,698

* According to the Amendment and Novation Deed dated 29 December 2022 signed by the Company, ADES Arabia Holding and the Lenders of the Loan 1 Syndication Facility A, the parties agreed the loans payable balance owed by ADES Arabia Holding under the Loan 1 Syndication Facility A shall be novated to the Company effective 29 December 2022. These loans are included in the above balance.

Type	Original tenor	31 December 2024 SAR'000	31 December 2023 SAR'000
Current loans and borrowings			
Loan 1 Syndication Facility A	8 Years	295,086	303,607
Loan 1 Syndication Facility C	8 Years	180,000	180,000
Loan 1 Syndication Facility B	7 Years	-	75,000
Loan 1 Syndication Facility D	8 Years	77,000	-
Loan 2 BSF	7 Years	184,924	152,409
Loan 3 SNB	8 Years	133,888	133,817
Loan 4 AL Rajhi	8 Years	142,782	142,731
Loan 5 Al Inmaa	8 Years	266,157	141,026
Loan 6 Al Mashreq	5 Years	6,600	6,572
Credit Facility 2 – ABK		38,328	37,031
Credit Facility 4 – ENBD		-	2,195
Credit Facility 5 – ADCB		-	10
Credit Facility 6 – SAIB		4,651	252
Credit Facility 8 – EGB		1,918	5,453
Total current loans and borrowings		1,331,334	1,180,103

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21 INTEREST BEARING LOANS AND BORROWINGS (continued)

Type	Original tenor	31 December 2024 SAR'000	31 December 2023 SAR'000
Non-current loans and borrowings			
Loan 1 Syndication Facility A	8 Years	2,657,914	3,026,248
Loan 1 Syndication Facility C	8 Years	1,480,000	1,660,000
Loan 1 Syndication Facility D	8 Years	1,022,999	-
Loan 2 BSF	7 Years	1,336,875	1,113,732
Loan 3 SNB	8 Years	1,091,623	1,225,510
Loan 4 AL Rajhi	8 Years	1,135,328	1,278,107
Loan 5 Al Inmaa	8 Years	1,995,667	854,497
Loan 6 Al Mashreq	5 Years	4,950	11,501
Total non-current loans and borrowings		10,725,356	9,169,595
Total loans and borrowings*		12,056,690	10,349,698

* The company's loans and borrowings comprise amount of SAR 10,926,768 thousand (2023:SAR 9,314,158 thousand) under Islamic Banking Facilities (Sharia compliant) and amount of SAR 1,129,922 thousand (2023:SAR 1,035,540 thousand) under conventional facilities.

Loans and borrowings carries coupon interest, based on fixed rates with average margin range of 0.9%-1.5% p.a. (2023: 0.9%-2% p.a).

The Group has secured loans and borrowings as follows:

- Loan 1 Syndication Facility A, B, C, E and D

In November 2021, ADES Arabia Holding Company (an entity under common control, refer to note 1) and ADES Saudi Limited Company (a subsidiary of the Group) jointly signed a syndication term loan facility agreement with a facility total amount of USD 310 million (SAR 1,162.5 million) and USD 1,290 million (SAR 4,837.5 million) divided over eight banks which include Goldman Sachs Bank USA, Riyadh Bank, Arab Petroleum Investments Corporation (APICORP), Banque Saudi Fransi, Gulf International Bank B.S.C., The Saudi National Bank, Al Rajhi Banking and Investment Corporation and Arab National Bank. During 2022, additional lender Saudi Awwal Bank (formerly known as The Saudi British Bank) ('SAB') acceded to the agreement as the ninth lender.

According to the Amendment and Novation Deed dated 29 December 2022 signed by the Company, ADES Arabia Holding, and the Lenders of the Loan 1 Syndication Facility A and Facility C, the loans payable balances under the Loan 1 Syndication Facility A and facility C were novated to the Company effective 29 December 2022.

Facility A is repayable in half-yearly instalments effective from June 2022 to December 2029. Facility C is repayable in half-yearly instalments effective from June 2023 to December 2029. As at 31 December 2024, the principal amount outstanding is USD 819 million (equals to SAR 3.07 billion) (31 December 2023: 903 million (equals to SAR 3.39 billion)) and USD 442 million (equals to SAR 1,660 million) (31 December 2023: 490 million (equals to SAR 1,840 million)) of Facility A and C, respectively. During the year ended 31 December 2024, the Group has repaid SAR 315 million (31 December 2023: SAR 275 million) and SAR 180 million (31 December 2023: SAR 160 million) of Facility A and C, respectively.

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21 INTEREST BEARING LOANS AND BORROWINGS (continued)

- Loan 1 Syndication Facility A, B, C, E and D (continued)

Facility B is a revolving credit facility ("RCF") with the original total amount of USD 150 million (equals to SAR 562.5 million). During the period ended 31 December 2023, one of the existing lenders under the syndicated facility increased their participation with additional USD 150 million (equals to SAR 562.5 million) under Facility B which has increased Facility B total commitments to USD 300 million (equals to SAR 1,125 million). RCF facility is valid till 31 December 2028 with a requirement to clean down the balance once in each calendar year. As at 31 December 2024, the principal amount outstanding is Nil (31 December 2023: USD 20 million (equals to SAR 75 million)).

On 14 July 2024, the Group signed an amendment to its existing syndicated facility, securing an additional USD 3 billion, with the majority of existing lenders participating along with new, leading local and regional financial institutions (Alinma Bank, Bank Aljazira and Commercial Bank of Dubai PSC). The new USD 3 billion upsized financing is predominantly intended as a standby facility for the Group's ambitious expansion plans, divided into the equivalent of a USD 2.7 billion standby term tranche (Facility D). and additional USD 300 million Revolving Credit Facility (RCF) (Facility E). The USD 2.7 billion standby term tranche has 8.5 years term with a final maturity in December 2032, including a 12-month grace period. The amount to be utilized under the standby term tranche shall be repaid on a semi-annual basis at the final maturity date. RCF (Facility E) has 8 years with a final maturity in June 2032. During year 31 December 2024, the Group has utilized from tranche of USD 293 million (equals to SAR 1,099 million) (31 December 2023: Nil). The loan 1 Syndication Facility is secured against pledge over certain rigs, assignment of proceeds over the rigs related to customer contracts, pledge over related collection accounts, and assignments of related insurance claims.

- Loan 2 BSF

In March 2022, ADES Saudi Limited Company signed a loan agreement with total amount of USD 380 million (equals to SAR 1,425 million) with Banque Saudi Francis. The loan is repayable in 27 Quarterly instalments effective from March 2023 to September 2029. During 2024, BSF facility was upsized with additional SAR 824 million which long-term. As at 31 December 2024, the principal amount outstanding is USD 407 million (equals to SAR 1,530 million) (31 December 2023: USD 339 million (equals to SAR 1,271 million)) and the proceeds were used for acquisition and refurbishment of rigs and acquisition of equipment. The Loan 2 BSF is secured against pledge over certain rigs, assignment of proceeds over the rigs related to customer contracts, pledge over related collection accounts, and assignments of related insurance claims. The facility includes additional limit to be utilized for the issuance of letter of guarantees amounting to SAR 187.5 million, additional overdraft limit with SAR 30 million and additional multipurpose limit to cover working capital needs including issuance for letter of guarantees and short- term loans with total amount of Nil (31 December 2023: SAR 150 million). During the year ended 31 December 2024, the Group has repaid SAR 153 million (31 December 2023: SAR 153 million).

- Loan 3 SNB

In April 2022, ADES Saudi Limited Company signed a loan agreement with total amount of USD 400 million (equals to SAR 1,500 million) with the Saudi National Bank. The loan is repayable in 29 Quarterly instalments effective from April 2023 to April 2030. As of 31 December 2024, the principal amount outstanding is USD 328 million (equals to SAR 1,230 million) (31 December 2023: USD 363 million (equals to SAR 1,364 million)) and the proceeds were used for the acquisition and refurbishment of the rigs and equipment. Loan 3 SNB is secured against pledge over certain rigs, assignment of proceeds over related clients' contracts, pledge over certain collection accounts, and assignments of related insurance claims. During the year ended 31 December 2024, the Group has repaid SAR 135 million (31 December 2023: SAR 135 million).

- Loan 4 AL Rajhi

In June 2022, ADES Saudi Limited Company signed a loan agreement with total amount of SAR 937.5 million (USD 250 million) with Al Rajhi Banking & Investment Corporation. The loan is repayable in 29 quarterly instalments effective from July 2023 to July 2030. During 2022, ADES Saudi Limited Company and the bank agreed to increase the total loan amount to reach SAR 1,500 million (USD 400 million). As at 31 December 2024, the principal amount outstanding is USD 342 million (equals to SAR 1,284 million) (31 December 2023: USD 380 million (equals to SAR 1,428 million)) and used the proceeds for the acquisition and refurbishment of rigs and equipment. The Loan 4 AL Rajhi is secured against pledge over certain rigs, assignment of proceeds over related clients' contracts, pledge over certain collection accounts, and assignments of certain insurance claims. During the year ended 31 December 2024, SAR 144 million (31 December 2023: SAR 72 million has been repaid on the outstanding balance.

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21 INTEREST BEARING LOANS AND BORROWINGS (continued)

- Loan 5 Al Inmaa Facility

In July 2022, ADES Saudi Limited Company jointly signed a loan agreement in the amount of SAR 2,693 million (USD 718 million) with Al Inmaa Bank. The loan is repayable in 15 Semi-annual instalments effective from September 2023 to September 2030. During 2022, the Company utilized SAR 2,500 million (equals to USD 666.7 million)). As at 31 December 2024, the principal amount outstanding is USD 607 million (equals to SAR 2,277 million) (31 December 2023: USD 270 million (equals to SAR 1,014 million)) and used the proceeds for the acquisition and refurbishment of rigs and equipment. The Loan Al Inmaa Facility is secured against pledge over certain rigs, assignment of proceeds over clients' contracts, pledge over collection accounts, and assignments of insurance claims. The Al Inma facility includes a separate line amounting to SAR 150 million for the purpose of covering short-term working capital needs. During the year ended 31 December 2024, the Group has repaid Nil (31 December 2023: SAR 1,262 million) related to the long-term loan, and Nil (31 December 2023: SAR 150 million (equal to USD 40 million)) related to working capital line. This is due to rescheduling the contract with new terms and agreed on one year grace period from 1st April 2024 to 1st April 2025.

- Loan 6 Mashreq Loan

During 2021, the Group obtained a loan facility of KWD 2.7 million (equals to SAR 33 million) from Mashreq Bank PSC to facilitate the purchase of usufruct land and construction of the administrative building. This loan is repayable in 18 quarterly equal instalments effective from June 2022. The loan is denominated in Kuwaiti Dinar. The facility is secured by a first-degree mortgage over the usufruct land and building under capital work in progress. As at 31 December 2024, the principal amount outstanding is is SAR 11,5 million (31 December 2023: SAR 18 million). During the year ended 31 December 2024, the Group has repaid SAR 6.6 million (31 December 2023: SAR 6.6 million).

Bank credit facilities

Credit Facility 2 is granted by Al Ahli Bank of Kuwait (ABK) with an overdraft facility limit amounting to USD 12 million equivalent to SAR 45 million which is secured by promissory note & is renewable.

Credit Facility 3 is granted by the Export Development Bank of Egypt (EBE) with a non-secured facility limit amounting to USD 12 million equivalent to SAR 45 million available for overdrafts &/or Letters of Guarantee which is secured by promissory note & is renewable.

Credit Facility 4 is granted by Emirates National Bank of Dubai S.A.E with a total amount of USD 20 million equivalent to SAR 75 million available for overdrafts &/or Letters of Guarantee which is secured by promissory note & is renewable.

Credit Facility 5 is granted by Abu Dhabi Commercial Bank – Egypt (ADCB) with a total amount of USD 4 million equivalent to SAR 15 million available for overdrafts &/or Letters of Guarantee which is secured by promissory note & is renewable.

Credit Facility 6 is granted by Société Arabe Internationale De Banque – Egypt (SAIB) with a total amount of USD 20 million as equivalent to SAR 75 million for overdrafts which is secured by promissory note & is renewable.

Credit Facility 7 is granted by Suez Canal Bank (SCB) with an overdraft facility limit amounting to USD 18 million equivalent to SAR 67.5 million available for overdrafts &/or Letters of Guarantee available for overdraft. It is secured by promissory note & is renewable.

Credit Facility 8 is granted by Egyptian Gulf Bank (EGB) with an overdraft facility limit amounting to USD 12.5 million equivalent to SAR 46.8 million available for overdrafts and/or Letters of Guarantee, which is renewable and secured by promissory note.

The bank overdrafts do not form part of the cash and cash equivalents as these are not integral part of the Group's liquidity management.

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21 INTEREST BEARING LOANS AND BORROWINGS (continued)

The secured bank loan is subject to the specific covenants:

The Group existing debt facilities includes certain financial covenants. The financial covenants are tested semi-annually as of end of June and December for each year, while management is proactively monitoring the covenants on looking forward basis. As of 31December 2024 there has not been any non-compliance observed in relation to the financial covenants.

The financial covenants include minimum tangible net worth, current ratio, debt service coverage ratio and maximum Gearing, leverage and net leverage ratios. The definitions used for calculating the financial covenants are based on the debt facilities documentations which may vary from IFRS and includes certain adjustments to the actual accounts.

22 PROVISIONS

	31 December 2024 SAR'000	31 December 2023 SAR'000
Other provision**	36,718	10,286
Employees end of service benefit	159,142	199,144
	<u>195,860</u>	<u>209,430</u>
Current	7,289	10,286
Non-Current	188,571	199,144
	<u>195,860</u>	<u>209,430</u>

22-a Other Provisions:

	Opening balance SAR'000	Acquired as part of reorganisation under common control during period * SAR'000	Charge during year/ period SAR'000	Paid during year/period SAR'000	As at 31 December SAR'000
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2024:

Other provision**	<u>10,286</u>	<u>-</u>	<u>30,448</u>	<u>(4,016)</u>	<u>36,718</u>
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2023:

Other provision	<u>-</u>	<u>14,777</u>	<u>-</u>	<u>(4,491)</u>	<u>10,286</u>
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* These represent the liabilities acquired as part of the reorganisation (note 1) and recorded using the pooling of interests method (refer to note 2 for accounting policy relating to "Group reorganisation and business combinations under common control").

** Other provisions primarily represent provision made for withholding taxes which are borne by the Group. The Group is subject to withholding taxes on intercompany lease agreements entered into between its subsidiaries in different countries. The Group is reasonably certain that the portion of withholding taxes suffered can be claimed as tax refund which is contingent upon successful completion of the required registrations under the relevant double tax treaties. The Group does not expect any further liability and is confident that the tax refund will be obtained for the future withholding taxes to be paid upon settlement of the lease related liabilities between the subsidiaries.

22 PROVISIONS (continued)

22-b Employees end of service benefit:

Provision is made for the full amount of end of service benefits due to non-Kuwait, non-Qatar and non-KSA national employees in accordance with Kuwait, KSA, Qatar, Thailand and India Labour Laws. These benefits are unfunded. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

	2024 SAR'000	2023 SAR'000
Present value of defined benefit obligation	159,142	199,144
Charged on the consolidated statement of comprehensive income is as follows:		
Current service cost	42,140	37,733
Interest cost on benefit obligation	9,364	5,201
Net benefit expense	51,504	42,934

Movement in employees' end of service benefit during the year/period is as follows:

	2024 SAR'000	2023 SAR'000
Opening balance	199,144	-
Acquired as part of reorganisation under common control *	-	117,984
Net benefit expense	51,504	42,934
Remeasurement (gain)/ loss on defined benefit plans	(72,963)	45,156
Acquired as part of Business combinations (Note 5)	1,387	-
Benefits paid	(19,930)	(6,930)
	159,142	199,144

*These represent the liabilities acquired as part of the reorganisation (note 1) and recorded using the pooling of interests method (refer to note 2 for accounting policy relating to "Group reorganisation and business combinations under common control").

	2024	2023
Principal actuarial assumptions		
1- KSA		
Weighted average duration of defined benefit obligation	7 years and 11 years	7 years and 11 years
Discount factor used	5.20% - 5.40%	4.55% - 4.95%
Salary increases rate	3%	6%
Mortality rate	100%WHO SA19	100%WHO SA19
Rates of employee's turnover	9% - 22%	4% - 14%
2- Kuwait		
Weighted average duration of defined benefit obligation	10 years	12 years
Discount factor used	4.55%	4.10%
Salary increases rate	3%	6%
Mortality rate	100% WHO Ku19	100% WHO Ku19
Rates of employee's turnover	1.5% - 2.5%	0.05% - 2%

22 PROVISIONS (continued)

22-b Employees end of service benefit: (continued)

	2024	2023
Principal actuarial assumptions (continued)		
3- Qatar		
Weighted average duration of defined benefit obligation	6 years	10 years
Discount factor used	4.80%	4.50%
Salary increases rate	3%	5%
Mortality rate	75% of WHO Qa19	75% of WHO Qa19
Rates of employee's turnover	8% - 12%	3%
4- India		
Weighted average duration of defined benefit obligation	9 years	-
Discount factor used	7%	-
Salary increases rate	5%	-
Mortality rate	100% IALM 2012-14	-
Rates of employee's turnover	8%	-
5- Thailand		
Weighted average duration of defined benefit obligation	6 years	-
Discount factor used	4.4%	-
Salary increases rate	3%	-
Mortality rate	100% WHO Th19	-
Rates of employee's turnover	5%	-

23 SHARE CAPITAL, SHARE PREMIUM AND TREASURY SHARES

	31 December 2024	31 December 2023
Authorised shares (in thousands / '000)*	1,129,063	1,129,063
Issued shares (in thousands / '000)	1,129,063	1,129,063
Shares par value (SAR)	1	1
Issued capital in SAR'000	1,129,063	1,129,063
Treasury shares in SAR'000	(28,127)	(33,872)
Outstanding share capital in SAR'000	1,100,936	1,095,191
Share premium in SAR'000**	2,890,367	2,890,367

* Upon incorporation on 28 December 2022, the authorised share capital of the Group was SAR 1,000 thousand comprising of 100 thousand shares.

As explained in Note 1, the Company issued additional shares of SAR 857,088 thousand at par to the Shareholders during the period ended 31 December 2023 as a result of the reorganisation. The difference between the capital of the Company at the date of the Group reorganisation and that of the previous holding company has been recorded against the retained earnings in the consolidated statement of changes in equity during the period ended 31 December 2023.

Further, during the period ended 31 December 2023, the Group issued additional shares of SAR 270,975 thousand of which SAR 33,872 thousand were held as treasury shares, and the remaining shares of SAR 237,103 thousand were issued as the new shares through initial public offering on the Tadawul Stock Exchange of the Kingdom of Saudi Arabia (refer to note 1).

** Share premium represents the excess amounts received over the par value of the shares issued.

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23 SHARE CAPITAL, SHARE PREMIUM AND TREASURY SHARES (continued)

The shareholding structure of the Company as at 31 December 2024 is as follows:

Shareholders	Shareholding %	No. of shares '000	Value SAR'000
ADES Investment Holding LTD	36.5	412,277	412,277
Public Investment Fund	23.8	268,548	268,548
Zamil Investments	6.7	75,647	75,647
Free Float	30.5	344,464	344,464
Treasury Shares	2.5	28,127	28,127
	100	1,129,063	1,129,063

The shareholding structure of the Company as at 31 December 2023 is as follows:

Shareholders	Shareholding %	No. of shares '000	Value SAR'000
ADES Investment Holding LTD	36.5	412,277	412,277
Public Investment Fund	23.8	268,548	268,548
Zamil Investments	6.7	75,647	75,647
Free Float	30.0	338,719	338,719
Treasury Shares	3.0	33,872	33,872
	100	1,129,063	1,129,063

Transactions with the shareholders

During the period ended 31 December 2023, the group received SAR 9,129 thousand from an entity under common control which is reported in retained earnings in the consolidated statements of changes in equity as the Company has no obligation to return it and the other party waived the balance.

24 EARNINGS PER SHARE

Basic earnings per share (EPS) amounts are calculated by dividing the profit for the year attributable to the equity holders of the Parent by the weighted average number of ordinary shares outstanding during the year after adjusting the number of ordinary shares by the treasury shares.

Diluted EPS is calculated by adjusting the weighted average number of ordinary shares outstanding assuming conversion of all dilutive potential ordinary shares. As at 31 December 2024, there were no potential dilutive shares and hence the basic and diluted EPS is same.

The information necessary to calculate basic and diluted earnings per share is as follows:

	For the year ended 31 December 2024	From 28 December 2022 to 31 December 2023
Profit for the year/period attributable to the ordinary equity holders of the Parent for basic and diluted EPS (SAR'000)	802,498	442,097
Weighted average number of ordinary shares outstanding in thousands ('000) – basic and diluted	1,097,325	753,290
Earnings per share – basic and diluted (in SAR per share)	0.73	0.59

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25 EQUITY SETTLED SHARE-BASED PAYMENTS

During the year ended 31 December 2024, the Directors resolved to grant 2,011 thousand shares, 1,810 thousand shares and 1,931 thousand shares respectively which totaling to 5,752 thousand ordinary shares with a par value of SAR 1.00 each to certain employees of the Group from the treasury shares held by the Company. The effective date of the awards are 10 March 2024, 2 June 2024 and 16 September 2024 respectively. According to the approved terms of the granted shares, the shares vested as granted and are not subject to performance or any other conditions.

For the year ended 31 December 2024, as a result of the awards discussed above, the Group has recognized expense arising from equity-settled share-based payment transactions amounting to SAR 110,647 thousand (2023: SAR Nil) in the consolidated statement of comprehensive income, with a corresponding increase in share based payment reserve account in the consolidated statement of changes in equity. The amount of expense recognized represents the fair value of the shares at the award dates.

Out of the total awarded shares 5,745 thousand shares amounting to SAR 110,528 thousand have been allotted from the treasury shares held by the Company and accordingly have been transferred from the treasury shares and share payment reserve to retained earnings in the consolidated statement of changes in equity. The remaining awarded shares will remain as treasury shares until they are allotted to the respective employees. After the transfer of the awarded shares that have been allotted from treasury shares, share based payment reserve amounted to SAR 119 thousand as at 31 December 2024.

26 RELATED PARTIES TRANSACTIONS AND BALANCES

The immediate controlling party is ADES Investment Holding Ltd. Note 1 provides information about the Group structure. Related parties represent directors and key management personnel of the Company, the Shareholders and entities controlled, jointly controlled or significantly influenced by such parties.

The Public Investment Fund of the Kingdom of Saudi Arabia is one of the Shareholders which is ultimately controlled by the Government of the Kingdom of Saudi Arabia ("KSA Government"). The entities under common control represent the entities controlled by ADES Investment Holding Ltd or its shareholders.

The terms and conditions of the transactions entered into with the related parties are approved by the Group's management.

(a) Following are the significant related party transactions recorded in the consolidated statement of comprehensive income:

	For the year ended 31 December 2024 SAR'000	From 28 December 2022 to 31 December 2023 SAR'000
Revenue from other related parties	4,142,669	2,860,918
Revenue from the joint venture	26,491	14,807
Finance cost from other related parties	381,458	377,373
Net gain/(loss) on cash flow hedge	5,656	(10,651)
Loss from remeasurement equity instruments (FVOCI)	2,568	-
Dividends received from equity instruments (FVOCI)	3,534	-

26 RELATED PARTIES TRANSACTIONS AND BALANCES (continued)

(b) The balances with related parties other than the entities controlled by the KSA Government are reported as due to and from related parties on the face of the consolidated statement of financial position. The balances with the entities controlled by the KSA Government are disclosed in the note (ii) below.

i) Due from balances with the related parties:

	31 December 2024 SAR'000	31 December 2023 SAR'000
Entities under common control Innovative Energy Holding Ltd	1,223	4,598
Other related parties Advantage Drilling Services	-	507
	<u>1,223</u>	<u>5,105</u>

Also, refer to note 15 for the due from related party balance recorded under other receivables.

The above outstanding balances at the year-end are unsecured, interest free and settled in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 December 2024, the Group has not recorded any provision for expected credit losses relating to receivables and amounts owed by related parties. This assessment is undertaken each financial period by examining the financial position of the related party and the market in which the related party operates.

ii) Other significant balances are as follows:

	31 December 2024 SAR'000	31 December 2023 SAR'000
Bank balances and cash with other related parties	121,621	45,267
Interest-bearing loans and borrowings from other related parties	5,934,712	4,606,293
Trade receivables and contract assets from other related parties	650,518	714,943
Trade receivables and contract assets from joint venture	1,067	10,386
Derivative financial instrument with other related parties	35,860	30,204
Trade payables to other related parties	25,720	128,570
Investment in equity securities (FVOCI) of other related parties	102,936	-
Investment in joint venture	25,416	-

Refer to the respective disclosure notes for the terms and conditions of the interest-bearing loans and other balances above with the related parties. Further, refer to note 28 for guarantees issued by the related parties.

Compensation of key management personnel

The remuneration of key management personnel during the year/period was as follows:

	For the year ended 31 December 2024 SAR'000	From 28 December 2022 to 31 December 2023 SAR'000
Total benefits (including salary, bonus and other allowances)	10,028	17,800
Directors' remuneration	<u>2,833</u>	<u>375</u>

In addition, key management personnel have benefits from the share-based payments vested during the year/period ended 31 December 2024 amounting to SAR 145,742 thousand (31 December 2023: Nil).

27 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Overview

The Group's principal financial liabilities comprise trade and other payables and loans borrowings. The main purpose of these financial liabilities is to finance the Group's operations and to provide support to its operations. The Group's principal financial assets include cash in hand and at banks, including highly liquid investments with maturity less than 90 days, derivative instruments, trade receivables and contract assets, due from related parties and other receivables.

The Group is exposed to market risk, credit risk and liquidity risk. The Board of Directors of the Company oversees the management of these risks. The Board of Directors of the Company are supported by senior management that advises on financial risks and the appropriate financial risk governance framework for the Group. The Group's senior management provides assurance to the Board of Directors of the Group's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with Group policies and Group risk appetite. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

The Group has exposure to the following risks from its use of financial instruments:

- a) Credit risk,
- b) Market risk:
 - i. Interest rate risk
 - ii. Foreign currency risk
 - iii. Price risk
- c) Liquidity risk.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. The Group's current financial risk management framework is a combination of formally documented risk management policies in certain areas and informal risk management policies in other areas.

Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily for trade receivables, contract assets and due from related parties) and from its financing activities, including letter of guarantees with banks foreign exchange transactions and other financial instruments. As at 31 December 2024, the top three debtors of the Group represent 59% (2023:64%) of trade receivable.

Trade receivables and contract assets

Customer credit risk is managed by the Group's established policy, procedures and controls relating to customer credit risk management. Outstanding customer receivables are regularly monitored.

The requirement for impairment is analysed at each reporting date on an individual basis for major clients. Additionally, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The Group does not hold collateral as security.

Other financial assets and bank balances

Credit risk from balances with banks and financial institutions is managed by the Group's treasury department in accordance with the Group's policy. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through potential counterparty's failure to make payments. The Group's exposure to credit risk for the components of the consolidated statement of financial position is the carrying amounts of these assets. The Group limits its exposure to credit risk by only placing balances with international banks and reputable local banks. Management does not expect any counterparty in failing to meet its obligations.

Due from related parties

Due from related parties relates to transactions arising in the normal course of business with minimal credit risk, with a maximum exposure equal to the carrying amount of these balances.

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27 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, such as interest rate risk and currency risk. Financial instruments affected by market risk include loans and borrowings.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on loans and borrowings. With all other variables held constant, the Group's net profit is affected through the impact on floating rate borrowings as follows:

	Increase / decrease in basis points	Effect on profit before income tax Increase / (Decrease)
31 December 2024		
SAR ('000)	+100	(13,640)
SAR ('000)	-100	13,640
31 December 2023		
SAR ('000)	+100	(15,348)
SAR ('000)	-100	15,348

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a different currency from the Company's functional currency which is Saudi Riyal ("SAR") or United States Dollar ("USD") to which functional currency is currently pegged). The Group is exposed to Egyptian Pound (EGP) in which the Group has substantial transactions.

The following tables demonstrate the sensitivity to a reasonably possible change in SAR exchange rates, with all other variables held constant. The impact on the Group's profit is due to changes in the value of monetary assets and liabilities. The Group's exposure to EGP currency is considered as significant currency risk and foreign currency changes for all other currencies is not material.

	Change in SAR rate	Effect on profit before income tax SAR ('000)
31 December 2024		
EGP	+10%	2,046
EGP	-10%	(2,046)
31 December 2023		
EGP	+10%	4,208
EGP	-10%	(4,208)

Equity price risk

The Group's listed equity investment is susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group manages the equity price risk by placing limits on individual and total equity instruments.

At the reporting date, the exposure to listed equity investment at fair value was SAR 102,936 thousand. The Group as determined that an increase/(decrease) of 10% on the market price could have an impact of SAR 10,294 increase/(decrease) on the other comprehensive income and equity of the Group.

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27 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk

The cash flows, funding requirements and liquidity of the Group are monitored by Group management. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of banks overdraft and bank loans. The Group has access to a sufficient variety of sources of funding and debt maturing within 12 months can be rolled over with existing lenders.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

Financial liabilities

	Less than 3 months SAR ('000)	3 to 12 months SAR ('000)	1 to 5 years SAR ('000)	Over 5 years SAR ('000)	Total SAR ('000)
As at 31 December 2024					
Loans and borrowings	434,886	1,736,168	10,158,533	3,114,078	15,443,665
Trade and other payables*	409,854	704,631	29,429	-	1,143,914
Lease liability	51,505	145,287	378,274	-	575,066
Total undiscounted financial liabilities	896,245	2,586,086	10,566,236	3,114,078	17,162,645

	Less than 3 months SAR ('000)	3 to 12 months SAR ('000)	1 to 5 years SAR ('000)	Over 5 years SAR ('000)	Total SAR ('000)
As at 31 December 2023					
Loans and borrowings	466,725	1,487,075	7,098,350	4,605,871	13,658,021
Trade and other payables*	467,906	1,014,746	-	-	1,482,652
Lease liability	51,500	140,703	539,963	-	732,166
Total undiscounted financial liabilities	986,131	2,642,524	7,638,313	4,605,871	15,872,839

* Excluding lease liability and including other tax provisions.

Capital management

Capital includes share capital, share premium, reserves, treasury shares and retained earnings.

The primary objective of the Group's capital management is to ensure that it will be able to continue as a going concern while maintaining a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value. The Group's strategy remains unchanged since inception. The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders or return capital to shareholders. The Group monitors capital using a gearing ratio, which is net debt divided by total equity plus net debt. The Group's policy is to keep the gearing ratio between 30% and 85%.

	2024 SAR'000	2023 SAR'000
Loans and borrowings (note 21)	12,056,690	10,349,698
Lease liabilities (note 18)	515,489	643,826
Bank balances and cash (note 12)	(744,187)	(432,282)
Net debt	11,827,992	10,561,242
Total equity	6,537,984	5,776,907
Total capital	18,365,976	16,338,149
Gearing ratio	64%	65%

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27 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a industry.

The Group's 2 customers (2023: 2 customers) drive more than 10% revenue from contract with customers and contribute to 77% (2023: 77%) revenue from contract with customer.

28 CONTINGENT LIABILITIES AND COMMITMENTS

Contingent liabilities

	31 December 2024 SAR'000	31 December 2023 SAR'000
Letter of guarantees	1,544,234	1,246,154

Contingent liabilities represent letters of guarantee issued in favour of Saudi Customs, Egyptian General Petroleum Corporation, Suze Abu Zenima Petroleum Company (Petro Zenima), Kuwait Oil Company, The Gulf of Suez Petroleum Company and others. The cover margin on such guarantees amounted to SAR 15,005 thousand (2023: SAR 16,200 thousand).

Following are the facilities of the Group:

- The Group entered into a bilateral Unfunded Trade Finance Facility Agreement with Arab Petroleum Investments Corporation (APICORP) in July 2019 for total facility amounting to SAR 112,500 thousand for the issuance of Letters of Credit and Letters of Guarantees. As of 31 December 2024, the Group utilized letter of guarantees for a total amount of SAR 86,228 thousand (2023: SAR 136,130 thousand).
- The Group entered into bilateral agreement with Arab National Bank of KSA "ANB" bank dated Oct 2022 amounting to SAR 412,500 thousand available to cover working capital needs including issuance of letters of guarantees as of 31 December 2024, the Group utilized letter of guarantees for a total amount of SAR 493,989 thousand (2023: SAR 455,968 thousand).
- The Group entered into a bilateral agreement with Al Ahli Bank of Kuwait Egypt "ABK" a facility dated on May 2019 amounted of USD 12,000 thousand equivalent to SAR 45,000 thousand for the purpose of Working capital, Letter of guarantees and Letter of credit as of 31 December 2024, the Group utilized Letters of Credit for a total amount of SAR 5,270 thousand (2023: SAR 3,544 thousand).
- The Group entered into a bilateral agreement with Suez Canal Bank "SCB" amounted dated on October 2018 of USD 18,000 thousand equivalent to SAR 67,500 thousand for the purpose of Working capital, Letter of guarantees as of 31 December 2024, the Group utilized letter of guarantees for a total amount of SAR 43,991 thousand (2023: SAR 45,902 thousand).
- The Group entered into bilateral agreement with EG Bank "EGB with Letter of guaranteed facility dated February 2021 amounted of USD 10,000 thousand and EGP 50,000 thousand equivalent to SAR 40,899 thousand as of 31 December 2023, which was the same agreements as 2021, As of 31 December 2024, the Group utilized letter of guarantees for a total amount of SAR 40,051 thousand (2023: SAR 27,446 thousand).

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28 CONTINGENT LIABILITIES AND COMMITMENTS (continued)

Following are the facilities of the Group: (continued)

- The Group entered into bilateral agreement with Export Development Bank of Egypt "EBE" bank dated July 2018 amounted of USD 12,000 thousand equivalent to SAR 45,000 thousand for the purpose of Working capital, Letter of guarantees as of 31 December 2024, the Group utilized letter of guarantees for a total amount of SAR 26,139 thousand (2023: SAR 31,918 thousand).
- The Group entered into a bilateral agreement with Emirates National Bank of Dubai S.A.E "ENBD" dated July 2021 amounted of USD 20,000 thousand equivalent to SAR 75,000 thousand for the purpose of Working capital, Letter of guarantees and Letter of credit as of 31 December 2024, the Group utilized letter of credit for a total amount of SAR 9,938 thousand (2023: SAR 35,561 thousand).
- The Group has letter of guarantees of SAR 375 thousand (2023: SAR 375 thousand) with Arab International bank.
- The Group entered into a bilateral agreement with AL Rajhi bank dated May 2023 amounting to SAR 450,000 thousand. As of 31 December 2024, The Group utilized letter of guarantees for a total amount of SAR 447,685 thousand (2023: SAR 313,776 thousand).
- The Group entered into a bilateral agreement with Banque Saudi Francis bank (BSF) dated March 2022 "Loan 2 BSF". The facility agreement includes additional bonding limit to be utilized for the issuance of Letter of guarantees with total amount of SAR 187.5 million, additional overdraft limit with SAR 30 million and additional multipurpose limit to cover working capital needs including issuance for letter of guarantees and short term loans with total amount of SAR 150 million. As of 31 December 2024, The Group utilized letter of guarantees for a total amount of SAR 160,083 thousand (2023: SAR 161,652 thousand).

Transactions with the related parties:

- The Group entered into a bilateral agreement with National Commercial Bank in KSA (SNB) dated May 2019 amounted of SAR 10,999 thousand available to issuance of letters of guarantees. As of 31 December 2024, the Group utilized letter of guarantees for a total amount of SAR 9,519 thousand (31 December 2023: SAR 9,519 thousand).
- The Group entered into a bilateral agreement with Alinma Bank dated April 2019 amounted of SAR 37,500 thousand available to cover working capital needs including issuance of letters of guarantees. As of 31 December 2024, the Group utilized letter of guarantees for a total amount of SAR 24,364 thousand (31 December 2023: SAR 24,364 thousand).
- The Group entered into a bilateral agreement with Gulf International Bank dated Nov 2023 amounted of 250,000 thousand available to cover working capital needs including issuance of letters of guarantees. As of 31 December 2024, the Group utilized letter of guarantees for a total amount of SAR 196,602 thousand (31 December 2023: Nil).

Capital commitment

The Group has a capital commitment for SAR 229 million as at 31 December 2024 (31 December 2023: SAR 413 million).



29 FINANCIAL INSTRUMENTS AT FAIR VALUES

29- a DERIVATIVE FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Group has entered into an interest rate swap contract to manage its exposure to fluctuations in interest rates. The counterparty is generally a bank/financial institution. These financial exposures are managed in accordance with the Group’s risk management policies and procedures.

The Group enters into interest rate swaps agreements, mainly to manage exposure on its variable rate loans and borrowings. The Group uses interest rate swap contracts to hedge exposure to variable interest rate fluctuations on interest payments for borrowings denominated in functional currency or currency pegged to functional currency of the Company.

There is an economic relationship between the hedged item and the hedging instrument as the terms of the interest rate swap matches the terms of the variable rate loans and borrowings (i.e., notional amount, maturity, payment and reset dates). The Group has established a hedge ratio of 1:1 for the hedging relationships as the underlying risk of the interest rate swap is identical to the hedged risk component.

To test the hedge effectiveness, the Group uses the hypothetical derivative method and compares the changes in the fair value of the hedging instrument against the changes in fair value of the hedged item attributable to the hedged risk.

The hedge ineffectiveness can arise from:

- Different interest rate curve applied to discount the hedged item and hedging instrument.
- Differences in timing of cash flows of the hedged item and hedging instrument.
- The counterparties’ credit risk differently impacting the fair value movements of the hedging instrument and hedged item.

Fair value of derivative financial instruments are determined using valuation techniques based on information derived from observable market data.

The fair values of derivative financial instruments are as follows:

	31 December 2024 SAR’000	31 December 2023 SAR’000
Non-current		
Derivative financial instruments designated as hedging instruments – cash flow hedges		
Interest rate swaps	61,850	51,517

Derivative financial instruments designated as hedging instruments – cash flow hedges

In 2022, the Group entered into three Interest Rate Swap (IRS) agreements with Banqe Saudi Fransi (BSF), Gulf International Bank (GIB), and Saudi National Bank (SNB) in relation to Loan 1 Syndication Facility A SAR portion (SAR 3,198,750 thousand). The objective of the cash flow hedge is to protect against cash outflows variability related to floating-rate interest payments on the hedged portion of the credit facility using the 6-month SAIBOR rate (as shown in the following table). Such cash outflows variability results from changes which may occur on the 6-month SAIBOR market rate (i.e. the designated benchmark interest rate).

In 2022, the Group entered into Interest Rate Swap (IRS) agreement with Banqe Saudi Fransi in relation to Loan 1 Syndication Facility A USD portion (USD 197,000 thousand – equals to SAR 738,750 thousand). The objective of the cash flow hedge is to protect against cash outflows variability related to floating rate interest payments on the hedged portion of the credit facility using the 6-month SOFR rate (as shown in the following table). Such cash outflows variability results from changes which may occur on the 6-month SOFR market rate (i.e. the designated benchmark interest rate).

29 FINANCIAL INSTRUMENTS AT FAIR VALUES (continued)

29- a DERIVATIVE FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Derivative financial instruments designated as hedging instruments – cash flow hedges (continued)

In 2022, the Group entered into three Interest Rate Swap (IRS) agreements with Saudi National Bank (SNB) in relation to Al- Rajhi Bank facility (SAR 937,500 thousand), Saudi National Bank (SNB), (SAR 870,331 thousand) and Banqe Saudi Fransi (BSF) (SAR 1,078,680 thousand) the objective of the cash flow hedge is to protect against cash outflows variability related to floating-rate interest payments on the hedged portion of the credit facility using the 3-month SAIBOR rate (as shown in the following table). Such cash outflows variability results from changes which may occur on the 3-month SAIBOR market rate (i.e. the designated benchmark interest rate).

Borrowing (hedged item)	Type	Notional amount ('000)	Hedged interest rate	Effective date	Maturity date
Loan 1 Syndication Facility A	Syndicated loan	SAR 1,066,250	Floating (6m- SAIBOR)	01-Jun-22	31-Dec-29
Loan 1 Syndication Facility A	Syndicated loan	SAR 1,066,250	Floating (6m- SAIBOR)	01-Jun-22	31-Dec-29
Loan 1 Syndication Facility A	Syndicated loan	SAR 1,066,250	Floating (6m- SAIBOR)	01-Jun-22	31-Dec-29
Loan 1 Syndication Facility A	Syndicated loan	SAR 738,750 (USD 197,000)	Floating (6m- SOFR)	01-Jun-22	31-Dec-29
Al- Rajhi Bank facility – fully hedged	Bank facility	SAR 937,500	Floating (3m- SAIBOR)	30-Jun-22	01-Jul-30
Saudi National Bank – SNB partially hedged	Bank facility	SAR 870,331	Floating (3m- SAIBOR)	28-Apr-22	30-Apr-30
Bank Saudi Fransi – BSF partially hedged	Bank facility	SAR 1,078,680	Floating (3m- SAIBOR)	13-Apr-22	30-Apr-30

The gain/(loss) recognized from the fair valuation of derivative is SAR 11,017 thousand (net of tax) for the year/period ended 31 December 2024 (2023: SAR 20,621 thousand).

29- b INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	Number of shares	Fair value of each share SAR	Cost SAR’000	As at 31 Dec 2024 SAR’000
Saudi Arabian Oil Company (Saudi Aramco)	3,669,724	28.05	100,368	102,936

The movement of investment at fair value through other comprehensive income during the year/period:

	31 December 2024 SAR’000	31 December 2023 SAR’000
Opening balance	-	-
Additions during the year/period	100,368	-
Unrealized gain during year/period (before tax)	2,568	-
	102,936	-

During the year ended 31 December 2024, the Group received cash dividends of SAR 3,534 thousand (2023: nil) from Saudi Arabian Oil Company (Saudi Aramco).

The investment is classified as fair value through other comprehensive income basis irrevocable policy choice.

ADES HOLDING COMPANY (Listed Joint Stock Company) AND ITS SUBSIDIARIES
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(All amounts in thousands Saudi Arabia Riyal (SAR), unless otherwise stated)

29 FINANCIAL INSTRUMENTS AT FAIR VALUES (continued)

29- b INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (continued)

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

	Total SAR'000	Level 1 SAR'000	Level 2 SAR'000	Level 3 SAR'000
31 December 2024				
<i>Fair value through other comprehensive income</i>				
Derivative financial instrument:				
Interest rate swap	61,850	-	61,850	-
<i>Fair value through other comprehensive income</i>				
Equity investment in				
Shares of other related party (note 29-b,26)	102,936	102,936	-	-
	Total SAR'000	Level 1 SAR'000	Level 2 SAR'000	Level 3 SAR'000
31 December 2023				
<i>Fair value through other comprehensive income</i>				
Derivative financial instrument:				
Interest rate swap	51,517	-	51,517	-

During the year ended 31 December 2024, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 at fair value measurements. (31 December 2023: Nil).

30 DIVIDENDS

30-a DIVIDENDS TO NON-CONTROLLING INTEREST

During 2024, dividends of SAR 9,981 thousand (2023: SAR 6,827 thousand) have been paid by UPDC, one of the Group's subsidiaries, to its non-controlling shareholders in respect of 2023 profits.

30-b DIVIDENDS TO SHAREHOLDERS

On 15 September 2024, the company's Board of Directors approved cash dividends of SAR 0.216 per share totaling to SAR 237,498 thousand (2023: Nil). It has been fully paid during the current year.

ADES HOLDING COMPANY (Listed Joint Stock Company) AND ITS SUBSIDIARIES
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31 COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with current period presentation. The following table summarises the effect of prior period reclassifications on the consolidated statement comprehensive income. Such reclassifications have not impacted the previously reported profit or equity.

	31 December 2023		
	As previously reported SAR '000	Reclassification SAR '000	As reported now SAR '000
Statement of comprehensive income for the period 28 December 2022 to 31 December 2023			
Loss from assets disposal	(1,093)	1,093	-
Provision for impairment of investment	(5,024)	5,024	-
Other income	9,835	(9,835)	-
Other expenses	(22,974)	(18,769)	(41,743)
Other Taxes	(22,487)	22,487	-

32 SUBSEQUENT EVENTS

Subsequent to the year, the Board of Directors of the Company has proposed a cash dividend of SAR 242.2 million (SAR 0.22 per share), which is subject to the approval of the shareholders at the forthcoming Annual General Assembly of the Group. There were no other significant events subsequent to the year-end that requires either adjustments or disclosures in the consolidated financial statements.

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investor.relations@adesgroup.com



Al Zamil House
7429 Prince Turki Road, Al Corniche
Al Khobar, Kingdom of Saudi Arabia