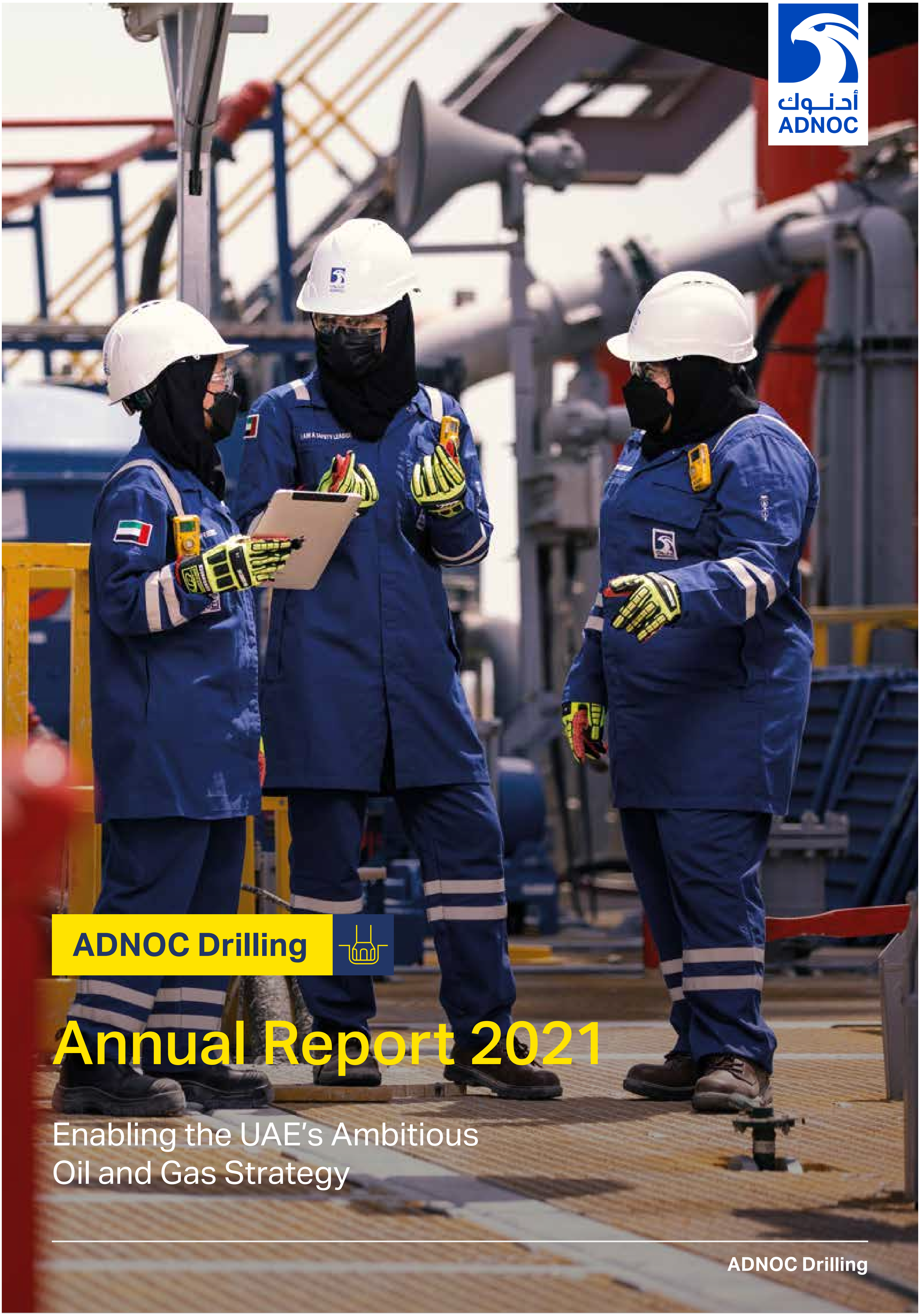

ADNOC Drilling

Annual Report 2021

Enabling the UAE's Ambitious Oil and Gas Strategy

ADNOC Drilling

Introduction

The United Arab Emirates is located in one of the world's leading hydrocarbon basins, holding 111 billion stock tank barrels (STB) of oil reserves and 289 trillion standard cubic feet (TSCF) of natural gas. Abu Dhabi also holds 22 billion STB of recoverable unconventional oil resources and 160 TSCF of recoverable unconventional gas resources. For nearly 50 years, ADNOC Drilling has enabled Abu Dhabi National Oil Company (ADNOC) to reliably and efficiently unlock vast oil and gas resources in service of the nation.

UAE Constitution

Pursuant to article 23 of the UAE Constitution, the natural resources and wealth in each Emirate are the public property of that territory. The country's leadership and community are mandated to preserve and use those resources for the public and economic interests of the Emirate.

Each Emirate within the UAE has constitutionally entrenched rights to its own natural resources (including crude oil and gas). As a result, each member of the federation may pursue its own independent policies regarding the development of its crude oil and gas reserves, with the ruler of each Emirate retaining ultimate control over the exploration and the development of crude oil and gas.

Oil and Natural Gas Resources in Abu Dhabi

Abu Dhabi hosts a vast set of world-class reservoirs characterized as containing some of the lowest cost oil and gas reserves globally. This has made the UAE and Abu Dhabi a more resilient location for exploration and production (E&P) through the cycle compared to other regions.

ADNOC obtains its authority from the Supreme Council for Financial and Economic Affairs (formerly the Supreme Petroleum Council) to explore, extract, refine, produce, transport, store, distribute, sell, and export petroleum, gas, and all other hydrocarbons (including their derivatives).

The Late Sheikh Zayed Bin Sultan Al Nahyan
Founder of the United Arab Emirates

His Highness Sheikh Khalifa Bin Zayed Al Nahyan
President of the United Arab Emirates Ruler of Abu Dhabi Supreme Commander of the UAE Armed Forces

His Highness Sheikh Mohamed Bin Zayed Al Nahyan
Crown Prince of Abu Dhabi Deputy Supreme Commander of the UAE Armed Forces

ADNOC Drilling

About ADNOC Drilling

ADNOC Drilling is the largest national drilling company in the Middle East by rig fleet size. We responsibly operate on land, at sea, and on ADNOC's unique artificial islands off Abu Dhabi's coast, delivering start-to-finish well drilling and construction services across both conventional and unconventional reservoirs. With 99 owned rigs and a dedicated workforce of 6,532 engineers, specialists and technicians, ADNOC Drilling helps maintain ADNOC's status as one of the lowest-cost and lowest-carbon oil and gas producers in the world.

Our Vision

We enable ADNOC to unlock the UAE's oil and gas resources for the benefit of our people, communities, partners, customers and our nation.

Our Mission

We drive operational efficiencies by leveraging, innovative technology, smart drilling techniques and engineering solutions to consistently capture efficiencies as we drill more wells, creating more value as we grow.

Our Values

Progressive
We harness the UAE's spirit of innovation to ensure that our business remains at the forefront of the global energy industry.

Respectful
We encourage a culture of inclusivity and mutual respect, and always operate to the highest professional and ethical standards.

Efficient
We are a performance-driven company, dedicated to maximizing the value of energy resources for the benefit of our people, our communities, our partners and customers and our nation.

Collaborative
We work in close collaboration with our partners and customers, leveraging collective strengths to deliver mutually beneficial results.

Responsible
We are committed to identifying ways that can make a difference to our community while maintaining an unwavering commitment to health, safety, and the environment in which we operate.

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02 Strategic Review

03 Governance

04 Financials

01 Company Overview

At a Glance

For almost 50 years, ADNOC Drilling has been enabling ADNOC to unlock the UAE's oil and gas resources in the service of the nation.

As the Middle East's largest national drilling company by rig fleet size, and the first provider of Integrated Drilling Services in the region, we serve as a crucial link in the Upstream value chain – enabling ADNOC to meet to meet its ambitious 2030 goals of increasing oil production capacity to 5 million barrels per day and enabling gas self-sufficiency for the UAE.

1. Onshore

Our Onshore fleet consists of 65 land rigs, of varying specifications, including several high-capacity workover rigs. Our rigs drill a wide range of oil and gas wells and handle challenging drilling programs effectively and efficiently.

Providing land drilling, completion and workover services to ADNOC Onshore, ADNOC Sour Gas, Al Dhafra and other Abu Dhabi based customers in fields such as Bab, Bu Hasa, Al Dabb'iya, Sahil and Shah, our Onshore segment provides onshore drilling and workover rigs, equipment and associated services and personnel.

2. Offshore Jack-up

Our offshore fleet of 24 jack-up rigs and 1 barge are outfitted with high-specification equipment and are capable of drilling wells to maximum depths ranging from 18,000 to 30,000 feet and in maximum water depths ranging from 110 to 350 feet. 7 of these jack-up rigs are less than 5 years old.

We leverage cluster drilling on ADNOC's artificial islands, pioneered to eliminate the need to drill in numerous locations offshore. Cluster drilling and use of artificial islands reduce the impact on our unique marine environment.

3. Offshore Island

We own and operate a fleet of 10 island rigs, 7 of which are less than 5 years old. To enable drilling on artificial islands, we acquired state-of-the-art island rigs with integrated low-pressure hydraulic walking systems that allow our island rigs to move between well sites without the need to dismantle them.

Walking rigs reduce drilling costs as well as carbon emissions and environmental impact. Our Offshore Island segment is composed of artificial island drilling services, including the provision of rigs, equipment, and island rig services, as well as transportation, catering, diesel supply, and camp construction and accommodation.

4. Oil Field Services

Our Oil Field Services (OFS) division offers comprehensive market-leading drilling and well construction services that span the entire drilling value chain. OFS has facilitated record breaking performance and efficiency levels and has helped to create considerable savings in well time and cost. OFS has increased reliability and enhanced competitiveness by delivering better well economics, ensuring that we offer our clients ever more cost-effective services.

These services include directional drilling, surface logging services (SLS), wireline services, cased hole logging, pressure pumping as well as drilling and completion fluids. OFS is the segment in which we compete, unlike the Drilling business, which does not face local competition.

Key Highlights 2021

Financial

1972
Established in 1972 as the National Drilling Company of Abu Dhabi

One of the **largest** rig fleets in the world today

Enabling the world's **6th** largest oil reserves to be unlocked

6.5k+
Number of ADNOC Drilling employees

10k+
Number of wells delivered

70mn+
Total distance drilled (ft)

Key Highlights 2021

Operational

65
Land rigs

24
Jack-up rigs

10
Island rigs

1st
Integrated Drilling Services provider in the Middle East

20-30
years drilling horizon

0 spills
in the last 4 consecutive years

Strong Operation Performance Supporting Healthy Financial Results

2021 Highlights

Safety & Environment	Operational	Financial
0.8 Total recordable incident rate	**549** ADNOC Drilling wells delivered in FY21, at more than 4.6 million feet	**9%** EBITDA growth for FY21
43.3k GJ/Rig energy intensity, comfortably ahead of 43.9K target	**107*** Rigs at 96% utilization	**$2.3bn** FY21 revenue at 8% year-on-year growth
100% HSE and performance safety culture established	**45%** Integrated Drilling Services market share in FY21, on target	**$583mn** Capital investment during the 12-month period

* Includes eight (8) offshore rental rigs

Our Story

1972

National Drilling Company was created by Emiri Decree as the first fully-owned ADNOC Group company.

Known as the National Drilling Company (NDC) until 2017, the company was established to drill wells to enable ADNOC to unlock the UAE's vast reserves of oil and gas for the benefit of the nation.

1973

First rig acquisition

ADNOC Drilling's first rig, AD-1, today stands outside of ADNOC Group's headquarters on the Abu Dhabi Corniche.

1975

First offshore rig acquisition

The 1970s and 1980s saw robust expansion as the company added more rigs to its growing fleet to deliver both onshore and offshore wells.

1992

ADNOC Drilling hired its first female as a personnel supervisor

Today, there are 165 female employees, including the company's first female VP in Operations and 17 recently recruited engineers slated for leadership roles.

1998

Launch of 20-year water exploration survey project in partnership with U.S. Geological Survey

ADNOC Drilling enabled crucial information collection about the UAE's ground water in the Al Ain region. After the company delivered 600 wells, the U.S. Geological Survey and the UAE Government conducted research on desert hydrology for agricultural purposes. Data from the 2-decade project resulted in benefits for farmers and communities.

2000

National leadership

ADNOC Drilling intensified focus on advancing Emiratis for leadership roles. Today, Emiratis hold more than 90% of operational senior positions across the company.

2004

First 4 state-of-the-art cluster well drilling rigs acquisition

The first in the region, mechanized cluster rigs were acquired to meet the drilling requirement of 180 wells at ADNOC's artificial islands.

The highly efficient rigs allowed ADNOC Drilling to deliver 180 wells in 2 years and 1 month instead of the planned 4 years.

2008

First artificial island drilling

Up to 200 wells can be drilled from each artificial island, compared to 10 from a jack-up rig.

Use of artificial islands increases efficiency and reduces the impact on marine life.

2010

Evolution of service offering

With a fleet of 29 rigs, ADNOC Drilling began to provide electric well logging services to support drilling operations.

Further fleet expansion

The company has expanded the rig fleet by more than 200%, including the acquisition of 17 UAE-built offshore and onshore rigs. The construction of those rigs ultimately contributed nearly $2 billion to the local economy.

Today, ADNOC Drilling has 99 rigs; more will join the fleet in 2022 and beyond.

2014

Drilling Training Center begins operations in Al Dhafra

Specialized training modules prepare talented young Emiratis for a rewarding drilling career. By the end of 2021, more than 1,000 Emiratis had graduated from the Drilling Training Center. Some of those employees are already in leadership roles.

2018

Transition into to a full IDS service provider

A strategic partnership with global industry leader Baker Hughes propelled ADNOC Drilling into the role of a start-to-finish well services and completion company, bringing new efficiencies to customers. ADNOC Drilling became the first and only national drilling company to offer Integrated Drilling Services (IDS).

Launch of Technology and Remote Operations Center (TROC)

24/7 direct feed to rig site control cabins offers OFS technical assistance in directional drilling, geo-steering and logging activities. TROC enables more engineers to work offsite, reducing the number of workers at the rig, boosting HSE and efficiency.

2019

Completion of first IDS well

ADNOC Drilling delivered its first IDS well to ADNOC Onshore, ahead of plan and within budget.

Well drilling duration decreased by 30% over the last 5 years across onshore and offshore activities.

2020

Records are broken

At 45,000 feet, ADNOC Drilling delivered the Middle East's longest well while recording a record-breaking 21 years of Lost Time Incident (LTI)-free operations at its land rig AD-17.

2021

Public listing

In the largest ever listing at the Abu Dhabi Securities Exchange (ADX), ADNOC Drilling became a publicly listed company, raising $1.1 billion from an 11% share offering.

H&P becomes cornerstone investor

Drilling industry leader Helmerich & Payne (H&P) became a cornerstone investor in the IPO, launching a strategic partnership to enable efficiencies in the onshore segment that will benefit both companies, as well as our customers and shareholders.

Pioneers of the Business

As the bedrock of ADNOC operations for nearly 50 years, ADNOC Drilling has enabled ADNOC's growth in service to the nation and its people, our communities, partners and customers. This has been made possible by our dedicated employees. Over 3 generations, our people have helped to build the company into what it is today: the largest national drilling company in the Middle East by rig fleet size with 99 onshore, offshore and island drilling rigs.

'In the beginning it was all about drilling because you have to drill the well to get the oil out. It had such a big role then and still does. At first, we thought we would have maybe 8 or 10 rigs. Now there are over 90 billion dirhams of assets. We even had our own rigs built in the UAE, creating even more value for the country. It is a great company.'

Suleiman Al Maskari
Former ADNOC Drilling Assistant General Manager

'Every time I walked around the drilling rig helideck, I saw the sea, the sky, the boats, the choppers in the air and the activity we were doing on the rig. I realized how important what we were doing was for the diesel in the ships, the fuel in the helicopters and the lights in Abu Dhabi. Everything we were doing on that rig was a source for this success.'

Fouad Silin
Former Drilling Team Manager

'Drilling was like a symphony of music. We drillers know this feeling like a sixth sense. If you are feeling this music, this sense, you are a driller. There was so much excitement when you were drilling, waiting for that moment of reaching oil or gas, holding your breath. It was like looking for gold. And, when you broke through to a reservoir you felt such pride in your rig, your company and your country.

Ahmed Al Mansouri
Former Drilling Team Manager

Year in Review 2021

Initial Public Offer (IPO) Experience

After nearly 50 years of service to ADNOC and to the nation, ADNOC Drilling made history in 2021.

On September 6, 2021, ADNOC announced its intention to float a 7.5% minority stake ADNOC Drilling shares on the Abu Dhabi Securities Exchange (ADX) through an IPO, demonstrating the continued growth, strength and prominence of Abu Dhabi's financial marketplace.

A week before the IPO, ADNOC raised the offering to 11% of ADNOC Drilling shares. The IPO on 3 October, raised more than $1.1 billion from the 11% share. Total gross demand for the offering amounted to more than $34 billion from UAE retail and qualified institutional investors, an over subscription of more than 31 times.

The overwhelming investor demand for ADNOC Drilling shares underlines our compelling investment and growth story as the largest drilling company in the Middle East by rig fleet size and the sole provider of drilling rig hire services and certain associated rig-related services to ADNOC Group on agreed contractual terms. ADNOC Drilling sits at the very heart of ADNOC's ambitious growth plans.

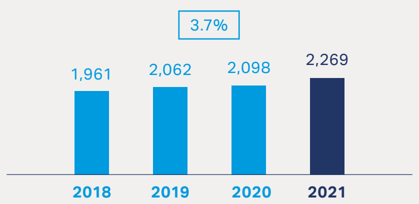
After 5 decades of continued success and growth, our IPO marked the start of ADNOC Drilling's new journey as a publicly listed company, with ADNOC remaining a committed, strategic, and long-term majority shareholder.

Operational Highlights

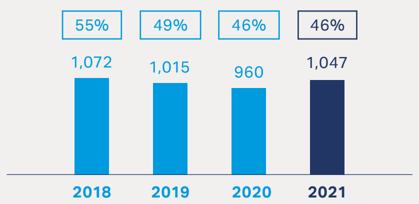
- **Fleet utilization** at 96% for FY21 (92% in FY20)
- **2x new Onshore rigs** added to the fleet in FY21
- **1x new Offshore Jack-up rig** integrated into operations in December 2021, ahead of plan
- **Deployed 15x stacked Onshore rigs** and 3x stacked Island rigs
- **549 wells drilled during FY21,** compared to 553 in FY20
- **IDS on 38 ADNOC Drilling-owned rigs** (45%)
- **160 IDS wells delivered in FY21,** 92 ahead of schedule and budget

Financial Highlights (USD millions)

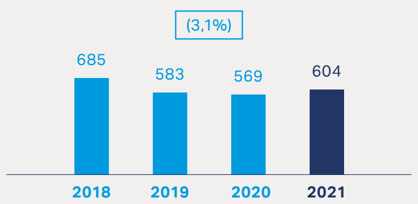
Revenue
% CAGR 2018-21



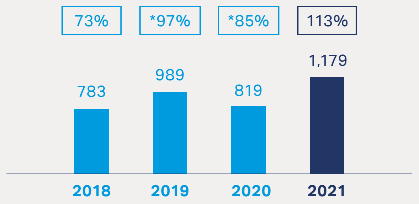
EBITDA
% EBITDA Margin



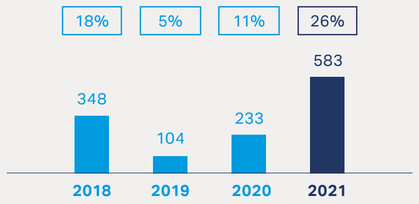
Net Income
% CAGR 2018-21



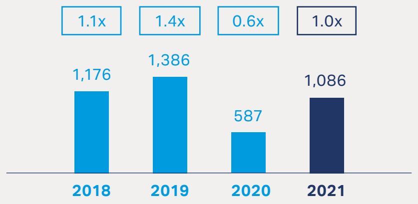
Cash from Operations
% EBITDA margin



Capex
% of Revenue



Net Debt
x Net Debt / LTM EBITDA



*Adjusted for Surplus Fund Account

02 Strategic Review

Chairman's Message

2021 was an extraordinary year.

2021 was an extraordinary year for both the United Arab Emirates – which marked its 50th anniversary – and for ADNOC Drilling. Our record breaking IPO, tremendous growth and the cementing of strategic alliances, leave ADNOC Drilling well-placed for the next fifty years as we continue to support the success of the nation.

With that bright future in mind, we joined the wise leadership of the UAE in celebration of the Nation's significant strides and reflected on the privileged role ADNOC and ADNOC Drilling played in our country's tremendous progress.

Since ADNOC Drilling was founded in 1972, we have gone from strength to strength, powered by our dedicated people who continue to be our company's most valuable asset.

Propelled by almost 7,000 drilling professionals and backed by the largest rig fleet in the Middle East, we have delivered more than 10,000 wells over our five-decade history.

Thousands more will follow, as we unlock the oil and gas reserves that will enable ADNOC's ambitious 2030 goal of five million barrels' daily oil production capacity as well as gas self-sufficiency for the UAE.

To help ADNOC reach its targets in the most efficient and value-enabling way, ADNOC Drilling in 2018 transformed into a fully Integrated Drilling Services company, bringing greater value and efficiencies to our clients.

Significant confidence in our growth and success was reinforced in October when the Company's Initial Public Offering received overwhelming interest from both local and international investors. The listing presented investors with a unique opportunity to capitalize on our stable and compelling equity story.

The IPO raised AED 4 billion, was oversubscribed by more than 31 times and set a record as the largest IPO on the Abu Dhabi Securities Exchange (ADX) to date.

Today, ADNOC Drilling is included in three major global FTSE Indices and we are recognized as one of the world's most valuable drilling companies. Investor confidence is well-placed.

Despite the ongoing Covid-19 pandemic and its impact on global markets, our company demonstrated strong growth and financial resilience in 2021.

Our industry-leading fleet utilization and excellent progress on cost efficiency resulted in a full year EBITDA of more than AED 3.8 billion. Net profit increased to AED 2.22 billion during the year, an increase of 6% compared to 2020.

In addition, we remain firmly committed to our dividend policy, offering investors stable and predictable cash flows.

The Board is pleased to recommend a final dividend of AED 1.19 billion for the second half of 2021. That represents 7.46 Fils per share and brings the total dividend for the financial year to AED 2.52 billion.

As ADNOC Drilling continues to deliver and create value for shareholders, we maintain our clear focus on responsible operatorship and sustainable development.

We firmly support ADNOC's commitment to decrease greenhouse gas emissions intensity by 25 percent by 2030 and continue to develop local business through our successful in-country value program.

In 2021, ADNOC Drilling exceeded its target to award business to UAE-based and registered suppliers.

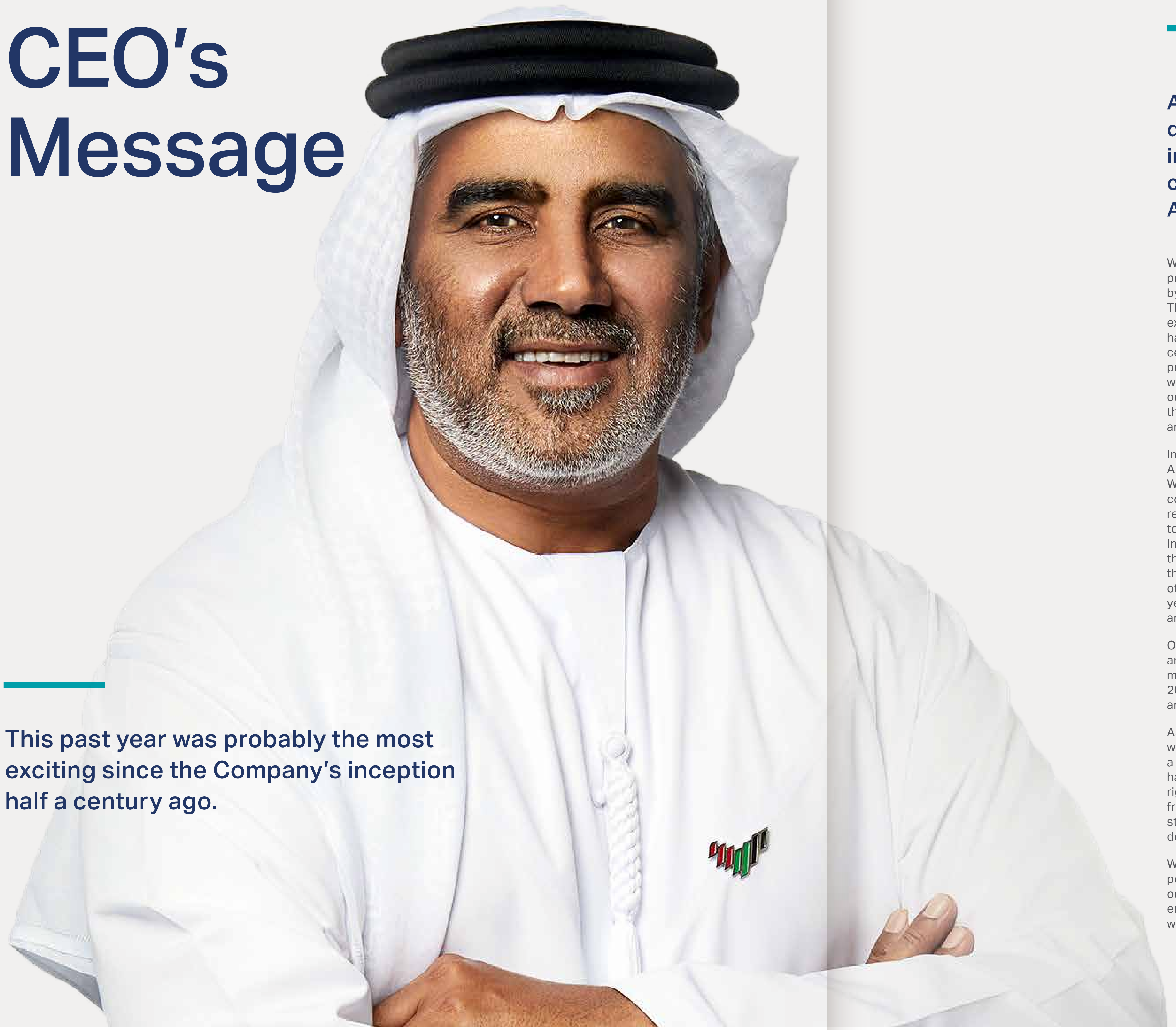
We achieved this exceptional result through a commitment to Emiratization and our continuous support to the local market, our contractors, and our suppliers.

After five decades of progress and expansion, ADNOC Drilling made history in 2021 and I am confident in the Company's ability to sustain that momentum in 2022 and beyond. ADNOC Drilling continues to be central to ADNOC's strategic growth plans and I expect the company to deliver continued success while maintaining its commitment to 100% HSE.

H.E. Dr. Sultan Ahmed Al Jaber
Chairman

ADNOC Drilling is among the world's most valuable drilling companies.

CEO's Message



This past year was probably the most exciting since the Company's inception half a century ago.

At the start of 2021, we set out to achieve disciplined growth, deliver our program for improved operational efficiency, maintain core financial strength, and to list ADNOC Drilling on the ADX.

We have accomplished these strategic priorities, despite the challenges posed by the ongoing Covid-19 pandemic. This past year was probably the most exciting since the Company's inception half a century ago. As the UAE celebrated 50 years of growth and prosperity, ADNOC Drilling made history with its IPO. Today, alongside ADNOC, our majority shareholder, we have more than 19,000 shareholders in the UAE and throughout the world.

Investor confidence is anchored in ADNOC Drilling's leading credentials. We are the largest national drilling company in the Middle East and the region's first national drilling company to offer fully integrated drilling services. In the latter part of 2021, we celebrated the drilling of our 10,000th well. And there is more to come. Thousands of new wells will be required in the years ahead to enable ADNOC's ambitious goals.

Our Offshore and Onshore divisions and Oilfield Services achieved strong momentum and healthy growth during 2021, with revenue of $2.27 billion, an increase of 8.2% on 2020.

As part of our strategic alliance with U.S. based Helmerich & Payne, a cornerstone investor in our IPO, we have acquired 8 new FlexRig drilling rigs and signed a 3-year enablement framework agreement that will strengthen best practice and deepen operational efficiencies.

While the Covid-19 pandemic persisted through 2021, I am proud that our dedicated, professional workforce ensured that operations continued with minimal disruption. We continue to strive for a hurt free operation by embracing advanced technologies that support the protection of our people and our assets.

As always, 100% HSE drove all we did in service of our clients, ADNOC, and the people of the UAE.

Looking ahead, we are certain that the quality of our management, field leadership and rig crews, our fleet size and efficiency and digital technology solutions will accelerate our growth trajectory and help deliver attractive dividends and long-term value to all our shareholders.

We also continue to look at opportunities to grow our business beyond the borders of the UAE. In 2021, we created the conditions necessary to support this ambition with the ramp-up of our business development division and prequalification of our business in key regional markets. In 2022, we will advance our geographic expansion plan.

I am personally privileged to be a part of ADNOC Drilling's growth journey as we continue our transition into a world-class, customer-centric integrated drilling services provider.

None of our success would have been possible without the efforts and commitment of our people and the support and engagement of our shareholders, customers, and partners. We look forward to building on the exemplary work of 2021 as we continue to unlock value for the UAE.

Abdulrahman Abdulla Al Seiari
Chief Executive Officer

Our Business Model

Resilience to the cycle.
Unmatched profile in the drilling industry.

Our Foundations

- Key enabler of ADNOC's expansion plans
- Effective corporate governance model
- Integrity of company assets
- Experienced leadership
- Robust risk management

Our Business

- Sole drilling provider in Abu Dhabi
- Largest national drilling company in Middle East by rig fleet size
- First integrated drilling provider in region
- ADNOC Upstream Onshore and Offshore operating companies as main clients
- Onshore and offshore drilling
- Oil Field Services
- Captive market for drilling services
- Competitive market for oil field services

Our Backbones

- World-class operational excellence
- Exclusive contract agreements leading to high revenue visibility
- Robust balance sheet
- Sustainable cash flow generation
- Diverse and committed workforce

Our Strategy

- Capitalize on ADNOC's increasing oil and gas production capacity
- Launch a major rig fleet expansion program to support ADNOC's Upstream growth plans
- Become a regional leader in unconventional drilling
- Achieve operational efficiency by optimizing well duration
- Pursue business expansion beyond Abu Dhabi's borders
- Achieve 100% HSE and asset integrity

Our Enhancers

- Strong capital expenditure (capex) pipeline
- Robust technology systems
- Operational innovation
- International expansion
- Growing oilfield service business

Value creation for shareholders

- High returns, limited risk
- Superior financial performance
- Rewarding dividend policy

Strategic partnership

- Alliances with industry leading service providers, Baker Hughes and Helmerich & Payne (H&P)

World-class customer service

- ADNOC Upstream operating companies and concession block holders

Social responsibility

- Inclusive culture and diverse workforce
- Building local talent
- Local community development

Our Strategy

Transformative strategy designed to deliver superior results and enhanced growth.

Capitalize ADNOC's plans to increase oil production capacity to 5 mmbpd by 2030 and achieve gas self-sufficiency

Become a regional leader in integrated rig offerings and unconventional development

Launch a strategic rig fleet expansion program to support ADNOC's Upstream growth plans

Pursue business expansion beyond Abu Dhabi borders

Achieve operating efficiency by optimizing well duration

Support ADNOC's commitment to decrease greenhouse gas emissions intensity by 25% by 2030

Our Journey

We benefit from a unique and long-standing relationship with ADNOC and the ADNOC Upstream operating companies who procure rig services from us based on agreed contractual terms.

An attractive financial profile with leading and resilient profitability margins positions us to achieve strong growth in both drilling and integrated drilling activities.

We have an almost 50-year track record of strong operational performance, with an extensive footprint and well-developed drilling infrastructure in the UAE. This includes a high quality young and well-maintained fleet. We leverage smart drilling techniques and engineering solutions to consistently capture efficiencies as we drill more wells.

As a responsible operator, we are committed to the environment, and to ADNOC's sustainability support goals, which align with the UN Sustainable Development Goals.

Our successful journey has been made possible by our committed, highly experienced people, deep engineering expertize, and homegrown leadership, underpinning the economic and social contribution that we have made and continue to make.

Our Approach

ADNOC Drilling is a stable, performance-driven, market resilient and cost-focused organization. We drive operational efficiencies and technology and optimize development cost, creating more value as we grow.

We continue to build on our competitive position as a responsible and sustainable service provider, and relentlessly push for efficiency and operational excellence while maintaining a firm focus on safety, environment, empowering our people, and utilizing advanced technologies.

This will allow us to deliver even greater value to ADNOC Group, to our shareholders, partners and customers by efficiently delivering wells that contribute to ADNOC Group's leading position as one of the largest and least carbon-intensive lowest-cost oil producers in the world.

Our strategy is enabled by 6 key objectives:

1. Capitalize on ADNOC's plans to increase crude oil and gas production capacity
2. Become a regional leader in unconventional drilling development
3. Achieve operational efficiency by optimizing well duration
4. Launch a major rig fleet expansion program to support Upstream growth plans
5. Pursue business expansion outside Abu Dhabi for rigs and services
6. Achieve 100% HSE and asset integrity

Our recent transformation into an integrated drilling services provider has enabled us to move beyond traditional domestic operations. We have been able to enter new markets with a competitive cost base compared to competitors and an improved service range in comparison to other traditional drilling services providers in the market.

Capitalize on ADNOC's plans to increase production capacity to 5 million barrels per day (mmbpd) by 2030.

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

Given our strong market position, industry-leading low-cost structure, and long-standing relationship with our main shareholder, ADNOC, and the ADNOC Upstream operating companies, we believe we are well-positioned to benefit from a planned increase in drilling activity to meet ADNOC's target of increasing crude oil production capacity to 5 mmbpd by 2030.

Additionally, ADNOC is currently unlocking potential unconventional gas resources as part of its integrated gas strategy in line with the UAE's objective to become gas self-sufficient. In November 2019, the then Supreme Petroleum Council (now the Supreme Council for Financial and Economic Affairs) announced the discovery of 160 TSCF of recoverable unconventional gas resources, offering the potential to fuel the UAE with gas far into the future.

Become a regional leader in unconventional drilling development

The transformation into an integrated drilling service provider forms part of a wider strategy to become a regional leader in unconventional drilling development, expand outside of the UAE, and move toward more integrated drilling services and oil field services. We aim to have 20 rigs by 2030 performing unconventional drilling.

Achieve operation efficiency by optimizing well duration

We will continue to focus on increased operational efficiency by optimizing well duration with a targeted 5% to 10% year-on-year improvement. Increased operational efficiency will enable us to develop and maintain long-term customer relationships and maximize the utilization of our fleet. The added project management and oil field services capabilities acquired as part of the strategic alliance with Baker Hughes, in addition to our existing in-house rig rental and rig management capabilities, are strong contributors to the optimization of well duration.

Launch a major rig fleet expansion program to support Upstream growth plans

We believe there will be an increase in drilling activity over the coming years considering ADNOC's commitment to increase its crude oil production capacity by 25% to 5 mmbpd by 2030. Additionally, as we plan to expand our business beyond the UAE and pursue business opportunities in the region, we expect a need for rig fleet expansion to support growth plans. Accordingly, we plan to expand our rig fleet over the course of the of the next 5 to 10 years with a net addition of 23 rigs by 2030 to our 99 owned rigs.

The expansion of our rig fleet will enable us to increase our current scope of rig hire services, drilling and completion services and associated services, and provide unconventional drilling and biogenic wells, leading to increased revenue and profitability.

Pursue business expansion outside Abu Dhabi for rigs and services

ADNOC Drilling's recent transformation into an IDS provider positions us as a regional drilling services provider. In this role, we expect to enter new markets with a competitive cost base compared to our competitors and an improved service range compared to other traditional drilling services providers in the market.

The current market forecast estimates 4% growth between 2020 and 2025 in onshore and offshore drilling operations, and oilfield services in the MENA region, providing opportunities for us in regional markets.

Aim to achieve 100% HSE and asset integrity

ADNOC's "HSE Culture Transformation" program was launched to shift HSE policies to a foundational cultural value. Our HSE performance is continuously challenged, particularly as our operations expand and increase in complexity. To stay ahead and maintain focus on our goal of 100% HSE and asset integrity, we embed a safety culture of empowerment, responsibility, and accountability. We recognize the value and importance of the health and safety of our employees and other stakeholders as well as the protection of our environment.

We have established a system for the management of the integrity of our assets. This is in full consonance with ADNOC's code of practices, recognizing the role of asset integrity in preventing, mitigating and controlling consequences of any incident that could result in major integrity incidents affecting large populations of workforce, the environment, or communities.

Strength in our strategic partnerships

Strategic partnerships with international blue chip companies Baker Hughes and H&P continue to support our pursuit of operational excellence and growth.

Baker Hughes

Through our strategic partnership, Baker Hughes has enabled us to significantly improve operational excellence and enhance our technology offering.

- Technology and manpower enablement
- Improved financial modelling

H&P

Both companies signed a framework for leveraging technology and operational best practice to pursue expansion and operational optimizations across our onshore fleet.

With H&P, a cornerstone investor in the IPO, we are developing a framework for leveraging technology and operational best practice. This will further enhance our operational performance by optimizing costs, improving rig manufacturing and design, ensuring we continue to better serve our customers and drill more sustainably.

- Operating cost optimization
- Maintenance cost effectiveness
- Manufacturing and rig design
- Technology and solutions
- International and regional expansion
- Training and development

Investment Case

A life-long strategic partner at the heart of ADNOC Upstream

ADNOC

High return, limited risk proposition	Delivering superior financial results	Significant opportunities for growth
Integral position to ADNOC operations driving bespoke contractual position	Undisputed returns leadership throughout the cycle	Key enabler to ADNOC's delivery on its long term Upstream targets
Attractive returns, high visibility and strong downside protection	Strong cash conversion, robust capital stewardship and solid balance sheet	Strong in-house capability set drives accelerated growth into oil field services
Compelling IRRs generated over a long time, driving significant cash generation	Attractive cash return-focused dividend policy	Further potential for disciplined domestic and regional expansion

A long-term growth, profitability, and cash flow generation profile like no other in the drilling industry

At the heart of ADNOC Group as the sole provider of drilling services to its Upstream companies, ADNOC Drilling benefits from a unique relationship with the ADNOC Upstream companies and from a contractual framework that sets the company apart from any other company in the sector. Owing to these factors, ADNOC Drilling offers an unmatched visibility on long-term revenue growth, returns and cash flow generation.

As a key enabler of ADNOC's strategy, ADNOC Drilling has, over the years, grown into a robust, efficient, and highly profitable company, focusing on operational excellence and demonstrating significant growth through the cycles despite oil price volatility. Today, the company is committed to achieving ADNOC Group's ambitious long-term hydrocarbon development programs to further unlock oil and gas reserves of Abu Dhabi. This includes delivering the wells necessary to achieve ADNOC's plan to increase both its oil production capacity to 5 mmbpd by 2030 and increase unconventional gas production, allowing the UAE to achieve gas self-sufficiency.

ADNOC Drilling's investment case is built on 3 key features:

1. A solid base, as the contractual framework with ADNOC provides the company with stable revenues and profit margins superior to other drilling industry competitors
2. The secure delivery of a resilient financial performance paired with a strong and prudent balance sheet
3. A captive growth both on the drilling side, given ADNOC's strategic plans, and on the IDS side of the business

High returns, limited risk

- The unique contractual regime with ADNOC allows long-term de-risked rig investments, generating double digit Internal Rate of Return (IRR) over a 15-year timeframe, providing high visibility and strong downside protection.
- Compelling contractual IRRs generated on the rigs over long periods of time drive a robust and resilient cash generation.
- The contractual framework and associated high return/limited risk terms lead to a special financial profile, with high and stable margins, consistent and strong returns, and high cash conversion that underpins a progressive dividend policy committed to material and resilient distributions and hence, shareholder returns.

Superior financial performance

- ADNOC Drilling shows undisputed returns leadership through the cycle.
- Its unique status within ADNOC Upstream not only provides certainty in business, but also visibility in top line, and margins unheard of in the drilling sector.
- The company's margin profile stands out, both in terms of EBITDA and net income margins, as well as stability, despite volatility in commodity prices or external factors like the recent Covid-19 pandemic.
- ADNOC Drilling's balance sheet is solid and can support superior shareholder returns. With a net debt/EBITDA ratio at less than 1, one of the lowest in the industry, it presents further room for capital optimization.
- We are investing through the end of 2023, in building our rig fleet to support ADNOC's Upstream growth targets. That requires growth capex today, but will enable substantial operating cash flow growth from our drilling and IDS tomorrow.

Significant leverage to growth

- Our strong revenue growth outlook is underpinned by growth plans of the Emirate of Abu Dhabi.
- ADNOC's strategic Upstream targets and planned Upstream activity translate into drilling activity and a significant captive demand for us to provide the necessary infrastructure and services.
- The accelerated growth into OFS continues to add further upside to the top line. OFS is expected to become a material scale business over the coming years and be a substantial driver of earnings growth going forward.
- Further potential for disciplined domestic and regional expansion also exists.

Financial Review

A robust performance for 2021

ADNOC Drilling delivered a robust performance in 2021. Revenue grew 8% year-on-year, delivering $2.3 billion in 2021.

Increased revenues led to an EBITDA of more than a billion dollars in 2021, up 9% compared to the same period last year. The quality of earnings improved driving EBITDA margins to 46%, despite a growing contribution from the lower margin OFS segment.

Net income for the year was over $600 million, up 6% compared to the same period last year, largely driven by the increase in EBITDA.

Strong cash conversion was maintained, with cash from operations at 113% of EBITDA in 2021. The timeline to deliver the working capital improvements communicated to investors of 11% of revenue has been accelerated; 26% was achieved during the year, down from the peak of 36% in Q3.

Capex has increased by 2.5x compared to the previous year as we accelerate our rig acquisition program and the OFS expansion continues.

Healthy 12-month revenues

Twelve-month revenue increased 8% year-on-year, driven by Onshore and OFS segments.

The Onshore segment delivered healthy year-on-year revenue growth of 6% for the full year, driven by higher operating and lower maintenance days, as well as contributions from 2 new rigs and 7 reactivations in 2021.

For the Offshore Jack-up segment, full year revenue was flat year-on-year at almost $600 million. Going forward we expect the deployment of owned jack-up rigs to contribute positively to the segment's top line. Full year revenue for the Offshore Island segment was flat year-on-year at $203 million.

The OFS segment reported strong revenue growth of 48% year-on-year. The strong growth was driven by higher activity from continued expansion and healthy margin development.

Robust EBITDA generation profile

Full year EBITDA was just over $1 billion, up 9% compared to last year, with the stable margin at 46%, despite the increased contribution from the lower margin OFS segment to the revenue mix.

The company also made excellent progress on delivering further cost efficiencies. Lower opex is helping drive the increased margins with major maintenance schedules being extended out and centrally allocated expenses are being actively managed.

Strong cash flow and balance sheet

ADNOC Drilling remains a highly cash generative business delivering over $1 billion in cash from operations in 2021.

Free cash flow during the year was $597 million, compared to $1.55 billion in the previous year.

The decline was mainly due to a $970 million cash injection as funds held in an ADNOC surplus fund account were returned to ADNOC Drilling in 2020. On an underlying basis, free cash flow for the year improved by $10 million.

Borrowing did not change during the year, a healthy net debt to EBITDA ratio of 1x was maintained. The net debt position will continue to improve into this year, supported by improvements to the working capital.

A strong financial position was maintained at the end of 2021 with liquidity of $1.7 billion, in the form of $453 million in cash and cash equivalents, in addition to $500 million in an unutilized term facility and $750 million in the form of an unutilized revolving facility.

Increased capex and improved working capital

Capex saw a significant increase year-on-year, primarily due to the OFS expansion and the start of the extensive rig acquisition program for additional land and jack-up rigs.

The majority of the rigs purchased in 2021 are expected to be operational in 2022 and will contribute to additional revenue growth going forward.

There has been a focus on working capital management to ensure operational efficiency. The timeline to deliver the targeted working capital of 10%-11% of revenue has been accelerated, it is now 40% on the way to achieving that target.

During 2021, net working capital decreased by $30 million. The improvement was primarily driven by increased billing and collections in the Q4 from ADNOC Onshore and Offshore, thereby reducing the related parties' balances at the year end.

This marks a significant clearing of unbilled revenue with our customers, and 2022 is expected to bring further sustained improvements in the operating working capital position.

Targeting growth and competitive returns

The guidance presented at the IPO is unchanged and we remain confident of achieving our long-term targets. We are reaffirming our guidance of low teens mid-term revenue growth from 2021 onwards.

For FY22, we are comfortable with market consensus expectations for group revenue, EBITDA and net income. We also reiterate our commitment to grow our dividends by 5% per annum until 2026, and to deploy $2.5 to 3.0 billion of capital expenditure from 2021 to 2023.

Looking at our operating segments - for Onshore it is anticipated the business will grow revenues in 2022, and that revenue growth will be consistent with that experienced in 2021. Margins are also expected to be similar.

Offshore Jack-up activity levels are anticipated to be broadly flat in 2022 compared to 2021; however, this segment will contribute both revenue and EBITDA growth in the year ahead. The 7 rented rigs are transitioning to owned assets. These rented assets are currently in place and are fully deployed. The impact of this transition will contribute positively to revenue growth, and increased margins as we move from an agent, passing through costs, to an owner, fully capturing the operating margin. This transition is anticipated to be back-end loaded, and as such revenue and EBITDA in Q1 and Q2 will likely be comparable to Q4, thereafter increasing as new rigs go into operation.

Most offshore island rigs will soon be back in operation, though some remain stacked, pending the commencement of work on the Hail Ghasha mega-project, the world's largest offshore sour gas development. The stacked rigs remain on the non-operating day rate. In aggregate, EBITDA is anticipated to remain flat in the island segment, as seen in 2021 and will continue into 2022.

For OFS, growth momentum is expected to continue into 2022 and we maintain our expectation that this segment will contribute at low to mid-20s EBITDA margins. On general and administrative expenses, we anticipate that additional cost management will support EBITDA margins in 2022. On working capital, further releases are anticipated as receivables are run down from major customers, and as such, working capital is expected to be a source of funds in 2022.

Financial Review Cont.

ADNOC Drilling achieved net profit of $604 million for the full year ended 31 December 2021 (FY21), a year-on-year increase of 6% compared to $569 million for the previous corresponding period (FY20).

Key performance indicators

Financial Ratios		2018	2019	2020	2021
Margins					
Gross profit margin	%	44	39	38	**39**
EBITDA margin	%	55	49	46	**46**
Profit for the period margin	%	35	28	27	**27**
Key Ratios					
Return on equity (ROE)	%	24	17	17	**22**
Return on average capital employed (ROACE)	%	16	13	12	**14**
Leverage					
Debt/Equity	%	53	45	47	**55**
Net debt/EBITDA	X(times)	1.1	1.3	0.6	**1**

Balance Sheet		2018	2019	2020	2021
Total assets	**USD million**	**4,657**	**5,422**	**5,478**	**5,096**
Non-current assets	USD million	3,570	3,412	3,305	**3,405**
Current assets	USD million	1,087	2,010	2,172	**1,691**
Total equity	**USD million**	**2,851**	**3,383**	**3,252**	**2,795**
Total liabilities	**USD million**	**1,806**	**2,039**	**2,226**	**2,301**
Non-current liabilities	USD million	1,578	1,604	1,615	**1,632**
Current liabilities	USD million	229	436	611	**669**
Total equity and liabilities	**USD million**	**4,657**	**5,422**	**5,478**	**5,096**

Income Statement		2018	2019	2020	2021
Revenue	**USD million**	**1,961**	**2,062**	**2,098**	**2,269**
Gross profit	USD million	859	797	806	**884**
Gross profit margin	%	44	39	38	**39**
EBITDA	**USD million**	**1.072**	**1,015**	**960**	**1047**
EBITDA margin	%	55	49	46	**46**
Operating profit	**USD million**	**692**	**633**	**594**	**621**
Operating profit margin	%	35	31	28	**27**
Profit for the period	**USD million**	**685**	**583**	**569**	**604**
Profit margin	%	35	28	27	**27**
Earnings per share	**USD / share**	**0.043**	**0.036**	**0.036**	**0.038**

Cash Flow Statement		2018	2019	2020	2021
Profit for the year	USD million	685	583	569	604
Non-cash adjustments	USD million	401	449	441	481
Changes in working capital	USD million	-303	-1,013	779	94
Net cash from operating activities	USD million	783	19	1,789	1,179
Net cash from investing activities	USD million	346	-101	-232	-582
Net cash from financing activities	USD million	-387	-109	-737	-1,098
Net increase & decrease in cash & cash equivalents	**USD million**	**50**	**-191**	**820**	**-501**
Cash and cash equivalents at the beginning of the year	USD million	275	325	134	954
Cash and cash equivalents at the end of the year	USD million	325	134	954	453

Business Review

Operations Overview

The rig fleet increased to 107, including rentals at the end of 2021, compared to 104 in the previous year. We added 1 jack-up and 2 onshore rigs as we met ADNOC's increasing drilling requirements. As our numbers grew so did utilization within our fleet. We deployed 15 stacked onshore rigs and 3 stacked island rigs, leading to fleet utilization of 96% in 2021, compared to 92% in 2020.

Drilling performance remains robust. Onshore drilling continues its strong performance, maintaining 33 days of average duration, while Offshore increased slightly to 76 days. During the year, 549 wells were delivered, slightly fewer than the 553 wells delivered in the previous year. This was mainly due to Covid-19 related project delays. We continue to achieve results on our strategy and are well positioned for future growth in both the conventional or unconventional domains.

The OFS business continues to deliver strong growth as more market share is captured. We delivered 160 OFS wells in 2021, 92 of which were ahead of schedule and budget. This enabled us to reach the 45% OFS market share from our ADNOC Drilling owned rigs by the end of 2021. We continue to see strong demand for our offering in this segment, enabling us to reach 50% OFS market share from our ADNOC Drilling owned rigs. We also expect to achieve 100% market share in the unconventional domain for OFS by the end of 2022 through further expansion in our fracking operations, to cater for the targeted growth.

Higher efficiency, Onshore and OFS growth

Significant progress was made in driving efficiency, reducing costs and generating value across the business, while breaking a series of our own operational records. Some of the initiatives that have contributed to performance during the year are:

The Onshore segment accelerated the adoption of our New Operating Philosophy to 42 rigs against a planned 35, delivering opex savings of $50 million. We are focusing on enhanced rig move efficiency by reducing wait times on location, optimising resource usage and removing extra loads, generating savings of $8.5 million and delivering the longest horizontal section of an onshore well utilizing our OFS services.

The Offshore and Offshore Island segments saw an improvement in our major maintenance rig outage average days from 110 to 70. Additionally, we achieved technology driven operational time saving of 14 days per project through the utilization of our Remote Operating Vehicles (ROV).

The Al Reem and AD-67 rigs were successfully integrated into Offshore Operations during the year, and also contributed to drilling the longest ever horizontal well in the UAE.

The OFS segment continues to show a lot of promise and growth with 277 IDS wells delivered since starting-up in 2019 with 173 of those wells ahead of schedule and budget. There was a 49% cumulative performance improvement in drilling efficiency, with total savings to our Upstream customers of $258 million in IDS operations through the same period. A further 11.5% year-on-year improvement was recorded in drilling efficiency in 2021.

The New Operating Philosophy aims to drive outstanding technical and operational performance. This will be achieved through enhanced utilization of our skilled personnel to reduce non-essential crew members at our rig sites while maintaining the same quality. The excess manpower will be redeployed to our new assets to support future Upstream growth. This will reduce risk to our people and reinforces our HSE interdependent safety culture. This will help derive consistent performance and higher efficiencies to support ADNOC Drilling's drive for greater profitability.

Rig availability and number of wells drilled

Financial Ratios	2021	2020	YoY %
Fleet	**107**	**104**	**3%**
Onshore	65	63	3%
Offshore Jack-up	24	20	20%
Offshore Island	10	10	–
Rented Rigs	8	11	(27%)
Rigs Availability	**96%**	**92%**	
Onshore	95%	92%	
Offshore Jack-up	98%	100%	
Offshore Island	100%	100%	
Rig Efficiency	**96%**	**95%**	
Onshore	97%	97%	
Offshore Jack-up	94%	92%	
Offshore Island	98%	97%	
Number of Wells Drilled	**549**	**553**	**(1%)**
Onshore	481	457	5%
Offshore Jack-up	57	75	(24%)
Offshore Island	11	21	(48%)

Rig availability, rig efficiency and number of wells drilled is provided for owned rigs fleet and excludes rented rigs.

New Operating Philosophy (NOP)

To drive outstanding technical and operational performance across the business

- Skilled personnel, reducing numbers at rig sites and redeploying to new assets
- Better well construction safety
- Improved working conditions
- Consistent performance and higher efficiencies
- Greater profitability

Business Review Cont.

Onshore Drilling

Overview

Our Onshore fleet consists of 65 land rigs of varying specifications, including several high-capacity workover rigs, empowering us to drill a wide range of oil and gas wells and handle the most challenging drilling programs effectively and efficiently.

Comprising land drilling, completion, and workover services to ADNOC Onshore, ADNOC Sour Gas, Al Dhafra, and other Abu Dhabi based customers in fields such as Bab, Bu Hasa, Dabbiyah, Sahil and Shah, our Onshore segment provides onshore drilling and workover rigs, equipment and associated services and personnel.

Operations

In 2021, Onshore Drilling maintained a strong operational performance and safety record, continuing to support ADNOC Onshore's ambitions by fulfilling the Company's mandate as ADNOC Drilling's largest division and primary revenue driver.

Despite having 15 rigs stacked as we entered the year due to the impact of the Covid-19 pandemic, we quickly reactivated them based on our customer's requirements in order to return to full capacity and maximize revenue generation. Overall, Onshore rig availability for the year stood at 94.5%, a strong result considering the challenging operating environment.

Throughout the year, we continued to provide exceptional value to our customers, not only through competitive pricing but also through the comprehensive range of services that differentiate us in the market.

A commitment to a shared future

Extending our deep and long-standing partnership, we signed a 3 year drilling services agreement with 2 optional extensions with ADNOC Onshore for the continued provision of drilling, workover, and other well services.

Advanced technologies and digitalization are at the heart of this agreement, as ADNOC Drilling continues to improve efficiencies and drive further growth opportunities, while minimizing our environmental footprint.

Valued at $3.8 billion, the agreement underpins ADNOC Drilling's unique position as sole drilling services provider to ADNOC and will advance ADNOC Drilling's ambitious growth and expansion plans.

A landmark partnership

As part of our successful IPO, we forged a strategic alliance with US-based H&P, a globally renowned provider of rig technologies and drilling solutions.

Through this strategic alliance, ADNOC Drilling will enhance our rig-based operational performance through the acquisition of 8 world-class H&P FlexRig® land rigs. These rigs will be delivered and commissioned in stages over a period of 12 months, as we leverage H&P's expertize and technologies to further drive growth and expansion.

The associated 3-year enablement framework agreement will strengthen best practice and deepen operational efficiencies for the company, driving operational excellence through maintenance efficiencies, supplementing supply-chain capabilities, and enhancing engineering and rig design competencies.

The alliance will also deliver more competitive well completion times, greater drilling efficiencies and improved well economics, laying the foundation for future growth by providing opportunities to extend our services beyond the UAE.

Ultimately, the alliance is designed to enhance our ability to support ADNOC's target of reaching 5 mmbpd production capacity by 2030 and gas self-sufficiency for the UAE, along with its plans to unlock unconventional oil and gas resources.

Drilling performance

Our Onshore drilling performance remains robust, averaging 32.1 days in duration this year, while we achieved an average drilled footage of 12,438 feet.

We have delivered continuous improvements in Non-Productive Time (NPT), resulting in a more than 43% decrease since 2018. Our Onshore customers now save 7 days or more per well compared to 2016, with total of more than $75 million in savings per year.

Excellent Onshore rig move performance of 3.78 days on average was achieved in 2021. By redeploying rigs faster into operations, we supported improved ADNCO Drilling profitability, through cost savings of $5.7 million during 2021. We also maintained our commitment to 100% HSE, implementing rig specific HSE plans and achieving LTI-free rigs during 2021.

To ensure the highest possible operational efficiency and performance, our state-of-the-art Real Time Monitoring Center (RTMC) was launched in 2017. Based in ADNOC HQ, the RTMC provides live visibility and tracking of a wide range of performance indicators through sensors at all the rigs, enabling continuous monitoring and improvement.

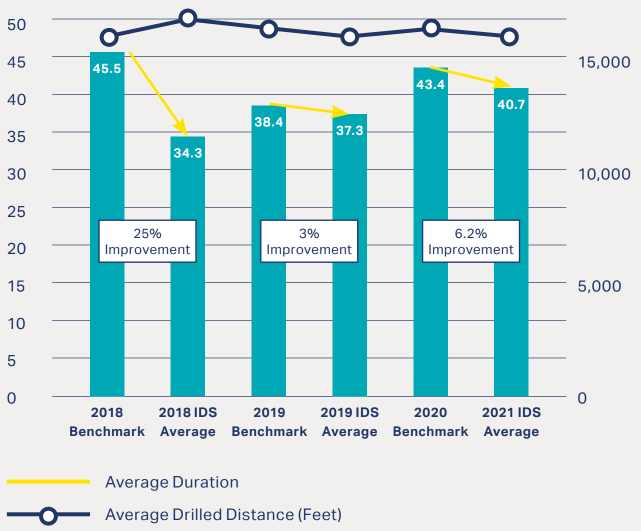
2021 Highlights

Accelerated to 42 rigs (35 rigs planned), driving significant annual savings

Reactivation of 15 stacked rigs and 2 new land rigs

Enhanced rig move efficiency, saving $8.5 million

Combined onshore performance 2021



Our Onshore fleet

Our young market-leading fleet boasts specifications designed to deliver on all our customers' drilling needs, as well as meeting their required and targeted production levels. More than half of our Onshore fleet is less than 5 years old, while more than 80% of our Onshore rigs have at least 1,400 horsepower.

This year, 2 additional rigs commissioned from National Oilwell Varco (NOV) increased our total to 65 land rigs – 62 are working directly for ADNOC while the other 3 work for our IOC customers.

Our older rigs are well maintained and continue to deliver excellent performance and generate significant value to ADNOC Drilling and our customers. Our predictive maintenance program minimizes rig idle time.

Onshore Fleet Breakdown by Horse Power (HP)

HP	% of Rigs per HP	Rig Count
750 HP	9%	6
1000 HP	8%	5
1500 HP	55%	36
1800 HP	3%	2
2000 HP	20%	13
2500 HP	3%	2
3000 HP	2%	1
Total	**100%**	**65**

Onshore Fleet Breakdown by Age (31 December 2021)

Age	Rig Count	%
1-5	27	42%
6-10	25	38%
16-20	3	5%
21-30	6	9%
31-45	4	6%
Total	**65**	**100%**

New operating philosophy

We introduced the New Operating Philosophy to reduce manpower on the rigs, share position between rigs and achieve annual savings.

Setting new standards

This year we achieved new technical milestones, drilling the longest measured depth well across all of ADNOC Onshore to a depth of 30,662 feet maximum depth, with the longest lateral in the DY field at 13,514 feet. We also drilled the best MRC well ever for ADNOC Onshore, completing the well in 37.5 days, compared to the previous best of 43.6 days. ADNOC Drilling Rigs Services delivered both wells.

We partnered with IBM to implement a new in-vehicle monitoring system. Designed to monitor driver performance and ensure that vehicles remain within designated areas through geo-fencing, this advanced solution will improve transportation safety. In addition, we launched a system to record drilling operations in order to capture learnings of real operations. The recordings have started, and we will analyze them to drive continuous learning and improvement in our operations.

Financial

Onshore revenues of $1,140 million grew by 6% compared to the prior year (FY20: $1,076 million). Growth was attributable to increased operating rig days resulting from the addition of 2 new rigs, and the reactivation of 7 previously stacked rigs during the year.

Onshore operational expenses increased by 9% compared to the prior year mainly due to increase in costs associated with diesel. Increases were attributable to both price and volume variance. Prices paid for diesel in FY21 were circa 30% higher year-on-year compared to the corresponding period; and volume variance is driven by higher consumption due to additional rigs and higher operational hours.

Increased depreciation in Onshore was mainly due to capitalization of 2 new rigs during Q1 and Q2 of FY21, in addition to the full period impact of the 2 new rigs capitalized in Q3 of 2020. In addition, the Company incurred higher lease costs, accounted as depreciation from Right-of-Use (RoU) assets under IFRS 16. 8 new Onshore land rigs were acquired in Q3 2021.

Outlook

Onshore Drilling will build on our solid performance and new partnerships from 2021 as we look to capitalize on our positive momentum and fulfill our significant growth potential.

Since the Abu Dhabi market for both conventional and unconventional oil and gas looks set to expand over the coming years, ADNOC Drilling is well positioned as the key enabler for this strategy, with a largely de-risked growth profile.

Our active rig fleet will continue to grow as we integrate the 8 new H&P rigs and activate our partnership with H&P to promote knowledge sharing, introduce new technologies and drive efficiency with the new rigs planned for deployment in 2022. Total well count will also maintain its consistent growth trajectory, with projections of a 44% increase over the next 2 years to reach 745 in 2023.

We also aim to enhance our service to our customers by raising the percentage of our Onshore owned rig fleet that performs IDS services from 38% to 45% by the end of 2022.

Major regular maintenance is performed every 5 years on our rigs, for an average of 20 rigs each year. This process usually takes 56 days to complete but we are working to reduce rig outage by doing major maintenance during moves. This means major maintenance will be needed only once every 7.5 years.

Over the long term, we aim to achieve zero outage – never stopping the rig for major maintenance – by using floating rigs to ensure continuity during maintenance. We also plan to harness rig move planning software to better plan moves, identify resources and monitor moves for better performance, and move away from diesel generators to power our central camps in order to reduce our carbon footprint.

Overall, through our focus on growth and continuous improvement across all areas of our operations, we aim to capture the largest share of drilling and 100% share of unconventional projects.

Business Review Cont.

Offshore Drilling (Jack-up)

Overview

Our Offshore fleet of 24 jack-up rigs and 1 barge is outfitted with high-specification equipment and is capable of drilling wells to maximum depths ranging from 18,000 to 30,000 feet and in maximum water depths ranging from 110 to 350 feet. Six of these jack-up rigs are less than 5 years old.

Operations

In 2021, Offshore Drilling maintained a trend of continuous improvement established over the past few years to deliver excellent operational and HSE results. As a result of this outstanding performance, we generated increasing value to the business and made vital contributions to the success of ADNOC Offshore and its partners.

We were able to maintain all our jack-up rigs in operations throughout the Covid-19 pandemic, a testament to the strong partnership with our customers and the outstanding dedication of our team.

Overall, jack-up rig availability for the year reached 97.6%. This result is due in large part to the quality of our fleet, commitment to operational excellence and dedication of our workforce.

We also maintained focus and commitment on employee safety, ensuring that everything is done – from implementing technologies and conducting training to adhering to strict processes and conducting continuous monitoring – to mitigate inherent risks and protect our people and our assets.

Drilling performance

Our Offshore drilling performance was 78 days on average this year, continuing a positive trend from 74 days last year and 93 days in 2017, while drilled footage also reached record depths of 21,402 feet on average.

Our Offshore NPT are among the best in the industry, dropping 31% since 2018 to reach 0.96% this year, demonstrating consistent improvement in our rigs' reliability and efficiency. Our Offshore customers are now saving close to $300 million per year as a result of improved performance, more wells and greater variety of value-added services, contributing to our revenue and profitability.

Highlighting our commitment to 100% HSE, we set a new record of 750 LTI-free days across all Offshore rigs. We also succeeded in raising the percentage of our Offshore owned rig fleet that performs IDS services to 67% as of year-end 2021.

We piloted a range of new technologies to improve operational performance, including using Remotely Operated Vehicles (ROVs) in innovative ways to greatly reduce maintenance idle time of rigs. This enabled faster redeployment of the rigs into operations and saved 14 days of operating time for jack-up rigs.

We introduced a proof-of-concept Artificial Intelligence (AI) smart camera solution that was developed in house to improve the rig floor and monitor rig crew and safety performance. The pilot launched in Q4 on a number of rigs, and it will be fine-tuned and rolled out further in 2022.

We continued to ensure proper planning of rig spares and preventive maintenance to avoid rig outage and equipment failures, while monitoring rig efficiency through the RTMC to identify opportunities to enhance operating efficiency and performance.

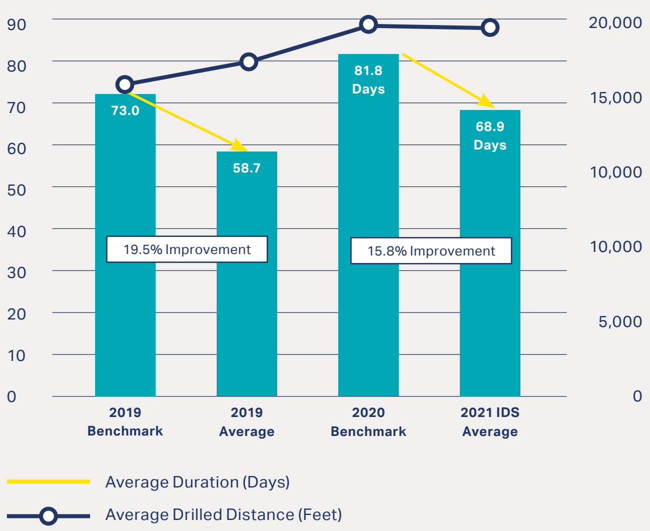
In terms of technical achievements, we successfully drilled the first conductor sharing well in Nasr Field on Rig Qarnin, through IDS, drilled the longest well in Umm Lulu field at 18,054 feet, and delivered the first TH II KH_2 well with IDS in under 35 days.

2021 Highlights

Reduced rig outage average from 110 days to 70 days

Successfully integrated Al Reem and AD-67 (stacked rig) into Offshore operations

Combined offshore performance 2021



Our Offshore fleet

Our Offshore drilling business is the largest in the region with a market-leading fleet. Our young and well-equipped fleet drills a wide variety of wells, as required by our customers. As of year-end, 19% of the fleet was less than 5 years old and 28% was between 5 and 10 years old, while 86% of our Offshore rigs delivered over 2,000 horsepower.

This year we acquired 5 new rigs, to be delivered and commissioned in 2022. These will replace 3 old rigs that were retired in 2021.

Jack-up Fleet Breakdown by Horse Power (HP)

HP	% of Rigs per HP	Rig Count
1400 HP	14%	3
2000 HP	38%	8
3000 HP	43%	9
4000 HP	5%	1
Total	**100%**	**21**

Jack-up Fleet Breakdown by Age (31 December 2021)

Age	Rig Count	%
1-5	6	25%
6-10	8	33%
16-20	1	4%
21-30	3	13%
30-46	6	25%
Total	**24**	**100%**

Financial

Offshore jack-up revenues of $596 million were broadly unchanged, compared to the prior year (FY20: $597 million). Underlying operating rig days were lower in this segment year-on-year, following the retirement of 3 jack-up rigs in FY21. While year-on-year activity levels were lower, revenues in the prior FY20 year were negatively impacted by a credit note provided to our major customer, resulting in year-on-year booked revenues being flat.

Offshore jack-up operational expenses decreased by 12%. This was mainly attributable to reduction in major maintenance expense due to realization from an initiative implemented for planned maintenance in jack-up rigs.

Offshore jack-up increased depreciation was also attributable to depreciation related to RoU assets in comparison to previous year. Furthermore, Offshore jack-up depreciation increased to include the impact of a new rig that became operational in late December 2021. 4 new jack-ups were acquired, of which one was operationalized in December 2021.

Outlook

In the year ahead, Offshore Drilling will maintain our commitment to operational excellence and continue to grow our fleet, capabilities, and partnerships to progressively create more value for our business and customers.

With 70% of jack-up rig demand related to infill drilling, mainly on oil fields, increasing the number of wells being drilled, future growth is expected to come from key offshore assets, such as Lower Zakum , Umm Lulu, Nasr, Umm Shaif , Zakum and Umm Dalakh fields.

Our jack-up rig fleet will continue to grow. We will continue to acquire advanced new rigs to keep our fleet young and meet rising customer demand, as the number of wells is projected to increase by more than 100% by 2023.

Business Review Cont.

Offshore Drilling (Island)

Overview

We own and operate a fleet of 10 island rigs. To enable drilling on the artificial islands, we acquired state-of-the-art island rigs with integrated low-pressure hydraulic walking systems that allow rigs to move between well sites without the need for dismantling ensuring faster, safer, and reduced drilling costs as well as carbon emissions and environmental impact.

Our Offshore Island segment is composed of artificial island drilling services, including the provision of rigs, equipment, and island rig services, as well as transportation, catering, diesel supply, and camp construction and accommodation.

Operations

Our Island drilling business is technically advanced and operationally efficient, delivering consistently outstanding performance for customers while making significant and growing contributions to ADNOC Drilling's revenues and profitability.

Throughout 2021, we pushed the limits of technical proficiency, setting new standards for our industry, while ensuring continuous operations of our fleet throughout the Covid-19 pandemic, continually increasing efficiency, and maintaining our unwavering commitment to 100% HSE.

We leverage the concept of cluster drilling on ADNOC's artificial islands. ADNOC pioneered the use of artificial islands on a large scale to eliminate the need to drill in several locations offshore, reducing the impact on our marine environment.

Drilling performance

Island drilling once again demonstrated our ability to perform at the highest levels and overcome difficult technical challenges to ensure a unique value proposition in the market and satisfy the diverse requirements of our customers.

We achieved more than 100% compliance with our customers' wells drilling plans, demonstrating our commitment to go beyond basic requirements. We continued to pilot innovative new technologies for extended reach drilling. Through our ROV program, we saved 14 days of operational time by reducing idle time, while minimizing rig outage and equipment failures through proper planning of rig spares and preventive maintenance.

Our RTMC ensured real-time and in-depth rig monitoring to drive continuous improvement for ever-increasing operating efficiency, which helped to achieve one of the lowest NPT averages in the industry at 1.06% as of year-end

Our Island fleet

Our Island drilling fleet is among the youngest and most technically capable in the industry, with 90% of our rigs between 5 and 10 years old.

Of our 10 Island drilling rigs, 9 are equipped with more than 3,000 horsepower, while the remaining one is still proficient with over 2,500 horsepower.

Island Fleet Breakdown by Horse Power (HP)

HP	% of Rigs per HP	Rig Count
2500	10%	1
3000	20%	2
3300	70%	7
Total	**100%**	**10**

Island Fleet Breakdown by Age (31 December 2021)

Age	Rig Count	%
1-5	0	0%
6-10	9	90%
16-20	1	10%
21-30	0	0%
30-46	0	0%
Total	**10**	**100%**

2021 Highlights

Reduced rig outage average from 110 days to 70 days

Successfully integrated Al Reem and AD-67 (stacked rig) into Offshore operations

Record depths

We are proud that in 2021 we delivered the longest well in the UAE and one of the longest wells in the world. At a total depth of 45,000 feet with a liner length of 29,254 feet in the Upper Zakum Oil Field, this represents another record for ADNOC Drilling. This record-setting achievement was completed with 100% HSE.

We also set a new standard in extending our horizontal drilling reach to 11.1 km and delivered an OP/WI well in a record 52.26 days, more than 8 days faster than the previous record.

Financial

Offshore Island revenue of $204 million was broadly flat compared to the prior year (FY20: $203 million). Underlying operating rig days were lower in this segment year-on-year. While several of our Island rigs are operational, a few remain stacked having achieved their drilling targets earlier than originally budgeted. Annual revenues were flat, but a number of one-off accruals were reversed in Q4 FY21.

Offshore Island operational expenses were mostly flat reflecting the comparable underlying activity across year-on-year. Offshore Island increased depreciation was also attributable to depreciation related to RoU assets in comparison to the previous year. Furthermore, Offshore jack-up depreciation increased to include the impact of a new rig that became operational in late December 2021.

Outlook

In the coming year, Island drilling will maintain focus on enhancing our stellar record of technical and operational achievements, we will grow the business to drive increased revenues and better support the diverse needs of our customers.

Driven by projected demand for more islands built for cost optimization purposes in both the Lower Zakum and Hail and Ghasah fields, we expect to see growth of 50% in rig count by 2023 and more than 100% in well count over the same period.

Business Review Cont.

Oil Field Services

Overview

Our OFS capabilities enable us the ability to offer comprehensive market-leading drilling and well construction services that span the entire drilling value chain. This has led us to achieve record-breaking performance and efficiency levels and has helped to create considerable savings in well time and cost. Additionally, OFS has increased our reliability and enhanced our competitiveness by delivering better well economics and ensuring that we offer our customers ever more cost-effective services.

These services include directional drilling, surface logging services (SLS), wireline services, cased hole logging, pressure pumping as well as drilling and completion fluids.

IDS

ADNOC's strategic partnership with Baker Hughes in 2018, enabled ADNOC Drilling to become the first provider of IDS in the region.

We can now offer our customers cost-to-finish, start-to-finish drilling and well-construction services to enhance our project management and OFS capabilities.

By optimizing our operations, leveraging combined expertize, and gaining access to leading technology solutions and advanced drilling techniques, we have succeeded in achieving lower production costs and higher efficiencies, while implementing improved safety measures. In January 2019, the drilling of our first IDS well commenced, and by the end of that year, 10 rigs had delivered 33 IDS wells, 31 of which were delivered ahead of schedule and below the expected budget.

Operations

Since ADNOC Drilling transformed into an IDS company, we have rapidly established ourselves as a market leader. Catalyzed by our partnership with Baker Hughes, we have expanded our service offering to capture increasing customer demand in conventional and unconventional domains, gaining extra market share on performance and competitive merits and competitive tendered wins.

Our full-service model allows us to be the best positioned OFS provider for our customers. By delivering this added-value portfolio of services, ADNOC Drilling has become more service-oriented and internationally competitive. We have become an important new driver in saving significant costs for ADNOC and successfully retaining value within the UAE.

OFS performance

During 2021, OFS delivered on all our targets for increasing operational efficiency. We have seen a 48% cumulative improvement over the past 3 years which has enabled the Company to complete projects in relatively shorter periods of time and therefore redeploy our rigs into other projects.

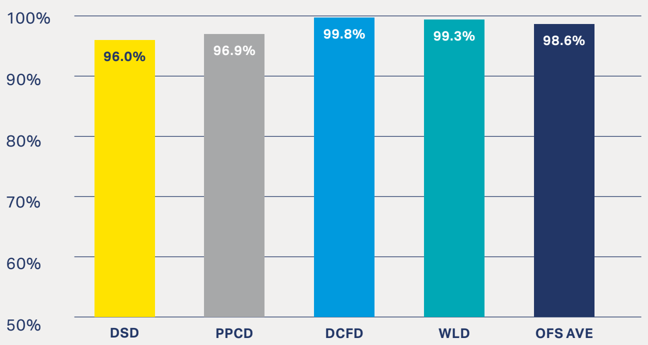
This enhanced efficiency increases the number of wells that ADNOC Drilling is able to deliver in a year, increasing the revenue generation for our OFS business as well. Consequently, our OFS market share continued to improve in 2021, reaching 45% of the total market as of year-end, with 37% of Onshore, 67% of Offshore and 50% of artificial island.

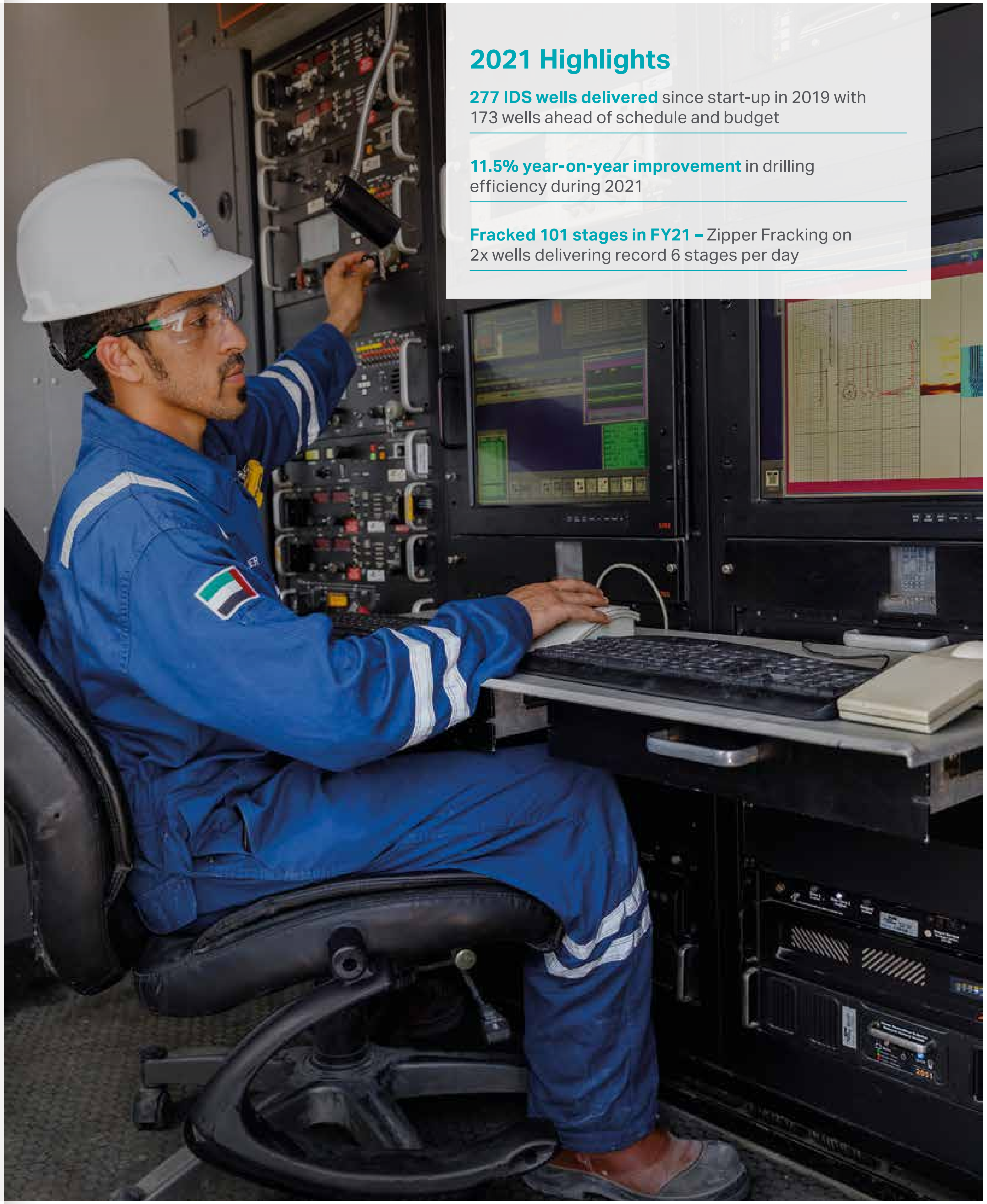
We delivered 160 IDS wells this year and achieved drilling savings of $59.8 million. Launched in 2019, IDS has delivered cumulative savings of $260.6 million to our ADNOC Upstream partners.

In terms of new OFS business during 2021, we were awarded 30% of ADNOC Offshore's IDS work for 5 years, with a total contracted value of $228 million. We also signed extensions worth a total of $76 million. These were primarily related to ADNOC Onshore and Offshore concessions. As of year-end, we are fully qualified for all ADNOC Group drilling and completion services.

This outstanding overall OFS performance has resulted in a significant increase in OFS' contribution to ADNOC Drilling's revenue and growth profile. The Baker Hughes partnership also adds significant value to our business and brings world-class expertize that will continue to enhance our operational performance.

IDS operating efficiency





2021 Highlights

277 IDS wells delivered since start-up in 2019 with 173 wells ahead of schedule and budget

11.5% year-on-year improvement in drilling efficiency during 2021

Fracked 101 stages in FY21 – Zipper Fracking on 2x wells delivering record 6 stages per day

IDS fleet

Our fleet of drilling rigs that provide IDS sits at 38 rigs as of year-end 2021, of which 24 rigs are Onshore and 12 are Offshore and 2 are on artificial islands. This represents an increase from the 29 rigs that provided IDS in 2020, covering now 45% of the overall fleet.

Accelerating remote drilling services

In our continuous pursuit of increased efficiency, reduced costs and minimized HSE risks, we accelerated the progress of our new Remote Operations Services Center, in close collaboration with our customers.

Launched in 2019, our remote operations services gained momentum during the Covid-19 pandemic, providing the capability for high efficiency, remote drilling of wells, despite at times having no services manpower onsite.

Expanding our service offering

OFS continues to innovate and expand our service offering to become more efficient, more competitive and, ultimately, capture more market share and revenue as the leading one-stop-shop and service and rig IDS provider for all our customers' oil field services requirements, through our Turn Well Concept.

This year, we expanded on the ADNOC Drilling brand through new high performing Drilling fluids formulations in Onshore, in particular for MRC wells and complex drilling. We also added casing, tubing handling, and running services.

Growing unconventional business

Our fracking business continued to expand and accelerate this year, as we added a full fracking fleet at 45,000 HHP (15 pumps at 3,000 HHP/pump) with high-end pumps and best-in-class technologies to effectively meet increasing customer requirements and Abu Dhabi's expansion into unconventional oil and gas plays.

Since launching our fracking operations in 2020, we have successfully Performed Hydraulic FRAC on 7 wells with 100% efficiency for a total of 101 stages, including 58 stages carried out in 2021 on 4 wells. This has generated $60 million in additional revenue for the Company.

Financial

OFS revenue of $329 million compared to the prior year (FY20: $222 million), reflecting strong growth in market share across various product lines including Directional Drilling and Completion Fluids, E-logging, Cementing and FRAC. Customer demand growth drove increased rig counts for IDS to both Onshore and Offshore. IDS rig counts increased from 22 at the end of 2020 to 38 at the end of 2021 resulting in the growth across this segment.

OFS operational expenses increased 39%. Manpower, hire equipment and chemical costs increased significantly year-on-year and this was attributable to the increase in the underlying activity across this segment.

Increased depreciation was mainly due to significant expansion in the asset base to support growth across the Directional Drilling, Pressure Pumping and Wireline Services product lines for which the majority of capitalizations were carried out in FY21. In 2020 OFS acquired IDS and other equipment for 30 rigs, majority of which took place in Q4 2020, while in 2021 new equipment acquisitions were made for 8 additional rigs.

Outlook

The OFS business is expected to grow significantly over the next decade, as we enhance our service proposition, customer base and geographic footprint to contribute more than a quarter of ADNOC Drilling's EBITDA by 2030.

We are on track to raise our OFS market share from 45% as of year-end 2021 to 50% by the end of next year. We will also look to capture the vast majority of the UAE's unconventional segment by 2022, while actively pursuing international growth opportunities in selected regional markets to expand our footprint and growth potential.

For FRAC, the current performance benchmarks and future unconventional plans project significant potential, with ADNOC Drilling well positioned to capture this more profitable, higher margin business. The increasing rigs and wells requirement, which provide a clear and largely de-risked growth profile, projects growth from a total of 12 wells in 2021 to 300 unconventional wells by 2030, to meet ADNOC Group's goal to become gas self-sufficient.

Drilling Technologies and Innovation

Building on a path of expansion and growth

With plans to further grow our rig fleet, enhance services and expand domestic and regional operations, we continue to tirelessly refine the way we work, leveraging smart drilling techniques and engineering solutions, as well as building our capabilities so we can strive to be even more cost efficient as we drill more wells.

Real Time Monitoring Centre (RTMC)

ADNOC Drilling utilizes best in class technology for monitoring of our operational performance, which has generated significant operational efficiencies for the business. Our RTMC, has state of the art technology that allows data gathering, data visualization and monitoring of operations. We have deployed a WellLink Drilling Suite which is a real time platform providing KPI dashboard, monitoring, advanced analytics and performance reporting in real time.

It tracks various operational metrics on real time basis and allows us to react in real time to requirements in the field. This has enabled us to monitor up to 120 wells simultaneously and has helped us achieve a 30% reduction in well duration since 2016.

Digitalization and AI

ADNOC Drilling is also embarking on various technology, digitalization and AI invites to increas and enhance its operational performance and profitability. In 2019 an Artificial Intelligence and Digital Transformation Acceleration (AI & DT) Taskforce was established, which has defined the 5 year roadmap in this area for the business.

These initiatives were shortlisted as corporate objectives for 2021:

- POT – Performance Opportunity Time
- ROV – Remotely Operated Vehicle
- ROS – Remote Operations Service
- Rig Fuel Automation
- 100% Living HSE

Remote Operations Services (ROS)

Another aspect of ADNOC Drilling's drive for technology and AI implementation is our ROS located in the ADNOC Drilling HQ building in Abu Dhabi which has clear targets for manpower optimization and cost savings targets. Currently with 4 workstations (12 Rigs) and awaiting completion of Integrated Technology and Remote Operations Center (ITROC) to expand to 12 workstations (36 rigs). This was looking to provide savings of $5.7 million for 2021. Re-manning refers to the process of redeploying and cross-training of resources to maximize operational productivity, reduce cost and sustain optimal service delivery. Considerations are ongoing to expand ROS to wireline services and drilling optimization, improving on our HSE, manpower footprint and enhancing our opex and improving profitability.

Hydraulic Fracturing

ADNOC Drilling provides hydraulic fracturing or fracture stimulation, which is an important operation carried out to unlock the potential of ADNOC's unconventional energy resources.

Based on the successful start of our fracturing operations, we plan to drill 100% of ADNOC's unconventional wells, including approximately 300 wells based at the Ruwais Diyab concession area.

Fracturing works by pumping tiny solids and/or specially designed fluids underground at high pressures to 'crack' subsurface rock in order to increase the hydrocarbon flow to the well.

A typical fracture operation requires high Hydraulic Horse Power (HHP) pumps along with high-rate blenders and hydration units to mix tailored fluid and tiny solids (proppants), which are pumped down-hole.

IDS

ADNOC's strategic partnership with Baker Hughes in 2018 enabled ADNOC Drilling to become the first and only provider of Integrated Drilling Services (IDS) in the region.

Providing IDS allowed us to act as the sole interface with our customers in delivering start-to-finish drilling and well-construction services, and to enhance our project management, and OFS capabilities. By optimizing our operations, leveraging combined expertize, and gaining access to leading technology solutions and advanced drilling techniques, we have achieved lower production costs, higher efficiencies and improved safety measures.

In January 2019, we delivered our first IDS well, and by the end of that year, 10 rigs had delivered 33 IDS wells, 31 of which were delivered ahead of schedule and below the expected budget.

Advanced Rig Fleet

We own some of the most advanced onshore, offshore and island rigs in the world, and constantly adopt advanced technologies, digitalization, and innovative drilling techniques to drive performance, enhance drilling operations and improve well economics.

We own and operate the largest fleet of rigs in the region and we plan to acquire even more advanced rigs over the next few years.

With plans to continuously expand our rig fleet, we are committed to investing in and maintaining the most modern and technologically innovative rigs in the world. These include the acquisition of rigs equipped with onboard digital systems that allow us to drill thousands more wells efficiently and competitively, helping to strengthen ADNOC's position as a global leading low-cost producer of crude oil.

Technology and Innovation

ADNOC's RTMC is capable of monitoring more than 120 drilling sites simultaneously and has contributed to enabling a 30% reduction in well duration over 4 years (2016-2019).

We use Integrity eXplorer™ (INTeX), an industry-exclusive sensor technology, that delivers data at the rig site to immediately address well integrity issues and which contributed to 30% savings in well logging time.

Our Reservoir Characterization eXplorer (RCX) measures formation pressure and obtains clean fluid samples, saving many hours during operations.

The MR Explorer™ (MREX™) is a best-in-class Nuclear Magnetic Resonance (NMR) logging service that ultimately enhances hydrocarbon recovery and pinpoints the most profitable areas of the reserve.

We use automated drilling systems that display data on an interface, providing our drillers with more control and an autopilot system that adjusts to well conditions.

Shareholder Information

Trading of ADNOC Drilling shares on the ADX commenced on 3 October 2021, under the symbol ADNOCDRILL. The shares were offered at a price of AED 2.30 per share on 13 September 2021 following the issue of an intention to float (ITF) announcement on 6 September 2021. The company's paid up share capital is AED 1.6 billion (one billion six hundred million UAE dirhams) divided into 16,000,000,000 shares, each with a nominal value of AED 0.10.

This IPO raised over $1.1 billion, making the ADNOC Drilling IPO the largest-ever ADX listing to date. The share offering saw significant interest with total gross demand for the IPO amounting to over $34 billion, implying an oversubscription level in excess of 31 times. ADNOC Drilling is among the top 10 largest companies on the ADX, based on a market capitalization at listing of approximately $10 billion.

Further underpinning the Company's growth momentum and strong market position, ADNOC Drilling has been included in 3 major global FTSE Russell Indices (FTSE Indices), which are used by investors around the world to benchmark investment performance and portfolio compositions. ADNOC Drilling was included in these key global indices by FTSE after meeting all necessary requirements, less than 2 weeks after its record ADX listing.

Main codes and tickers:

ISIN: AEA007301012
ADX: ADNOCDRILL
REUTERS: ADNOCDRILL.AD
BLOOMBERG: ADNOCDRI:UH

Shareholder ownership

2.82% from 49% – FOREIGN OWNERSHIP
0.62% from 49% – GCC NATIONALS
96.56% from 100% – UAE NATIONALS
2.82% from 49% – ARAB COUNTRIES

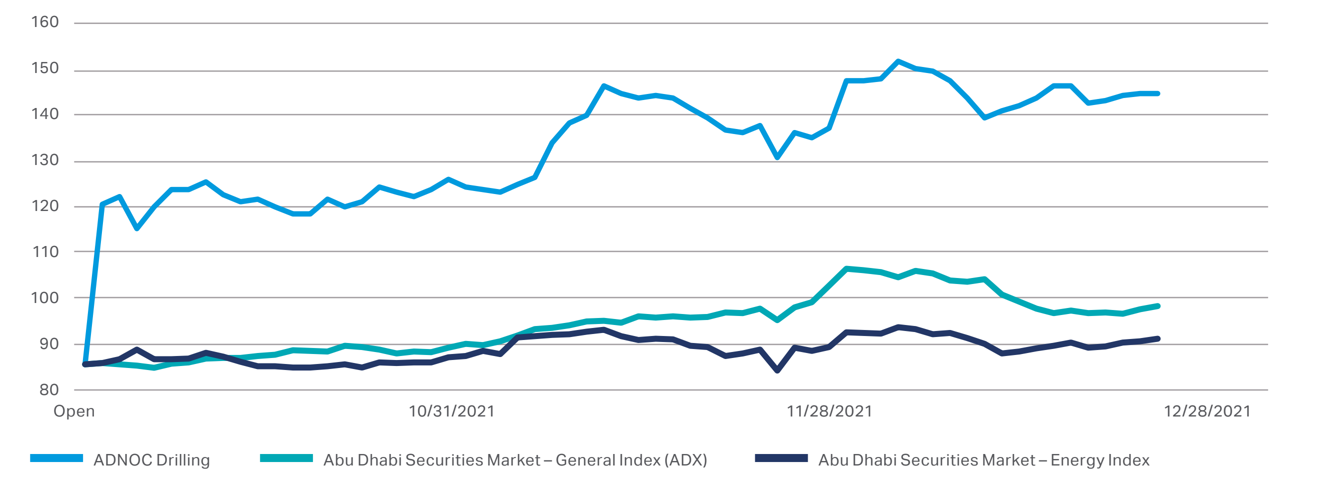
Dividend Policy

Our ability to pay dividends is dependent on a number of factors, including the availability of distributable reserves and our capital expenditure plans and other cash requirements in future periods. Any level or payment of dividends will depend on, among other things, future profits, and the business plan of the company, at the discretion of our Board of Directors. We intend to pay dividends twice each fiscal year after the IPO, with an initial payment in April and a second payment in October of each year.

We expect to grow the dividend amount from $650 million (annualized dividend of second half of 2021), by a growth rate of 5% per annum on a dividend per share basis over the next 5 years (2022–2026). This dividend policy is designed to reflect our expectation of strong cash flow and our expected long-term earnings potential, while allowing us to retain sufficient capital to fund ongoing operating requirements and continued investment for long-term growth.

This dividend policy is subject to consideration by our Board of Directors of the cash management requirements of our business for operating expenses, interest expense, and anticipated capital expenditures. In addition, we expect that our Board of Directors will consider market conditions, the then current operating environment in our markets, and the Board of Directors' outlook for our business.

Our 2021 share price performance compared with our sector index



Our People

In 2021, the strength of our corporate culture shone through as we overcame the significant challenges of the ongoing Covid-19 pandemic. We maintained the highest standards of health and safety, adhered to our shared core values, and delivered an exceptional all-around performance.

ADNOC Drilling is home to more than 6,500 dedicated engineers, specialists, and technicians. They make up our unique drilling family – an integral part of our productivity, growth and overall profitability, and a key driver of our success.

Drilling is complex work in some of the harshest and most challenging environments across the desert and offshore. Our skilled, and dedicated frontline staff operate advanced digital technologies under the strictest safety regimes, and increasingly cutting-edge automated drilling machines that require new knowledge and capabilities to operate.

Collectively, our highly-engaged team, tied together through our strong culture and values, is recognized for its commitment to responsibly and safely delivering start-to-finish wells, on-time and on-budget.

Throughout this unprecedented and challenging period, we worked diligently to ensure the health, safety, and wellbeing of our people through a wide range of initiatives and campaigns. We continued hiring during this year – setting the standard for ADNOC Group by adding 600 new employees (+8%) – while ensuring highly competitive compensation to promote long-term employee retention.

We pride ourselves on looking after our people and creating a stimulating and rewarding work environment that is conducive to engagement and continuous improvement. We create an environment for excellent performance to fulfill our mission and achieve our collective goals.

A diverse and inclusive workplace

With a truly international workforce and a commitment to diversity and inclusion, ADNOC Drilling fosters a culture that ensures fairness and equality, in recruiting, compensating, motivating, retaining, and promoting employees.

A range of initiatives to promote gender diversity at ADNOC Drilling were introduced, not only in terms of women on our Board but also with a target to fill 25% of our technical roles with women by 2030, in line with mandates by ADNOC Group for all its operating companies. Meanwhile, our Women Empowerment Committee helps ensure that our female workforce is properly represented and supported.

ADNOC Drilling has 1 female Board Member and 15 women in leadership positions. We have excelled in recruiting women engineers – hiring our first female technical VP, attracting 17 talented UAE national women, and increasing the overall number of female operational staff this year.

We are also firmly committed to ensuring the needs of people of determination are met across our organization and operations, including designing and equipping all our facilities so they are fully accessible to accommodate people of determination, whether employees or visitors.

Recruiting and developing our UAE national talent

ADNOC Drilling is serious about its responsibility to attract, nurture, develop and empower homegrown talent. With a 90% Emiratization rate across our operational leadership, we have established the company as an employer of choice for Emirati talent. We continuously invest in their development and progression, with more than 1,000 Emiratis trained in drilling specialties over the past 6 years.

We actively recruit both Emirati graduates and experienced professionals. This year, we surpassed our Emirati recruitment target, continuing our progress in line with our broader 5 and 10-year Emiratization plans.

Investing in the development of our human capital

We invest in training and development to cultivate our human capital and improve capabilities and performance across the organization, in line with our mandate to ensure the right knowledge and skills across our workforce to achieve the highest levels of safety, efficiency and performance.

During 2021, we carried out 37,000 man-days of training – including technical, skills and leadership – through the delivery of more than 1,700 training courses. Despite the ongoing challenges of the Covid-19 work environment, we achieved 90% of our training plan, and ensured that necessary certifications were extended as required.

To adhere to the highest levels of accountability, the responsibility of training and developing our employees does not sit solely with the company's Human Capital Divison. Rather, it is part of the balanced scorecard of our rigs and cascaded into the personal development plans and learning journeys of our employees.

In 2021, we launched our own leadership development program, in line with the ADNOC Group model, to develop a strong pipeline of leaders for ADNOC Drilling. Fifteen participants were selected for the program during this first year, a mix of men and women across the business.

We also launched a range of initiatives designed to build the capabilities and capacity of our line managers by creating ambassadors for the company, internally and externally. These initiatives included toolkits to focus on the most desirable traits for line managers online training focused on 'Commercial Mindsets' for all line managers, and a program entitled 'Winning the human capital heart' to help our employees to master all Human Capital policies and procedures.

In support of corporate sustainability and continuity, we launched a succession planning tool. The tool which helped us to achieve our goal of establishing a succession plan for every single management team member, with at least 2 people lined up for each key position in the organization.

Safeguarding our people during Covid-19

As the Covid-19 pandemic continued to impact our business and people during 2021, ADNOC Drilling maintained our focus on ensuring their health and safety through a wide range of ongoing initiatives, while adhering to all applicable government guidelines and regulations.

Throughout this challenging period, we activated a dedicated crisis management team and associated processes, supporting our staff and ensuring they are cared for in every possible way. We carried out continuous testing and a proactive vaccination program, while working to raise awareness and knowledge through safety training. By the end of 2021, 99% of our total workforce was fully vaccinated, including booster shots. This achievement clearly demonstrated our employees' commitment to protecting themselves and one another.

We rented extra camps during travel restrictions to promote the welfare of our employees while on their leave period to ensure the right teams and resources were deployed across our operations to maximize safety and minimize potential delays or interruptions.

Drilling Training Center (DTC)

ADNOC Drilling is focused on developing the next generation of drilling specialists and equipping them with advanced skills and knowledge. The DTC provides hands-on experience to enable trainees to perform efficiently and lead digitalization, remote automation, and AI-driven solutions.

We established the first DTC in the Middle East in Abu Dhabi's Al Dhafra region in 2018 and have already passed the milestone of 1,000 Emirati graduates, many of whom are now working on our onshore, offshore and island rigs.

As a state-of-the-art learning facility, the DTC delivers a wide range of in-house training and development programs, including safety, technical and operational courses. Courses are led by expert instructors with decades of industry experience, including many women, who apply state-of-the-art virtual reality and digital simulation technology in a modern environment that leverages up-to-date learning methodologies to ensure effective learning.

DTC accreditations

The DTC's nationally and internationally recognized professional accreditations related to HSE and drilling, provide a development path for our employees' drilling and safety career progression. Accreditations include:

Name	Year	Description
International Association of Drilling Contractors	2012	Accredited Rig Pass for Green Hat program designed to provide safety orientation and prepare new employees for most operating environments, both onshore and offshore
Abu Dhabi Centre for Technical and Vocational Education and Training	2017	Licensed training provider requirement that offers training and accredited national qualifications
International Well Control Forum (IWCF)		For drilling rig personnel with a requirement for mandatory IWCF certification
Offshore Petroleum Industry Training Organization		To provide OPITO-approved H2S course
IWCF Well Intervention	2018	For drilling rig personnel with a requirement for mandatory IWCF certification
High Field	2019	To provide HACCP (Hazard Analysis Critical Control Point) course for food safety
Lifting Equipment Engineers Association		Quality assurance and guidance to meet required safety standards
American Hearts Association	2021	First Aid Training
Virtual Classroom Centre Accreditation from IWCF & IWCF Remote Assessment		To adapt to the current Covid-19 situation and provide approved online training for rig personal who required a mandatory IWCF certificate

A dedicated and engaged team

The engagement of our workforce is a key focus and priority for the company, and we conduct regular employee engagement surveys to track performance across key categories. These surveys generate key insights that are then applied through action plans to address any gaps and drive continuous improvement.

In our last survey, conducted in 2020, engagement jumped 6% to reach 82%, from a score of 76% in our previous survey in 2018. Overall, this very strong result was the top score across ADNOC Group and top quartile of all oil and gas companies worldwide.

Among the highlights of the 2020 employee survey was the result that 90% of our employees would recommend ADNOC Drilling to their family and friends for work. Thorough analysis of the surveys also provided the foundation for new action plans focused on 5 key focus areas – distinctive streams of improvement that we have concentrated on in 2021. We will look to continue to achieve high scores and maintain this positive trend in our upcoming survey next year.

ADNOC Drilling's Employee Performance Management System was launched in 2021 to bolster our ability to measure employee performance and to design learning, align compensation and develop engagement activities that will deliver maximum impact for employees, divisions, rigs, and our organization as a whole.

To ensure that employees have a clear voice in the organization and the ability to create change in areas that matter to them, including fairness and gender balance, ADNOC Drilling has established a range of employee committees, including:

- Change Management Committee
- Employee Grievance Committee
- Women Empowerment Committee
- Sports and Social Committee

Further supporting the happiness and wellbeing of our workforce, we carried out a wide assortment of activities during the year, from sports and cultural activities to celebrating key events, milestones, and team achievements. We also organized several team-building trips to promote engagement and togetherness.

As a result of the dedication and diverse initiatives to ensure engagement, communication, and support for our valued employees, ADNOC Drilling fosters a culture of stability and boasts a very high retention rate – below 1% attrition with an average tenure of 8.5 years – that is among the best in our industry and which acts as a key contributor to the sustainable performance and success of our organization.

Our Social Responsibility

ADNOC Drilling is an active and committed force for positive change in our community. We apply our time, energy, and resources to support a wide range of worthy initiatives, both independently and as part of the wider ADNOC Group, in partnership with other Group companies.

Our In-Country Value (ICV) rate increased to 87% in 2021, a 5% increase from 2 years ago, contributing to the ICV success of ADNOC Group overall. We achieved this exceptional result through our commitment to Emiratization and our continuous support to the market, our contractors, and our suppliers, while ensuring that as much as possible of our commercial and procurement activities are UAE focused.

Our people in 2022

In the year ahead, ADNOC Drilling will continue to protect our people from the ongoing impacts of Covid-19 while ensuring they are supported, engaged, and continually learning, in order to drive positive performance and value creation for our business and stakeholders.

We are investing in increasing systems automation to drive efficiency, productivity, and quality of service, while promoting safety and employee wellbeing. We will also build on our strong employer brand by attracting and promoting key talent, particularly young and skilled UAE Nationals, and women to support our Emiratization and gender diversity efforts, respectively, while also investing in their development and career success.

Finally, we aim to build on our long track record of high employee engagement in the upcoming employee engagement survey, continuing to learn from the results and drive further improvements across key areas to ensure that ADNOC Drilling retains its strong corporate culture and remains a great place to work for exceptional talent

03 Governance

Corporate Governance

ADNOC Drilling is the largest national drilling company in the Middle East by rig fleet size.

We operate responsibly on land, at sea and on ADNOC's unique artificial islands off Abu Dhabi's coastline, delivering start-to-finish well drilling and construction across both conventional and unconventional reservoirs. We have the largest fleet in the Middle East, of 99 owned rigs and a dedicated workforce of more than 6,500 engineers, specialists and technicians, who together, contribute to help maintain ADNOC's status as one of the lowest cost oil producers in the world.

As the sole provider of drilling rig hire services to ADNOC Upstream companies on agreed contractual terms, we are ideally placed to enable and benefit from ADNOC's 2030 5 million barrels a day oil production capacity target, as well as its ambition to achieve gas self-sufficiency for the UAE.

With our highly experienced homegrown leadership, decades of operational excellence, strategic partnership with an international industry player and our position as the first national fully integrated Oil Field Services (OFS) company in the Middle East, we are geared for a future of great possibilities, nationally and regionally.

With such broad reach comes great responsibility to continuously develop and maintain our operational and governance excellence. We believe that an organizational commitment to corporate governance can help drive enhanced management accountability, create value for shareholders, and protect the interests of all stakeholders and the communities we serve. In order to achieve that, we have created a corporate governance framework that fulfills all applicable laws and regulations while complying with international best practice. This framework was designed, and is being implemented, in line with our cultural values, to ensure the sustainability of our business and to help us achieve our future prospects – as dictated by our vision and mission statements.

Our values are the core principles that guide our decision making and ensure consistency in our employees' actions and behaviours. They represent our organization's collective commitment to set, achieve and exceed ambitious targets.

Our (ADNOC Drilling) values are underpinned by an unwavering focus on 100% HSE: our commitment to keeping employees, communities, the environment and assets safe from harm.

We are:

Collaborative

We work closely with our partners and peers, leveraging collective strengths to deliver mutually beneficial results. We strive to raise teamwork to a higher level, solve issues together, and innovate faster. By recognizing efforts and results, we build trust-based relationships, encourage information sharing, and deliver constructive feedback.

Progressive

We foster the UAE's spirit of innovation to ensure that our business remains at the forefront of the global energy industry. Daily, we go beyond business as usual, do things differently, and embrace new ways of thinking. Our culture empowers us to be change agents, where we share creative ideas, overcome challenges together, and adapt to the evolving energy landscape quickly.

Responsible

We devote our efforts to making a positive difference in our community while maintaining an unwavering commitment to health, safety, and the environment. We take the initiative to identify new opportunities, honour our obligations, and stay responsible for our contributions. By adopting a 'can do' approach, we motivate each other, demonstrate a spirit of excellence and achieve amazing results.

Efficient

We are a performance-driven company dedicated to maximizing the value of every barrel of oil for the benefit of our people, our community, our partners, and our nation. We also strive for excellence while minimizing wastage of resources. We take an energetic approach towards carrying out our responsibilities, look for continuous improvement, see projects through to completion, and inspire others to do the same.

Respectful

We encourage a culture of inclusivity and mutual respect, and always operate to the very highest professional and ethical standards. We look out for each other and promote open communication that supports our development as individuals and as an organization. We support constructive dialogue and active listening while respecting cultural diversity.

This report provides an overview of ADNOC Drilling's corporate governance systems and procedures as of December 31, 2021 and has been filed with the Securities and Commodities Authority (SCA), and posted on the Abu Dhabi Exchange (ADX) website and the Company's website.

Our Corporate Governance Overview

We are committed to having a corporate governance framework that is compliant with all corporate governance requirements applicable to public joint stock companies in the UAE and consistent with international best practices. Below is a brief summary of some of the key policies under which we operate.

Corporate Governance Manual

Our Corporate Governance Manual provides clear guidance on: (a) ADNOC Drilling's corporate governance structure and the interface between ADNOC Drilling and its stakeholders; (b) the authorities and decision-making mechanisms within ADNOC Drilling and between its stakeholders; and (c) the role and responsibilities of ADNOC Drilling's corporate governance function.

Code of Conduct

Our Code of Conduct demonstrates ADNOC Drilling's commitment to compliance and ethical behaviour in all that it does. Our Code of Conduct (a) sets out the minimum standard of conduct that we expect from anyone working for or on behalf of ADNOC Drilling; and (b) provides a set of basic rules and standards that are designed to ensure that our business is conducted in an ethical and compliant manner and in accordance with our core values.

Dividend Policy

Our ability to pay dividends is dependent on a number of factors, including the availability of distributable reserves and our capital expenditure plans and other cash requirements in future periods. Any level or payment of dividends will depend on, among other things, future profits and the business plan of the Company, at the discretion of our Board of Directors. We intend to pay dividends twice each fiscal year, with an initial payment in April and a second payment in October of each year.

Insider Dealing Standard

The requirement to have fair and transparent dealings in our securities is of paramount importance to us and we take a zero tolerance approach to insider dealing. Accordingly, we have implemented an Insider Dealing Standard to ensure that the obligations and responsibilities of our ADNOC Drilling personnel with respect to dealings in our securities are clearly defined.

Related Party Transactions Standard

Our Related Party Transactions Standard is designed to ensure that: (a) transactions with related parties are conducted at arm's length terms; (b) the Board of Directors and Executive Management are aware of the steps required to approve transactions with related parties; and (c) a legitimate business case is present and which supports the relevant related party transactions, including their arm's length nature. In accordance with this policy, we may not enter into a related party transaction unless: (i) our Board of Directors has approved the transaction, where the value of the transaction between the Company and a Related Party does not exceed 5% per cent of the Company's share capital; (ii) the General Assembly of the Company has approved the transaction, where the value of the transaction between the Company and a Related Party exceeds 5%.

Anti-Bribery and Corruption Standard

We are committed to doing business lawfully, ethically and with integrity, and we expect all of our employees and representatives to act accordingly. Consistent with this commitment, we take a zero tolerance approach to fraud, bribery and all other forms of corruption. Our Anti-Bribery and Corruption Standard sets out our requirements to ensure that none of our employees or representatives engage in any of these activities.

Compliance Investigations Standard

Our commitment to operating with integrity includes investigating, where necessary, allegations of ethical misconduct. Our Compliance Investigations Standard and supporting procedures set out our approach to investigations relating to alleged violation: of (a) ethical business practices; (b) integrity in our interactions and arrangements with third parties; and (c) applicable laws, regulations, policies and procedures relating to ethical business practices and integrity. This standard requiresall of our personnel to cooperate fully and truthfully with all investigations and to avoid engaging in certain activities that may hinder or interfere with an investigation.

Conflicts of Interest Standard

We understand that our employees, officers and directors will engage in legitimate social, financial and business activities outside the scope of their work for us. Our Conflicts of Interest Standard sets out our requirements for the avoidance and management of conflicts of interest that may arise as a result of these other activities, including the avoidance of situations that have the appearance of a conflict of interest. Under this standard, conflicts of interest must be promptly disclosed so that the appropriate course of action can be taken in order to protect ADNOC Drilling's interests.

Whistleblowing and Non-retaliation Standard

Having an open, honest and transparent culture supports our commitment to integrity. Our Whistleblowing and Non-retaliation Standard encourages our employees to report concerns about unethical behaviour in connection with our business by assuring confidentiality and by protecting good faith whistleblowers from retaliation.

Gender Diversity Standard

At ADNOC Drilling, we strive to promote gender diversity and translate the country's strategies into our day-to-day practices, which in turn feeds our drive for excellence and innovation. ADNOC Drilling's leaders ensure that the 'tone-from-the-top' cascades through the organization, driving a culture of diversity through the Group, supported by structures and systems that ensure that women can develop their careers and move into higher management and leadership roles.

Board Evaluation Standard

Our Board Evaluation Standard has been developed to establish the procedures and criteria for evaluating the performance of the Board, Board sub-committees, the Chairperson, individual Directors and Executive Management. The evaluation process supports the commitment of ADNOC Drilling to improving the overall performance and effectiveness of the Board and its sub-committees, to maximize its strengths and take corrective actions where necessary.

Share Dealings

Purchases and sales of our shares and other transactions involving our securities by employees, officers and directors are governed by our Insider Dealing Standard.

It is the policy of ADNOC Drilling that inside information must not be used by any ADNOC Drilling personnel for personal gain. ADNOC Drilling expects that all of its people, as well as the other persons with whom ADNOC Drilling transacts, abide by this Standard, and in doing so adhere to the applicable laws on inside information and dealings.

The following table sets out the details of all purchases and sales of our shares undertaken by our Directors, their spouses and their children in 2021:

Director	Position	Shares Held as at 31 December 2021	Total Sale Transactions	Total Purchase Transactions
H.E. Dr. Sultan Ahmed Al Jaber	Chairperson	–	–	–
Abdulmunim Al Kindy	Member	652,173	–	652,173
Yaser Al Mazrouei	Member	652,173	–	652,173
H.E. Ahmed Jasim Al Zaabi	Member	1,086,956	–	1,086,956
Mohamed Al Aryani	Member	434,782	–	434,782
Muna Al Mheiri	Member	–	–	–
H.E. Omar Suwaina Al Suwaidi	Member	652,173	–	652,173

Board of Directors

Our Board of Directors comprises 7 directors. All directors are independent non-executive directors, within the meaning of Resolution No. (3/R.M) of 2020 of the SCA.

Pursuant to our Articles of Association, every director shall hold his/her position for a term of 3 years. At the end of such term, the Board of Directors shall be reconstituted. A director whose term of membership is completed may be re-elected.

H.E. Dr. Sultan Ahmed Al Jaber was appointed as the Chairperson of the Board on the 5 September 2021.

The table below summarizes the details of the ADNOC Drilling Board of Directors:

Name	Committee Role	Appointment Start Date
H.E. Dr. Sultan Ahmed Al Jaber	Chairperson	5 September 2021
Abdulmunim Al Kindy	Member	5 September 2021
Yaser Al Mazrouei	Member	5 September 2021
H.E. Ahmed Jasim Al Zaabi	Member	5 September 2021
Mohamed Al Aryani	Member	5 September 2021
Muna Al Mheiri	Member	5 September 2021
H.E Omar Suwaina Al Suwaidi	Member	5 September 2021

*Mann El Aydi – Board Secretary – 14 October 2021. This role is in compliance with the SCA Governance Code.

Board of Directors Cont.

H.E. Dr. Sultan Ahmed Al Jaber
Chairman

H.E. Dr. Sultan Ahmed Al Jaber has served as Minister of Industry and Advanced Technology since July 2020, as a member of the Supreme Council for Financial and Economic Affairs since December 2020, as UAE Cabinet Member and Minister of State since March 2013 up to July 2020, as the Chairman of the National Media Council from 2016 up to July 2020, as the UAE's special envoy for Climate Change since November 2020, as Group Chief Executive Officer of ADNOC since February 2016 and additionally Managing Director of ADNOC since February 2021. From January 2014 to February 2016, he served as Chief Executive Officer, Energy, of Mubadala Development Company. H.E. Dr. Al Jaber is also Chairman of several other ADNOC Group companies, Chairman of Masdar and Chairman of Abu Dhabi Media Company PJSC, Emirates Development Bank, Mohammed bin Zayed University of Artificial Intelligence, as well as a member of the Board of Directors of Emirates Global Aluminum, Emirates Investment Authority, First Abu Dhabi Bank and Khalifa University.

H.E. Dr. Al Jaber holds a PhD in business and economics from Coventry University in the United Kingdom, an MBA from the California State University, and a Bachelor in Chemical Engineering from the University of Southern California, USA.

Abdulmunim Al Kindy
Director

Mr. Abdulmunim Al Kindy has served as Executive Director, People Technology and Corporate Support Directorate at ADNOC since January 2020. Prior to that, from March 2016 to January 2020, Mr. Al Kindy served as Executive Director, ADNOC Upstream Directorate. Mr. Al Kindy also serves as a member of the Board of Directors of several ADNOC affiliated companies. Mr. Al Kindy holds an MBA from Brunel University, UK.

Yaser Al Mazrouei
Director

Mr. Yaser Saeed Ahmed Omran Al Mazrouei has served as Executive Director, Upstream Directorate, at ADNOC since January 2020. He also served as the Chief Executive Officer of ADNOC Onshore from May 2018 through January 2020. Mr. Al Mazrouei also serves as a member of the Board of Directors of several ADNOC-affiliated companies. Mr. Al Mazrouei holds a Master's Degree in Petroleum Engineering from the University of London, UK.

H.E. Omar Suwaina Al Suwaidi
Director

Chairman of Nomination and Remuneration Committee

H.E. Omar Ahmed Hassan Suwaina Al Suwaidi currently serves as an Undersecretary at the Ministry of Industry and Advanced Technology. H.E. Al Suwaidi held various positions in ADNOC, starting as a geologist in 1990. From October 2020 to February 2021, H.E. Al Suwaidi served as a Director, Commercial and In-Country Value. Prior to that, H.E. Al Suwaidi served as a Director, The Executive Office Directorate, from May 2017 to November 2020. H.E. Al Suwaidi holds a BSc in Geological Engineering from Colorado School of Mines, USA.

H.E. Ahmed Jasim Al Zaabi
Director

Member of Audit Committee

H.E. Ahmed Jasim Yousif Naser Al Zaabi is the Chairman of Abu Dhabi Global Market. He served as Group Chief Financial Officer of ADNOC from December 2019 to December 2021, and as Director, Finance & Investments Directorate of ADNOC from February to December 2019. He also serves as a member of the Board of Directors of Khalifa Fund for Enterprise Development, Abu Dhabi Oil Refining Company (ADNOC Refining), Abu Dhabi National Oil Company for Distribution PJSC (ADNOC Distribution) as well as several ADNOC-affiliated companies. Mr. Al Zaabi holds a Master's degree in Economics Science with Honors from University of Aberdeen, UK.

Mohamed Al Aryani
Director

Member of Board Executive Committee

Mr. Mohamed Saif Ali Abed Al Aryani has served as Senior Vice President, Strategic Investments at ADNOC since 2019. Mr. Al Aryani is a CFA Charter holder and holds a Bachelor's and Master's degree in Chemical Engineering from Imperial College (London University), UK.

Muna Al Mheiri
Director

Member of Board Executive Committee

Member of Nominations and Remuneration Committee

Ms. Muna Khalifa Mohamed Hazeem Al Mheiri is the Chief Executive Officer of Ruwais Fertilizer Industries LLC (Fertil). Ms. Al Mheiri held various senior positions in ADNOC Onshore, where she served as Senior Vice President (Terminals and Pipelines Operations) from July 2019 to January 2020. From 2017 to July 2019, Ms. Al Mheiri served as Senior Vice President (Strategy and Business Support) and from 2015 to September 2017, she served as Senior Vice President (Corporate Support). Ms. Al Mheiri holds a Bachelor's degree in Chemical Engineering and a Master's degree in Business Administration from United Arab Emirates University, UAE.

Board of Directors Cont.

Women's representation on the Board of Directors

In 2021 Muna Al Mheiri was the female Board member of ADNOC Drilling. Keeping with our commitment to gender diversity, we are actively seeking opportunities to include female representation on our Board. To this end, where vacancies arise we will actively seek out greater female representation while at the same time considering all qualified candidates, regardless of gender.

Directors' Remuneration

On the 20th April 2022, our Shareholders approved a total remuneration of AED 16.93 million which will be paid to the members of our Board of Directors for 2021.

Statement of allowances paid to Board sub-committee members for 2021

In 2021, no allowances, salaries or additional fees were paid to committee members.

Board meetings – attendance records

Our Articles of Association require that the Board of Directors meets a minimum of 4 times each year. The quorum for meetings is a majority of directors, and voting during meetings is a majority of attendees.

In 2021, our Board met on 4 occasions. In addition, our Articles permit our Board to act by circulation. In 2021, our Board adopted resolutions by circulation on 4 occasions. The following tables set forth the meetings held by our Board of Directors in 2021:

Pre-IPO Board

Board Member	Position on the Board	16-March-2021	15-June-2021
Abdulmunim Saif Al Kindy	Chairperson	P	P
H.E. Ahmed Jasim Al Zaabi	Member	P	P
Mohamed Saif Al Aryani	Member	P	P
Salem Mohammed Al Darei	Member	P	P
Yaser Saeed Al Mazrouei	Member	P	P
Shamsa Salem Al Maskary	Member	P	P
Maria Borras	Member	P	P

P – Present, A – Absent (note: all absences from the Board were properly verified and approved).

Post-IPO Board

Board Member	Position	14-Oct-2021
H.E. Dr. Sultan Ahmed Al Jaber	Chairperson	P
Abdulmunim Al Kindy	Board Member Chairperson of Board Executive Committee (BEC)	P
Yaser Al Mazrouei	Board Member Member of BEC Member of Nomination and Remuneration Committee (NRC)	P
H.E. Ahmed Jasim Al Zaabi	Board Member Chairperson of Audit Committee (AC)	P
Mohamed Al Aryani	Board Member Member of BEC Member of AC	P
Muna Al Mheiri	Board Member Member of BEC Member of NRC	P
H.E. Omar Suwaina Al Suwaidi	Board Member Chairperson of NRC	P

P – Present, A – Absent (note: all absences from the Board were properly verified and approved).

Matters reserved to the Board of Directors and delegated to management

The Board of Directors has issued a Delegation of Authority to our Chief Executive Officer, Mr. Abdulrahman Al Seiari, under which the Board of Directors has delegated to him the authority to conduct the daily management activities of the Company, subject to appropriate limits (beyond which, the approval of the Board of Directors must be sought). Under the Delegation of Authority, Mr. Abdulrahman Al Seiari has the ability to sub-delegate activities to other members of ADNOC Drilling's management.

Notwithstanding the Delegation of Authority that has been provided to Mr. Abdulrahman Al Seiari, the Board of Directors maintains oversight over these activities, and Mr. Abdulrahman Al Seiari is regularly required to report to the Board of Directors with respect to the activities undertaken by him pursuant to the terms of the Delegation of Authority.

Details of the Delegation of Authority

Name of the authorized person

Chief Executive Officer.

Scope of authority

Authority to conduct the daily management activities of ADNOC Drilling, subject to appropriate limits as set down by the Board of Directors from time to time.

Duration of delegation

Until the authority is revoked by the Board of Directors.

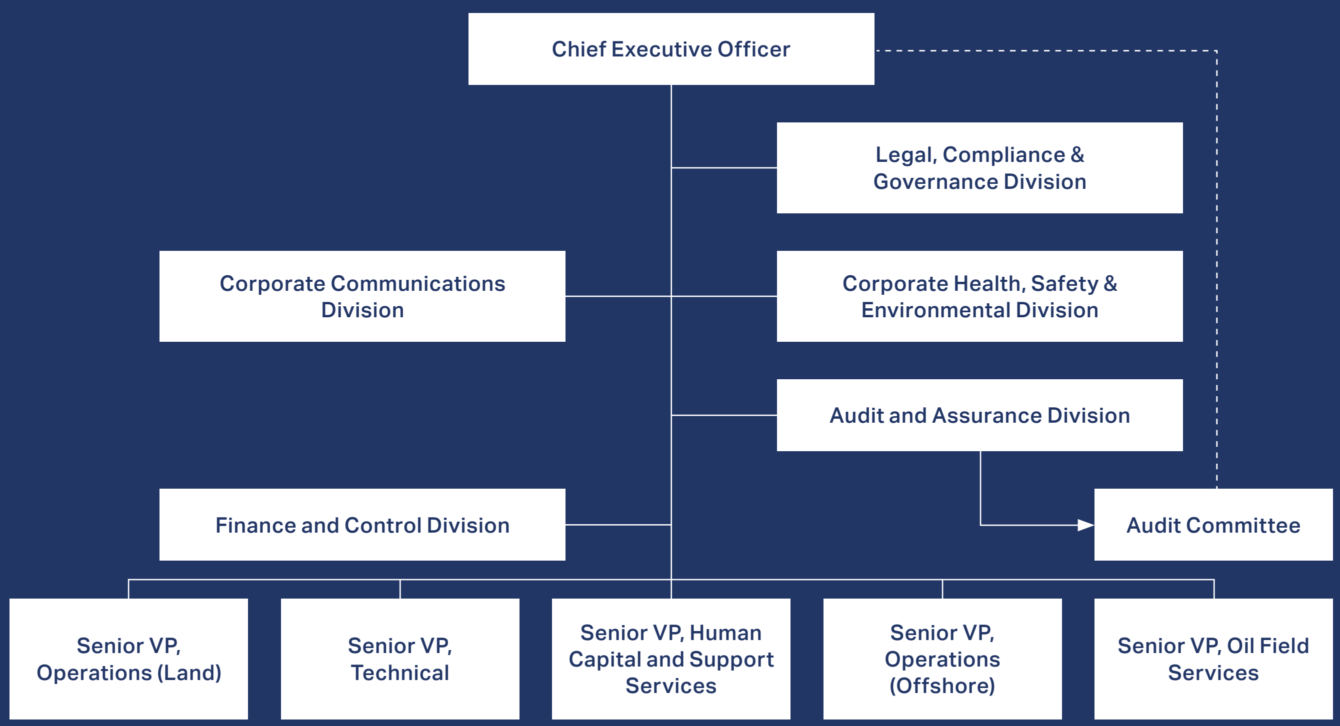
Executive Management

Under the Delegation of Authority, and in consultation with the Board of Directors, our Chief Executive Officer has sub-delegated some of the powers given to him to members of our Executive Management team.

Our Executive Management team carries out the day-to-day activities of ADNOC Drilling pursuant to this authority and in line with international best practice and the relevant governance rules and regulations.

ADNOC Drilling Organization Chart

Below is the organization chart of ADNOC Drilling:



Executive Management team

Mr. Abdulrahman Abdulla Al Seiari
Chief Executive Officer

Mr. Abdulrahman Abdulla Al Seiari has over 42 years of onshore and offshore drilling experience within the ADNOC Upstream group companies, with his most recent appointment being in 2020 as our Chief Executive Officer.

Alexander Urquhart
Chief Financial Officer

Mr. Alexander Urquhart joined ADNOC Drilling in 2018 as the Deputy CFO, and has served as the CFO since 2020. In the past, he spent 23 years at BP spanning finance roles across various BP's businesses and geographies.

Alaina Ramsay
General Counsel

Mrs. Alaina Ramsay joined ADNOC Drilling in 2018 as the General Counsel and the Board Secretary. In the past, she has held various positions at National Petroleum Services, Transocean and the Wood organization covering MENA, Asia Pacific and Europe.

Fuad Shamekh Al Badi
Senior Vice President – Onshore

Mr. Fuad Al Badi joined ADNOC Drilling in 2018 as Senior Vice President, Operations, Land. He is responsible for the Company's Land Rig Operations Function that includes Land Rigs, Water Well Rigs, Rig Moves, Operations Support and Base Support.

Ali Essa Al Mahri
Senior Vice President – Technical

Mr. Ali Al Mahri joined ADNOC Drilling in 2018 as SVP, Technical. He is responsible for the Company's Engineering, Projects, Maintenance, and Asset Integrity departments.

Emri Mahmoud Zeineldin
Senior Vice President – Oil Field Services

Mr. Emri Zeineldin joined ADNOC Drilling in December 2018 as Senior Vice President, OFS. In the past, he held various senior positions within Baker Hughes OFS division (2003-18) and in Smith International & Schlumberger from 1995-2003. He was also a lecturer at Ain Shams University from 1992 to 1995.

Hamad Saleh Aljneibi
Senior Vice President – Offshore

Mr. Hamad Aljneibi joined ADNOC Drilling in January 2016 as the Senior Vice President, Operations. He has oversight and responsibility over Offshore Jack-ups, Island Rig and Marine Service divisions.

Ahmed Rashid Almughanni
Senior Vice President
– Human Capital and Shared Services

Mr. Ahmed Almughanni joined ADNOC Drilling in 2019 as Senior Vice President, Human Capital & Support Services. He is responsible for the Company's Human Capital, Procurement, IT, General Services and Field Administration functions.

Executive Management Cont.

Executive Management Remuneration 2021

Position	Appointment date	Total salaries & allowances paid	Total bonuses paid	Other benefits
Chief Executive Officer	2020	AED 2,438,616	AED 1,259,399	AED 145,000
Chief Financial Officer	2018	AED 1,440,000	AED 439,967	AED 15,725
General Counsel	2018	AED 1,109,616	AED 132,367	AED 0
Senior Vice President – Onshore	2018	AED 1,453,872	AED 776,530	AED 29,468
Senior Vice President – Technical	2018	AED 1,705,164	AED 747,884	AED 88,885
Senior Vice President – Oil Field Services	2018	AED 1,561,968	AED 284,041	AED 0
Senior Vice President – Offshore	2016	AED 1,858,800	AED 805,140	AED 20,000
Senior Vice President – Human Capital and Shared Services	2020	AED 1,731,180	AED 770,391	AED 30,000

Transactions with Related Parties

We are and have been a party to various agreements and other arrangements with related parties, comprising ADNOC and certain of its other subsidiaries.

Details of these transactions are described below. In addition, the value of all related party transactions undertaken by ADNOC Drilling during 2021 (as disclosed in our 2021 financial statements) is as follows.

As per 2021 Financial Statements	USD (000)
Revenues – ADNOC Group	2,201,392
Purchase – ADNOC Group	110,640
Lease payments to a related party	20,405
Other income	2,427
Finance income	624

Relationship Agreement with ADNOC

On or prior to Listing, we will enter into a Relationship Agreement with ADNOC pursuant to which ADNOC will agree, for so long as the Shares are listed on the ADX and ADNOC owns or controls more than 50% of the Shares, to take or not to take certain specified actions. These include:

a) not to take certain actions that might interfere with our status as an independent company, including:

- **i.** ADNOC will not take any action that would interfere with our ability to comply with our obligations under certain ADX and SCA listing and governance rules, and
- **ii.** ADNOC will conduct all transactions with us on arms' length terms and on a commercial basis and will allow us to carry out our business independently;

b) not to terminate, and to renew at our request, any real estate lease or land-use agreement, the Brand Usage Agreement, and the Shareholder Services Agreement, in each case so long as we are not in material default of our obligations under those agreements; and

c) to acquire or lease, on our behalf and at our expense, any real estate needed for the operation of our business, and to enter into a corresponding lease agreement, sub-lease agreement or land use agreement with us for such land, save that if ADNOC ceases to hold the majority of the Company's shares, it shall continue to adhere to the provisions described in (b) and (c) as if it still held such majority, subject to any instruction or direction from a Governmental Authority, until such time as an alternative arrangement giving effect to the same can be entered into. In addition, ADNOC will agree not to seek to induce certain specified senior employees to become engaged (whether as an employee, consultant or otherwise) with ADNOC for a period of twelve months from the listing date.

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

External Auditors

We have entrusted the external audit function for ADNOC Drilling's yearly accounts to Deloitte & Touche (M.E.), which has been ADNOC Drilling's external auditor since 2020.

Number of years served as an external auditor for ADNOC Drilling: 2 years
Partner name: Farhad Aklas (Engagement Partner); Rama Padmanabha Acharya (Signing Partner)
Number of years the Partner served as the Company's External Audit partner: 2 years
Total fees for auditing the financial statements of 2021 (in AED), including provision of reasonable assurance report on the effectiveness of internal financial controls over financial reporting: Total audit fee AED 975,000 / Financial statements audit – AED 800,000 / Internal controls – AED 175,000
Fees and costs of other private services other than auditing the financial statements for 2021 (AED): USD 390,000 (AED 1,433,250)
Details and nature of other services provided (if any): IPO Related Agreed Upon Procedures, Arrangement Letters and Comfort Letters
Statement of the other services performed by an external auditor other than ADNOC Drilling's auditor in 2021 (if any): None
For our annual financial statements for the year ended 31 December 2021, Deloitte & Touche (M.E.) issued an unqualified audit opinion: Yes

Audit Committee

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

The Governance Rules, as reflected in the Audit Committee Terms of Reference, require that the Audit Committee must comprise at least 3 members who are non-executive directors, at least 2 of whom must be independent. One of the independent members must be appointed as the Chairman of the Audit Committee. In addition, at least one member is required to have recent and relevant audit and accounting experience. The Audit Committee will be chaired by one of the independent members and will include other members elected by the Board. The Audit Committee will meet not less than 4 times a year.

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

The Audit Committee's responsibilities in relation to the Audit and Assurance function include the review and approval of the overall audit strategies and annual audit work plan, budget, and overseeing the Internal Audit programs and performance. In addition, the Audit Committee ensures that Audit and Assurance has full and unrestricted access to all required sources of information relevant to the performance of its work.

As part of his role as the Chairman of the Audit Committee, Mr. Ahmed Al Zaabi is responsible for ensuring the committee's overall effectiveness and that the committee properly complies with all of its stated objectives.

The Audit Committee held 2 meetings in 2021 prior to the IPO, and the current Audit Committee held 3 meeting in 2021, as set forth in the following tables:

Pre-IPO

Board Member	Position on the Board	11-March-2021	02-June-2021
Shamsa Salem Al Maskary	Chairperson	P	P
Fatima Hassan Al Zaabi	Member	P	P
Fahem Al Shemeili	Member	P	P
Santiango Redondo	Member	P	P

P – Present, A – Absent (ote: all absences from the Board were properly verified and approved).

Post-IPO

Board Member	Position on the Board	09-Nov-2021	16-Nov-2021	16-Dec-2021
Ahmed Al Zaabi	Chairperson	P	P	P
Mohamed Al Aryani	Member	P	P	P
Abdulla Al Jarwan	Member	P	A	P
Khalfan Al Dahmani	Member	A	P	A
Ahmed Abujarad	Member	P	P	P

P – Present, A – Absent (note: all absences from the Board were properly verified and approved).

Nomination and Remuneration Committee

The Nomination and Remuneration Committee assists the Board to discharge its responsibilities relating to the composition and make-up of the Board and any committees of the Board.

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

The Governance Rules, as reflected in the Nomination and Remuneration Committee Terms of Reference, require the Nomination and Remuneration Committee to comprise of at least 3 non-executive directors, at least 2 of whom must be independent. The chairman of the Nomination and Remuneration Committee must be chosen from amongst the independent committee members, and its other members will be appointed by the Board. The Nomination and Remuneration Committee will meet based on the Company's requirement from time to time.

The current members of the Nomination and Remuneration Committee are H.E. Omar Suwaina Al Suwaidi (Chairman), Mr. Yaser Al Mazrouei, Ms. Muna Al Mheiri and Mrs Ayesha Al Hammadi.

As part of his role as the Chairman of the Nomination and Remuneration Committee, H.E. Omar Suwaina Al Suwaidi is responsible for ensuring the committee's overall effectiveness and that the committee properly complies with all of its stated objectives.

The Nomination and Remuneration Committee did not meet in 2021 as it was newly established.

Board Executive Committee

The Board Executive Committee consists of 6 members, all being independent non-executive directors. The Board Executive Committee was established by the Board in 2019 in order to assist the Board in the discharge of its duties.

The role of the Board Executive Committee is to act on behalf of the Board during the intervals between scheduled Board meetings so that matters that require Board approval during such intervals can be dealt with in a timely and efficient manner.

Additionally, the Board Executive Committee provides recommendations to the Board on matters that require Board approval.

As part of his role as the Chairperson of the Board Executive Committee, Mr. Abdulmunim Al Kindy is responsible for ensuring the committee's overall effectiveness and that the committee properly complies with all of its stated objectives.

The Board Executive Committee held 2 meetings in 2021 prior to the IPO, and the current Board Executive Committee held 2 meeting in 2021 post the IPO, as set forth in the following tables:

Pre-IPO

Board Member	Position on the Committee	09-March-2021	08-June-2021
Khalid Abdul Samad	Chairperson	P	P
Majed Al Awadhi	Member	P	P
Ahmed Ahmed Al-Hendi	Member	P	P
Mohammed Abubakar	Member	P	P
Khaled Abdul Monem Al Kindi	Member	P	P
Ayman Khattab	Member	P	P

P – Present, A – Absent (note: all absences from the Board were properly verified and approved).

Post-IPO

Board Member	Position on the Committee	12-September-2021 P
Abdulmunim Al Kindy	Chairperson	P
Yaser Al Mazrouei	Member	P
Muna Al Mheiri	Member	P
Mohamed Al Aryani	Member	P
Khalid Abdul Samad	Member	P
Mohamed Al Marzouqi	Member	P

P – Present, A – Absent (note: all absences from the Board were properly verified and approved).

Internal Control System

Responsibility of the Board of Directors

The Board of Directors is responsible for the internal control system within ADNOC Drilling and has established a number of processes and procedures which are designed to ensure the effectiveness of our internal control system.

Our Internal Control System

The key objectives of the internal control system are:

- **a.** creating control mechanisms that ensure efficient business processes and the implementation of the ADNOC Drilling's objectives;
- **b.** ensuring the safety of ADNOC Drilling's assets and efficient use of its resources;
- **c.** protecting the interests of ADNOC Drilling's shareholders and preventing and resolving conflicts of interest;
- **d.** creating conditions for timely preparation and submission of reliable reports and other information that is legally required to be publicly disclosed; and
- **e.** ensuring that ADNOC Drilling's compliance with applicable laws and requirements of regulators.

In addition to the functions and remit of the Board of Directors, ADNOC Drilling's internal control system is embedded in ADNOC Drilling at 3 levels:

- **i. Level 1:** the business units and divisions within ADNOC Drilling are responsible for assessing and managing risks and building an efficient control system by complying with the standard and procedures, KPIs, corporate and or divisional performance contract etc.;
- **ii. Level 2:** appropriate internal departments and committees (enterprise risk management, quality and compliance functions) are responsible for facilitating and guiding the risk assessment process, developing, communicating and monitoring the appropriate standards, processes and procedures; and
- **iii. Level 3:** the Audit and Assurance function conducts independent assessments of the efficiency of the internal control system.

Audit and Assurance Function

The Board of Directors has approved and implemented governance functions and structures, including an Audit and Assurance function that is independent of our management and reports directly to ADNOC Drilling's Audit Committee. The key aim of the Audit and Assurance function is to provide assurance and advice on the adequacy of ADNOC Drilling's internal control environment, corporate governance framework and risk management processes.

Our Audit and Assurance division is led by Dr. Eisa Al Salem Al Hammadi who was appointed as Vice President Audit and Assurance in 2017. Dr. Al Hammadi is responsible for reporting the Audit and Assurance function's findings to the Executive Management and the Audit Committee on a regular basis. In order to enhance the independence of our Audit and Assurance division, this division reports functionally to our Audit Committee and administratively to ADNOC Drilling's Chief Executive Officer.

Audit and Assurance's charter, policies, procedures, methodologies and the risk based internal audit plans that it works to are presented to and approved by the Audit Committee. Our Audit and Assurance activities are performed by teams of appropriate, qualified and experienced employees. Additionally, a continuous improvement process is implemented through the use of a learning and development framework that is designed to ensure that the Audit and Assurance team members maintain their required competencies and capabilities.

Taking into account the independence requirements, our Audit and Assurance function also serves as an in-house advisor on many areas of interest which allow that function to provide value-added services that are critical to an efficient and effective organizational management.

Risk Management

The Company has implemented an integrated enterprise risk management system, which showcases its commitment to protecting the business and the interest of all stakeholders. This Enterprise Risk Management system:

- **a.** facilitates risk informed strategic planning to achieve business objectives and identify potential business opportunities;
- **b.** supports the Company in identifying and managing key strategic, functional, investment and project risks (including the use of an objective driven process);
- **c.** assesses the identified risks and the potential impact of such risks on the Company and its key objectives;
- **d.** enhances corporate performance as processes become more risk aware and control focused; and
- **e.** strengthens ADNOC Drilling's resilience to market disruption and evolving business practices.

ADNOC Drilling's risks are monitored by a dedicated enterprise risk unit and this unit provides quarterly reports to the Audit Committee and Board of Directors.

Legal, Compliance and Governance

ADNOC Drilling has established and maintains an internal control framework that provides our Executive Management and Board of Directors with reliable assurances on the health of our internal controls. These controls are designed to ensure that we are able to (a) continually meet the operational and financial objectives of ADNOC Drilling; (b) properly manage risks; (c) ensure the validity and transparency of the information we provide to our stakeholders; and (d) comply with applicable laws and regulations.

Our Legal, Compliance and Governance division is responsible for ensuring that the Company conducts its business in full compliance with all relevant laws and regulations, as well as professional standards, accepted business practices and internal standards.

Our compliance and control function performs a number of tasks that are designed to ensure that our internal control system is effectively implemented and managed. These include:

- **a.** discussing the internal control system with the Board of Directors;
- **b.** considering the results of primary investigations in internal control issues;
- **c.** studying internal control reports and following up the implementation of corrective measures arising from the findings of such reports; and
- **d.** setting rules that enable ADNOC Drilling's staff to confidentially report any potential violations in financial reports, internal control etc.

Mrs. Alaina Ramsay, in her role as General Counsel of ADNOC Drilling, oversees ADNOC Drilling's Legal, Compliance and Governance division and she is responsible for ensuring we consistently operate in accordance with the highest international standards.

Identified issues and recent developments

For 2021, no significant issues were identified with respect to our compliance and control systems.

Violations committed during 2021

No violations were committed by ADNOC Drilling in 2021.

Corporate Social Responsibility

We are committed to leveraging our presence in the UAE and the communities in which we operate to benefit our people and society as a whole. We do this through developing job opportunities for UAE nationals, encouraging local procurement, improving customer satisfaction, and through social initiatives and partnerships to advance community and environmental goals.

People

ADNOC Drilling is home to 6,532 dedicated engineers, specialists and technicians from 73 different countries. They make up our unique drilling family.

Drilling is highly skilled work carried out in some of the harshest and most challenging environments across the desert and offshore. Our frontline staff are trained to operate under the strictest safety regimes that we call '100% HSE'.

In the early days of the industry a lot of the drilling work was done manually but now our staff are multi-faceted, trained to operate advanced digital technology or run increasingly automated drilling machines. They are renowned for close-knit teamworking and a commitment to responsibly and safely delivering start-to-finish wells on-time and on-budget.

Future Generation

ADNOC Drilling is building the next generation of drilling specialists and equipping them with advanced skills and knowledge, as well as hands-on experience to perform efficiently and lead digitalization, remote automation and artificial intelligence driven solutions.

We established the first Drilling Training Center (DTC) in the Middle East at Bida'a Al Oshaneh in Abu Dhabi's Al Dhafra region in 2014, and have already passed the milestone of 1,000 Emirati graduates, many of whom are now working on our onshore, offshore and island rigs.

We use state-of-the-art VR and digital simulation technology and provide students with expert trainers who have decades of industry experience. We proactively recruit the best engineering students from the UAE's top universities, including many women.

General Information

We completed our IPO on 3 October 2021.

The following table sets out the closing price and the highest and lowest share prices since the IPO in October 2021.

2021	Initial Listing (04-Oct-2021)	Last Trading Day 30-Dec-2021	% Change	Average 12 Days Trading	High (04-Oct-2021 to 30 Dec-2021)	Low (04-Oct-2021 to 31 Dec-2021)
Share price (AED)	2.30	3.40	47.8%	3.19	3.53	2.300
ADX General Index	7,699	8,488	10.3%	8,243	8,999	7,655
Number of shares outstanding (bn)	16.0	16.0	n/a	16.0	16.0	16.0
Market capitalization (AED bn)	36.80	54.40	47.8%	51.0	56.5	36.8
Market capitalization (USD bn)	10.01	14.80	47.8%	13.9	15.4	10.0

Set out below is information regarding our share performance in 2021 compared to the ADX General Index and the Energy Sector Index.

2021	Initial Listing (04-Oct-2021)	Last Price (30-Dec-2021)	% Change
ADNOC Drilling (AED)	2.30	3.40	47.8%
ADX General Index	7,699	8,488	10.3%
Energy Index	2,114	2,204	4.3%

The Secretary to the Board of Directors

On 14 October 2021 Mr. El Aydi was appointed Secretary to the Board of Directors (effective from 3 October 2021). He is the Senior Advisor, Legal – Executive Office at ADNOC, a role he has held since May 2017. He also serves as Company Secretary for ADNOC Distribution PJSC. Mr. El Aydi advises on a broad range of legal and governance risks and provides hands on counsel to the Managing Director and Group Chief Executive Officer of ADNOC in relation to the development and implementation of the group's business strategy.

Mr. El Aydi brings over 20 years of corporate, strategic and commercial experience to his role at ADNOC and immediately prior to joining, he spent 3 years as the Executive Director of Legal & Secretariat at the Tourism Development & Investment Company (TDIC), and 5 years as the General Counsel & Company Secretary at Abu Dhabi National Hotels PJSC.

A UAE national and fully bilingual in English and Arabic, Mr. El Aydi holds a bachelor's degree in Law from the London School of Economics and Political Science, a master's degree in International & Comparative Business Law, is admitted as a solicitor of the Supreme Court of England and Wales and is a Chartered Secretary registered with The Chartered Governance Institute UK & Ireland.

General Information Cont.

The following tables set out information regarding the ownership of our shares:

Shareholding Structure

The table below shows the percentage of the shares owned by different categories of shareholders as at the end of 2021:

Shareholders	Individuals	Companies	Government	Total
Local	3.0%	96.1%	0.6%	99.8%
GCC	0.0%	0.1%	0.0%	0.1%
Arab	0.0%	0.0%	0.0%	0.0%
Foreign	0.0%	0.1%	0.0%	0.1%
Total	3.1%	96.3%	0.6%	100.0%

Shareholding Volume

Class	Shareholdings	Number of Shareholders	Number of Shares Held	% of Shares Held
1	More than 5,000,000	49	15,449,558,803	96.6%
2	From 500,000 to less than 5,000,000	243	366,712,387	2.3%
3	From 50,000 to less than 500,000	860	138,007,520	0.9%
4	Less than 50,000	17,335	45,721,290	0.3%

Our 2021 share price performance

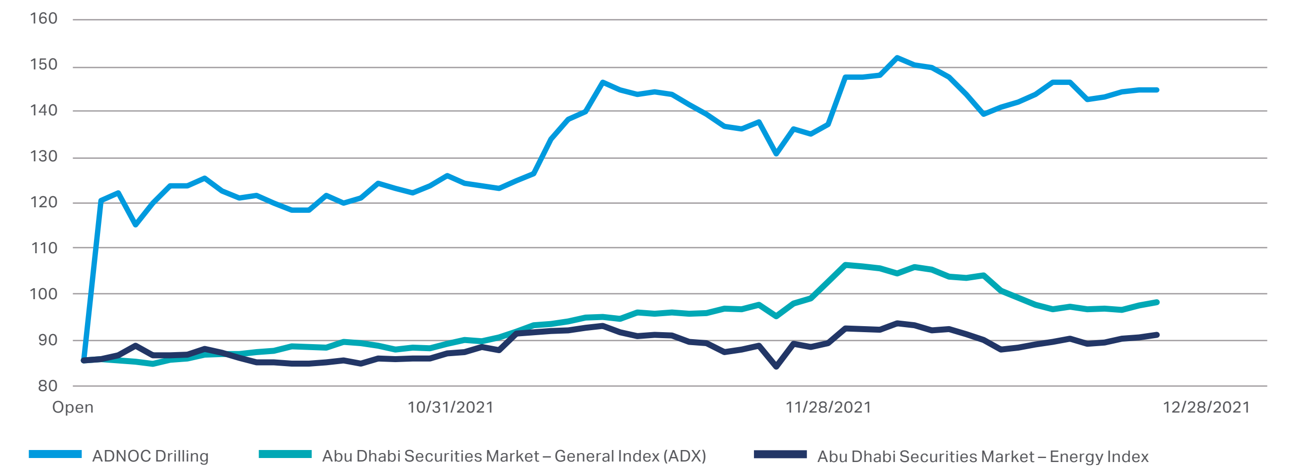
Trading of ADNOC Drilling shares on the ADX started on 3 October 2021 under the symbol ADNOCDRILL. The share price at 31 December 2021 was AED 3.40. ADNOC Drilling's market capitalization at 31 December 2021 was AED 54.4 billion.

ADNOC Drilling's share capital is AED 1.6 billion, divided into 16.0 billion shares, each with a nominal value of AED 0.10.

The following table sets out the closing price and the high and low share prices of our shares at the end of each month during 2021.

Month	High (AED)	Low (AED)	Close (AED)
October	3.04	2.30	3.01
November	3.43	3.00	3.22
December	3.53	3.26	3.40

Our 2021 share price performance compared with our sector index



Statement of shareholders who held 5% or more of ADNOC Drilling's capital as at 31 December 2021

The table below shows the name of shareholders who held 5% or more of ADNOC Drilling's capital at the end of 2021 and the percentage of such shareholdings.

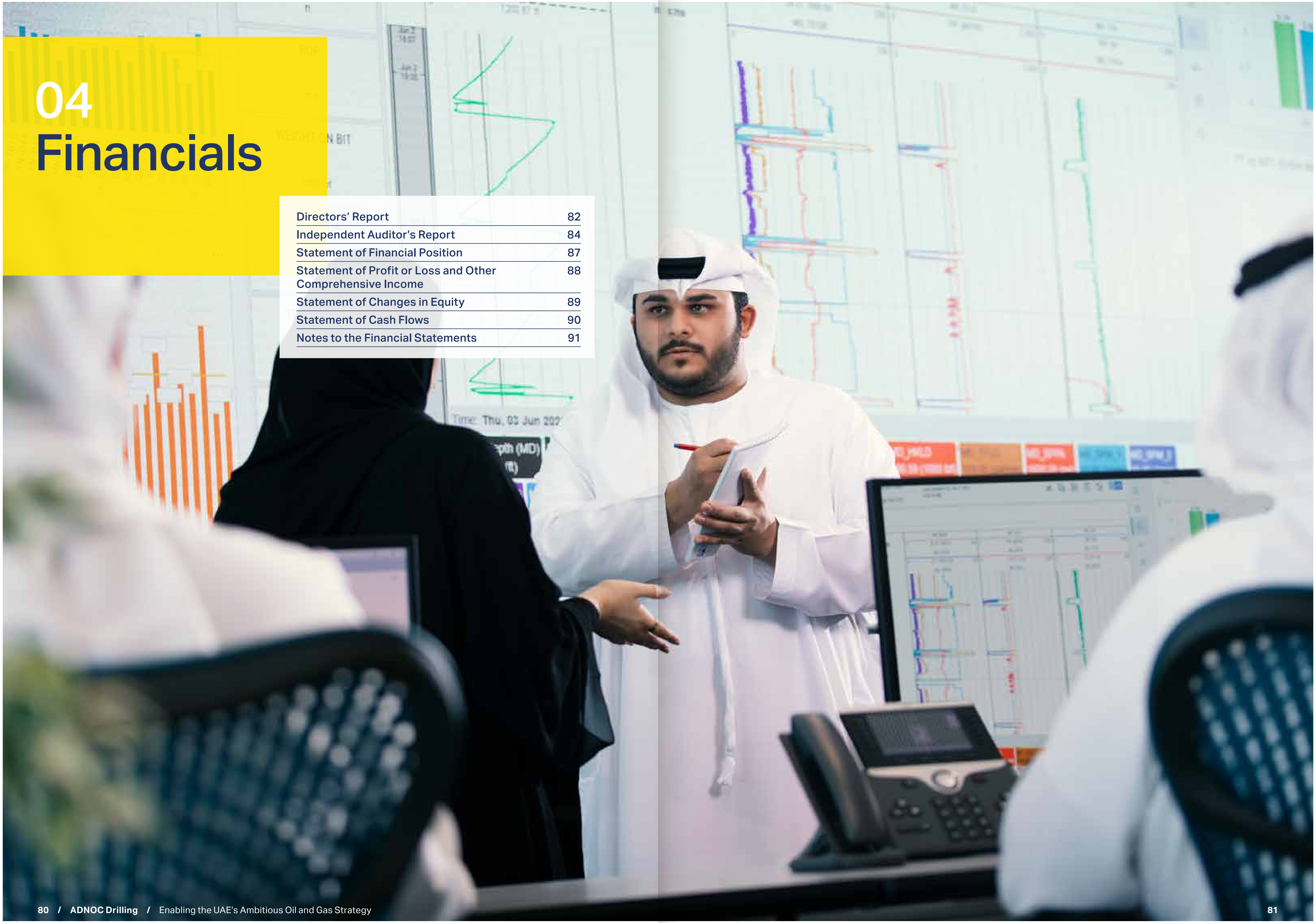
Name	Number of Shares Held	% of Shares Held of ADNOC Drilling's Capital	Name
Abu Dhabi National Oil Company	13,440,000,000	84.0%	Abu Dhabi National Oil Company
Baker Hughes Holdings Ltd	800,000,000	5.0%	Baker Hughes Holdings Ltd

ADNOC owns 50% of our shares. No other shareholder owns 5% or more of our shares.

Our Investor Relations department, which is overseen by Mr. Edward Senior can be contacted at ir@adnocdrilling.ae
Additional investor relations information can be found on our website in Arabic at https://adnocdrilling.ae/en/investor-relations

04

Financials



Directors' Report

For the year ended 31 December 2021

The Directors are pleased in submitting their Report, together with the audited financial statements of ADNOC Drilling Company P.J.S.C. ("the Company"), for the year ended 31 December 2021.

Board of Directors

Pursuant to the Initial Public Offering (IPO), the first appointment of the Directors was made by the Founder (Abu Dhabi National Oil Company) effective 5 September 2021.

The Directors of the Company are:	
Chairman	H. E. Dr. Sultan Ahmed Al Jaber
Vice Chairman	Abdulmunim Saif Hamoud AlKindi
Members	Yaser Saeed Ahmed Omran AlMazrouei
	Ahmed Jasim Yousif Naser AlZaabi
	Mohamed AlAryani
	Muna Khalifa Mohamed Hazeem Almheiri
	Omar Ahmed Hassan Suwaina Alsuwaidi

Principal activity

The Company is engaged in providing drilling services and supporting marine equipment, and the hiring out of onshore and offshore drilling rigs to parties involved in onshore and offshore oil and gas exploration and production.

Financial highlights

Statement of financial position:

The Company's financial position remains very healthy showing net assets at 31 December 2021 of USD 2,795,424 thousand (2020: USD 3,251,811 thousand) with the decrease in total net assets mainly due to the declaration and payment of dividends of USD 1,060,300 thousand.

Statement of profit or loss and other comprehensive income:

The Company recognised revenue for the year of USD 2,269,470 thousand (2020: USD 2,097,860 thousand). Profit for the year was USD 603,913 thousand (2020: USD 569,034 thousand). The increase in revenue was due to additional drilling services provided to Abu Dhabi National Oil Company (ADNOC), ADNOC Onshore and ADNOC Offshore.

Statement of cash flows:

Net cash generated from operating activities amounted to USD 1,179,132 thousand (2020: USD 1,788,628 thousand), the decrease is mainly due to movement in related party balances. Net cash used in investing activities amounted to USD 582,019 thousand (2020: USD 231,834 thousand) which relates to additions to property and equipment and finance income.

The appropriation of the results for the year is as follows:

	USD '000
Retained earnings at 1 January 2021	3,142,893
Capitalisation	(326,753)
Total comprehensive income for the year	603,913
Transfer to statutory reserve	(60,391)
Dividends	(1,060,300)
Retained earnings at 31 December 2021	**2,299,362**

Future outlook

The Company is proud of its achievements over the past 12 months. The results are particularly impressive against the backdrop of a challenging year marked by ongoing Covid-19 pandemic. The company continues to relentlessly pursue its strategic objectives. ADNOC Drilling is focused on delivering sustained business growth through the efforts and commitment of a highly skilled and dedicated workforce and its unwavering commitment to industry leading health and safety standards. We remain very enthusiastic about the year ahead as we build out our drilling assets and oilfield services with our strategic partners. We continue to enhance our market share in the UAE and explore regional expansion to deliver ongoing profitable growth.

Subsequent events

As of the date of this report, no major events have occurred that may have significant impact on the financial statements for the year ended 31 December 2021.

Financial reporting framework

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

- The financial statements, prepared by the management of the Company, fairly present its state of affairs, the results of its operation, cash flows and changes in equity;
- The Company has maintained proper books of account;
- Appropriate accounting policies have been consistently applied in the preparation of financial statements unless otherwise stated, and accounting estimates are based on reasonable and prudent judgment; and
- The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs), and comply, where appropriate with the local laws.

For the Board of Directors

Chairman
Abu Dhabi, UAE
10 February 2022

Independent Auditor's Report to the Shareholders of ADNOC Drilling Company P.J.S.C.

Report on the audit of the financial statements

Opinion

We have audited the financial statements of ADNOC Drilling Company P.J.S.C. ("the Company"), which comprise the statement of financial position as at 31 December 2021, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the other ethical requirements that are relevant to our audit of the Company's financial statements in the United Arab Emirates, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. We have communicated the key audit matter to the Audit Committee, but it is not a comprehensive reflection of all matters that were identified by our audit and that were discussed with the Audit Committee. On the following pages, we have described the key audit matter we identified and have included a summary of the audit procedures we performed to address this matter.

The key audit matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Key audit matter	How our audit addressed the key audit matter
Unbilled revenue and related party balances The Company has large volume of transactions with related parties in the normal course of business. The Company reported revenue of USD 2,269,470 thousand, of which 95% is attributable to contracts with its related parties, ADNOC Onshore and ADNOC Offshore. Revenue of USD 877,575 thousand from these two related parties was unbilled at the reporting date. A portion of this unbilled revenue is secured by advances from a related party of USD 231,154 thousand which are expected to be offset against future billings. Considering the materiality of the amounts involved and significant accrued revenue recorded against the related parties, we have identified unbilled revenue as a key audit matter for the current year audit. The large volume of transactions also increases the risk of error. Refer to note 14 which contains details about the Company's related party transactions and balances and note 15 which contains details about revenue recognised during the year.	Our audit procedures included obtaining an understanding of the business processes, an assessment of controls over transactions with related parties and an assessment of the controls implemented by management for estimating revenue and the associated unbilled revenue. We tested the design and operating effectiveness of relevant controls over the intergroup sales and collection processes. This included testing controls over the accuracy and completeness of the transactions. In addition, we performed the following substantive audit procedures: • Evaluated the business rationale of significant transactions including any non- routine transactions; • Analysed relevant agreements and determined that transactions were recorded in accordance with the substance of the relevant agreements; • Obtained direct confirmations of the related party balances and performed the following procedures: – Search for unidentified and undisclosed related party relationships and transactions by inspecting bank and legal confirmations obtained as part of other audit procedures, and minutes of shareholder and management meetings; – Tested the movement of the related party balances bifurcated into revenue recognised, advances received and invoices issued during the year; – Verified the subsequent billing status of the unbilled receivables; – Verified the subsequent collection status of billed/unbilled receivables; and – Assessed the impact of expected credit losses and credit worthiness on the related party balances • Determined that the disclosures in the financial statements relating to related parties and unbilled revenue were in accordance with IFRSs.

Other Information

Management is responsible for the other information. The other information comprises the Directors' report, which we obtained prior to the date of this auditor's report, and the, Chairman's message, CEO's message and the other information in the annual report, which are expected to be made available to us after that date. The other information does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we will read the Chairman's message and CEO's message, if we conclude that there is a material misstatement therein, we will be required to communicate the matter to those charged with governance and consider whether a reportable irregularity exists in terms of the auditing standards, which must be reported.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs and their preparation in compliance with the applicable provisions of the articles of association of the Company and UAE Federal Law No. (2) of 2015 (as amended), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risk, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 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 Company'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 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Further, as required by the UAE Federal Law No. (2) of 2015 (as amended), we report for the year ended 31 December 2021 that:

- We have obtained all the information we considered necessary for the purposes of our audit;
- The financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Law No. (2) of 2015 (as amended);
- The Company has maintained proper books of account;
- The financial information included in the Directors' report is consistent with the books of account of the Company;
- As disclosed in note 1 to the financial statements, the Company has not purchased or invested in shares during the financial year ended 31 December 2021;
- Note 14 to the financial statements discloses material related party transactions, balances and the terms under which they were conducted; and
- Based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Company has contravened during the financial year ended 31 December 2021 any of the applicable provisions of the UAE Federal Law No. (2) of 2015 (as amended) or of its Articles of Association which would materially affect its activities or its financial position as at 31 December 2021.

Further, as required by the Decree of the Chairman of the Abu Dhabi Accountability Authority No. (1) of 2017 pertaining to Auditing the Financial Statements of Subject Entities, we report that based on the procedures performed and information provided to us, nothing has come to our attention that causes us to believe that the Company has not complied, in all material respects, with any of the provisions of the following laws, regulations and circulars as applicable, which would materially affect its activities or the financial statements as at 31 December 2021:

- Law No. 15 of 2017 concerning the establishment of the Company which would materially affect its activities or its financial position; and
- Relevant provisions of the applicable laws, resolutions and circulars organising the Company's operations.

Deloitte & Touche (M.E.)

Rama Padmanabha Acharya
Registration No. 701
10 February 2022
Abu Dhabi
United Arab Emirates

Statement of financial position

As at 31 December 2021

	Notes	2021 USD'000	2020 USD'000
ASSETS			
Non-current assets			
Property and equipment	5	**3,363,443**	3,261,436
Right-of-use assets	6	**34,384**	39,301
Advance to a related party	14	**–**	408
Advance payments		**7,634**	4,250
Total non-current assets		**3,405,461**	**3,305,395**
Current assets			
Inventories	7	**175,025**	177,053
Trade and other receivables	8	**102,454**	139,296
Due from related parties	14	**960,400**	902,601
Cash and cash equivalents	9	**453,101**	953,465
Total current assets		**1,690,980**	2,172,415
Total assets		**5,096,441**	**5,477,810**
EQUITY AND LIABILITIES			
Equity			
Share capital	10	**435,671**	108,918
Statutory reserve	10	**60,391**	–
Retained earnings		**2,299,362**	3,142,893
Total equity		**2,795,424**	**3,251,811**
Non-current liabilities			
Borrowings	11	**1,500,000**	1,500,000
Lease liabilities	6	**19,031**	28,389
Provision for employees' end of service benefits	12	**113,360**	86,460
Total non-current liabilities		**1,632,391**	**1,614,849**
Current liabilities			
Trade and other payables	13	**314,913**	413,789
Lease liabilities	6	**20,317**	11,723
Due to related parties	14	**333,396**	185,638
Total current liabilities		**668,626**	**611,150**
Total liabilities		**2,301,017**	**2,225,999**
Total equity and liabilities		**5,096,441**	**5,477,810**

To the best of our knowledge, the financial information included in the report fairly present in all material respects the financial condition, result of operations and cash flows of the Company as of 31 December 2021, and for the periods presented in the report.

H. E. Dr. Sultan Ahmed Al Jaber
Chairman

Abdulrahman Abdulla Alseiari
Chief Executive Officer

Alexander Urquhart
Chief Financial Officer

The accompanying notes form an integral part of these financial statements.

Statement of profit or loss and other comprehensive income

For the year ended 31 December 2021

	Notes	2021 USD'000	2020 USD'000
Revenue	15	**2,269,470**	2,097,860
Direct cost	16	**(1,385,202)**	(1,291,942)
Gross profit		**884,268**	**805,918**
General and administrative expenses	17	**(273,518)**	(215,305)
Other income, net		**10,135**	2,895
Finance cost, net	19	**(16,972)**	(24,474)
Profit for the year		**603,913**	**569,034**
Other comprehensive income for the year		**–**	–
Total comprehensive income for the year		**603,913**	**569,034**
Earnings per share			
Basic and diluted	25	**0.038**	0.036

The accompanying notes form an integral part of these financial statements.

Statement of changes in equity

For the year ended 31 December 2021

	Share capital USD'000	Statutory reserve USD'000	Retained earnings USD'000	Total equity USD'000
Balance at 1 January 2020	108,918	–	3,273,859	3,382,777
Total comprehensive income for the year	–	–	569,034	569,034
Dividends (note 20)	–	–	(700,000)	(700,000)
Balance at 1 January 2021	108,918	–	3,142,893	3,251,811
Capitalisation (note 1 and 10)	326,753	–	(326,753)	–
Total comprehensive income for the year	–	–	603,913	603,913
Transfer to statutory reserve	–	60,391	(60,391)	–
Dividends (note 20)	–	–	(1,060,300)	(1,060,300)
Balance at 31 December 2021	**435,671**	**60,391**	**2,299,362**	**2,795,424**

The accompanying notes form an integral part of these financial statements.

Statement of cash flows

For the year ended 31 December 2021

	2021 USD'000	2020 USD'000
Cash flows from operating activities		
Profit for the year	603,913	569,034
Adjustments for:		
Depreciation of property and equipment	392,473	357,037
Depreciation of right-of-use assets	23,775	9,177
Impairment of property and equipment	10,321	–
Provision for employees' end of service benefit	33,180	12,691
Reversal of provision for employees end of service benefit	–	(2,537)
Credit note issued to a related party	–	41,717
Allowance/(reversal) for slow moving and obsolete inventories	4,781	(1,939)
Loss on disposal property and equipment	–	616
Finance cost	17,700	25,346
Finance income	(728)	(872)
	1,085,415	1,010,270
Changes in working capital		
Increase in inventories	(2,753)	(50,934)
(Increase)/decrease in advance payments	(3,384)	1,501
Decrease/(increase) in trade and other receivables	36,842	(76,163)
(Increase)/decrease in due from related parties	(57,799)	744,664
(Decrease)/increase in trade and other payables	(20,667)	22,986
Increase in due to related parties	147,758	147,494
Employees' end of service benefit paid	(6,280)	(11,190)
Net cash generated from operating activities	1,179,132	1,788,628
Cash flows from investing activities		
Payments for purchase of property and equipment	(582,747)	(146,565)
Advance to a related party	–	(86,141)
Finance income received	728	872
Net cash used in investing activities	(582,019)	(231,834)
Cash flows from financing activities		
Lease liabilities paid	(19,622)	(11,791)
Dividends paid	(1,060,300)	(700,000)
Finance cost paid	(17,555)	(25,346)
Net cash used in financing activities	(1,097,477)	(737,137)
Net (decrease)/increase in cash and cash equivalents	(500,364)	819,657
Cash and cash equivalents at beginning of the year	953,465	133,808
Cash and cash equivalents at end of the year (note 9)	453,101	953,465
Non-cash transactions		
Additions to property and equipment against advances paid to a related party	–	232,687
Additions and modification to right-of-use assets and lease liabilities	18,858	32,537

The accompanying notes form an integral part of these financial statements.

Notes to the financial statements

For the year ended 31 December 2021

1. General information

ADNOC Drilling Company P.J.S.C. ("the Company") is a public joint stock company, incorporated in 1972 by a resolution of the Council of Ministers of the Government of Abu Dhabi. On 29 September 2021, Law No. 9 of 2021 was issued amending Law No. 21 of 2018 that was issued on 6 November 2018, replacing Law No. 4 of 1981 in respect of the incorporation of ADNOC Drilling Company PJSC registered with the commercial register in Abu Dhabi under the commercial license number CN-2688881 issued by the Abu Dhabi Department of Economic Development. The Company is a subsidiary of Abu Dhabi National Oil Company ("ADNOC"), which is wholly owned by the Government of Abu Dhabi. The Company's shares are listed on the Abu Dhabi Securities Exchange.

In September 2021, the Company announced its intention to float a minority stake on Abu Dhabi Securities Exchange through an Initial Public Offering (IPO), pursuant to the resolution of the shareholders of the Company. The shareholders approved the listing and the sale by way of offer to the public of part of the share capital of the Company held by ADNOC. The subscription period commenced on 13 September 2021 and closed on 26 September 2021 and trading of the shares commenced on 3 October 2021.

Prior to the IPO, the shareholders approved the adoption of new articles of association, including the new par value of AED 0.10 (USD: 0.0272294) per share from the previous AED 100 (USD 27.2294) per share thereby increasing the existing number of shares from 4,000 thousand to 4,000,000 thousand. Further, an additional 12,000,000 thousand shares of the Company at the new par value of AED 0.10 (USD: 0.0272294) per share were issued by way of capitalising retained earnings of the Company amounting to USD 326,753 thousand.

On 22 September 2021, ADNOC announced that it had increased the number of ordinary shares offered in the IPO of the Company from 1,200,000,000 ordinary shares to 1,760,000,000 ordinary shares, which equates to 11% of Company's total issued share capital. Upon completion of the IPO, ADNOC continues to own a majority 84% stake in the Company, while Baker Hughes Holding SPV Ltd. ("Baker Hughes"), which entered into a strategic partnership with the Company in October 2018, continues to retain its 5% shareholding. ADNOC and Baker Hughes entered into an agreement to terminate the erstwhile shareholders' agreement ("the SHA") between them effective from date of listing of the Company's shares on Abu Dhabi Securities Exchange.

The registered address of the Company is P.O Box 4017 Abu Dhabi, United Arab Emirates. The principal activities of the Company are providing drilling services and supporting marine equipment, and the hiring out of onshore and offshore drilling rigs on behalf of related parties involved in onshore and offshore oil and gas exploration.

Federal Law No. 32 of 2021 on Commercial Companies was issued on 20 September 2021 and will come into effect on 2 January 2022, to entirely replace Federal Law No. 2 of 2015 on Commercial Companies, as amended. The Company is in the process of reviewing the new provisions and will apply the requirements thereof no later than one year from the date on which the amendments came into effect.

The Company has not purchased or invested in any shares during the financial year ended 31 December 2021.

2. Application of new and revised International Financial Reporting Standards (IFRSs)

2.1 New and revised IFRSs applied with no material effect on the financial statements

The following new and revised IFRSs, which became effective for annual periods beginning on or after 1 January 2021, have been adopted in these financial statements. The application of these revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16):

The amendments introduce a practical expedient for modifications required by the reform, clarify that hedge accounting is not discontinued solely because of the IBOR reform, and introduce disclosures that allow users to understand the nature and extent of risks arising from the IBOR reform to which the entity is exposed to and how the Company manages those risks as well as the Company's progress in transitioning from IBORs to alternative benchmark rates, and how the Company is managing this transition.

Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16):

The amendment provides lessees with an exemption from assessing whether a Covid-19-related rent concession is a lease modification.

2.2 New and revised IFRS in issue but not yet effective

The Company has not yet applied the following new and revised IFRSs that have been issued but are not yet effective:

New and revised IFRSs	Effective for annual periods beginning on or after
Amendments to IAS 1 ***Presentation of Financial Statements: Classification of Liabilities as Current or Non-current*** The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items. The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. The amendments are applied retrospectively.	1 January 2023
IFRS 17 ***Insurance Contracts*** IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts. IFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach. The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policy holders' options and guarantees. In June 2021, the IASB issued Amendments to IFRS 17 to address concerns and implementation challenges that were identified after IFRS 17 was published. The amendments defer the date of initial application of IFRS 17 (incorporating the amendments) to annual reporting periods beginning on or after 1 January 2023. At the same time, the IASB issued Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4) that extends the fixed expiry date of the temporary exemption from applying IFRS 9 in IFRS 4 to annual reporting periods beginning on or after 1 January 2023. IFRS 17 must be applied retrospectively unless impracticable, in which case the modified retrospective approach or the fair value approach is applied.	1 January 2023
Amendments to IFRS 10 ***Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*** The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture. The effective date of the amendments has yet to be set by the Board; however, earlier application of the amendments is permitted.	Effective date not yet decided

New and revised IFRSs	Effective for annual periods beginning on or after
Amendments to IAS 16 ***Property, Plant and Equipment related to proceeds before intended use*** The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognises such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with IAS 2 Inventories. The amendments also clarify the meaning of 'testing whether an asset is functioning properly'. IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes. If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity's ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost. The amendments are applied retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.	1 January 2022
Amendments to IAS 37 ***Provisions, Contingent Liabilities and Contingent Assets related to Onerous Contracts – Cost of Fulfilling a Contract*** The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). The amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives are not restated. Instead, the entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.	1 January 2022
Amendments to IFRS 3 ***Business Combinations: Reference to the Conceptual Framework*** The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. Finally, the amendments add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination. The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022.	1 January 2022
Amendments to IAS 12 ***Deferred Tax related to Assets and Liabilities arising from a Single Transaction*** The amendments clarify that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.	1 January 2023

New and revised IFRSs	Effective for annual periods beginning on or after
Amendments to IAS 8 *Definition of Accounting Estimates* The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error.	1 January 2023
Amendments to IAS 1 and IFRS Practice Statement 2 *Disclosure of accounting policies* The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy. Examples of when an accounting policy is likely to be material are added. To support the amendment, the Board has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.	1 January 2023
Annual Improvements to IFRS Standards 2018-2020 cycle amending IFRS 1, IFRS 9, IFRS 16 and IAS 41	The amendments to IFRS 1, IFRS 9 and IAS 41 are effective from 1 January 2022 and the effective date for amendments to IFRS 16 Leases are not yet decided.

The above stated new standards and amendments are not expected to have any significant impact on financial statements of the Company.

There are no other applicable new standards and amendments to published standards or IFRIC interpretations that have been issued that would be expected to have a material impact on the financial statements of the Company.

3. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRSs as issued by the International Accounting Standard Board (IASB).

Basis of preparation

The financial statements have been prepared in United States Dollar (USD), which is the Company's functional and presentation currency and all values are rounded to the nearest thousands (USD'000) except when otherwise stated.

These financial statements have been prepared on historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Going concern

The directors have, at the time of approving financial statements, a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing these financial statements.

Property and equipment

Property and equipment are stated at cost less accumulated depreciation and impairment losses, if any. The historical cost consists of expenses related directly to the acquisition of the asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. 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 statement of profit or loss as incurred.

Depreciation is calculated based on the estimated useful lives of the applicable assets on a straight-line basis commencing when the assets are ready for their intended use. The estimated useful lives, residual values and depreciation methods are reviewed at each statement of financial position date, with the effect of any changes in estimate accounted for on a prospective basis. Depreciation is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

	Years
Building and yards	10 – 20
Drilling rigs and equipment	8 – 20
Camps and equipment	4 – 10
Motor vehicles	4
Furniture, fixtures and office equipment	4

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

The repair and maintenance expenses are included in the statement of profit or loss and other comprehensive income when incurred.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the statement of profit or loss and other comprehensive income.

Capital work in progress

Capital work in progress is included in property and equipment at cost on the basis of the percentage completed at the reporting date. The capital work in progress is transferred to the appropriate asset category and depreciated in accordance with the above policies when construction of the asset is completed and the asset is commissioned and available for uses.

Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its property and equipment and rights of use to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

The recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis and includes invoice value, freight and other expenses incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Leases

The Company as lessee
The Company assesses whether contract is or contains a lease, at inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;

- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease

The lease liability is presented as a separate line item in the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revise discount rate is used).
- a lease contract is modified, and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use of asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use of assets are presented as a separate line in the statement of financial position.

The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for an identified impairment loss as described in the 'Impairment of tangible and intangible assets' policy.

As a practical expedient, IFRS16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement.

Employee benefits

Provision is made for the estimated liability for employees' entitlement to annual leave and leave passage as a result of services rendered by eligible employees up to the reporting date. Provision is made for the full amount of end of service benefits due to employees in accordance with the UAE Labour Law, for their period of service up to the end of the reporting date.

The provision relating to annual leave and leave passage is disclosed as a current liability, while that relating to end of service benefit is disclosed as a non-current liability.

Provisions

Provisions are recognised when the Company has an obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and able to be reliably measured.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

Revenue

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

Drilling services
The drilling services represent drilling contracts that includes rig packages, including crews and support equipment, to its customers. Contracts may be for a single well, multiple wells or a fixed term.

The Company's drilling services provided under each drilling rig contract is a single performance obligation satisfied over time and is comprised of a series of distinct time service periods in which the Company provides drilling services.

Variable consideration is assessed to the extent that it is probable that a significant reversal will not occur during the contract term. When determining if variable consideration should be recognised, management considers whether there are factors outside of the Company's control that could result in a significant reversal of revenue as well as the likelihood and magnitude of a potential reversal of revenue.

Revenue from reimbursable goods and services
Revenue from reimbursable goods and services represents mark-ups on certain equipment, materials and supplies, third party services and other expenses acquired at the request of the customer.

Foreign currencies

For the purpose of these financial statements United States Dollar (USD) is the functional and the presentation currency of the Company.

Transactions in currencies other than USD (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise.

Financial instruments

Financial assets and financial liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the statement of profit or loss and other comprehensive income.

Financial assets

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets. The Company does not currently have any financial assets that are measured at fair value.

Financial assets designated at amortised cost
Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is 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.

Amortised cost and effective interest rate method
The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Company recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Interest income is recognised in the statement of profit or loss and other comprehensive income.

Impairment of financial assets
The Company recognises a loss allowance for expected credit losses on trade receivables and due from related parties. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company always recognises lifetime ECL for trade receivables and due from related parties. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

i. *Significant increase in credit risk*

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

For financial guarantee contracts, the date that the Company becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a financial guarantee contracts, the Company considers the changes in the risk that the specified debtor will default on the contract.

The Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

The Company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

- The financial instrument has a low risk of default;
- The borrower has a strong capacity to meet its contractual cash flow obligations in the near term, and
- Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

ii. *Definition of default*

The Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full (without taking into account any collateral held by the Company).

Irrespective of the above analysis, the Company considers that default has occurred when a financial asset is more than 365 days past due unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

iii. *Write-off policy*

The Company writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery.

Derecognition of financial assets
The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity instruments

Classification as debt or equity
Debt and equity instruments are classified as either financial liabilities or equity in accordance with the substance of the contractual arrangement.

Equity instruments
An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recorded at the proceeds received, net of direct issue costs.

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

Financial liabilities measured subsequently at amortised cost
All financial liabilities are measured subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Derecognition of financial liabilities
The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount is reported in the 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.

Employees' pension

The Company makes pension contributions on behalf of UAE citizens in accordance with the Emirate of Abu Dhabi Law No. 2 of 2000. The contributions are treated as payments to a defined contribution pension plan. A defined contribution plan is a pension plan under which fixed contributions are paid into a separate pension entity fund.

The Company has no legal or constructive obligations to pay further contributions if the Abu Dhabi Retirement Pensions & Benefits Fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The contributions are recognised as employee benefit expenses when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

Value added tax

Value added tax ('VAT') represents a standard rate of 5% that shall be imposed on any supply or import pursuant to Article (2) of the Federal Decree Law No. (8) of 2017 on the value of the supply or import as specified in the provisions of this Decree Law, effective from 1 January 2018.

- VAT payable, is payable to the Tax Federal Authority upon collection of receivables from customers. VAT on purchases, which have been settled at the date of the statement of financial position, are deducted from the amount payable.
- VAT receivable, relates to purchases which have not been settled at the date of the statement of financial position, VAT receivable is reclaimable against sales VAT upon payment of the purchases.

4. Key judgement and source of estimation and uncertainty

The preparation of the financial statements in compliance with IFRSs requires the management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses and disclosure of contingent assets and contingent liabilities. Future events may occur which will cause the assumptions used in arriving at the estimates to change. The effects of any change in estimates are reflected in the financial statements as they become reasonably determinable.

Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting judgments

In the process of applying the Company's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Revenue presentation
Third party rig rental contracts are those which are entered into with third parties for the benefit of related parties. In such contracts, the Company neither has control over the rigs or services provided by the third party nor takes delivery of the rigs prior to its deployment by the related parties. In addition, the Company enters into back-to-back arrangements with related parties on the same term as it does with the third parties (which is contractually acknowledged by the third parties). Consequently, management has concluded that it is acting as an agent in these arrangements. Accordingly, revenue and cost relating to these services are presented on a net basis. Had management concluded that they were acting as principal in these transactions, revenue and direct costs would have been higher by USD 178,120 thousand in the current year (2020: USD 306,355 thousand).

Contract modifications
The Company, from time to time and in the normal course of business, amends its revenue contracts with related parties. Significant judgment is required to determine whether, based on the status of ongoing negotiations, it is highly probable that a significant reversal in the amount of cumulative revenue recognised will occur at the conclusion of such negotiations.

In the previous year, the contract with ADNOC Offshore was concluded which resulted in the issuance of a credit note amounting to USD 41,717 thousand.

Determining the lease term
Certain leases are entered into with a related party which contain clauses for automatic annual renewal of the lease term unless either party provides a notice to not extend the lease. In determining the lease term, management considers all facts and circumstances that create an economic incentive to not exercise a termination option. Periods after termination options are only included in the lease term if the lease is reasonably certain to be not terminated. Management consider all facts and circumstances that create an economic incentive to not terminate the lease to determine the appropriate lease terms.

During the year ended 31 December 2021, no significant events or significant change in circumstances occurred that caused the management to reassess the lease term of such contracts.

Key sources of estimation uncertainty

Impairment of property and equipment
Property and equipment are assessed for impairment based on assessment of cash flows on individual cash generating units when there is indication of impairment. Management identified impairment indicators in the current year for property and equipment and recognised impairment losses to bring the asset value to its recoverable which amounted to USD 10,321 thousand (2020: USD Nil).

Provision for slow moving or obsolete inventories
When inventories become old or obsolete, an estimate is made of their net realisable value. Inventory items are categorised based on their aging and accordingly for each category are recognised as a provision for obsolete and slow moving inventories. Provision for obsolete and slow moving inventories at 31 December 2021 amounted to USD 25,158 thousand (2020: USD 20,377 thousand).

Covid-19
In January 2020, the World Health Organization (WHO) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the "Covid-19 outbreak"). Subsequently (March 2020), the WHO classified Covid-19 outbreak as a pandemic based on the rapid increase in exposure and infections across the world. Covid-19 has significantly impacted the world economy and may continue to do so in the years to come. Many countries-imposed travel bans, lockdowns and quarantine measures. While most countries have now eased the previously imposed lockdowns, the relaxations have been gradual and, in some cases, stricter measures have been re-imposed to deal with renewed outbreaks.

Covid-19 has also resulted in significant volatility in the financial and commodities markets worldwide. Various governments have provided both financial and non-financial assistance to disrupted industry sectors and the affected businesses. There remains significant divergence in the speed at which vaccines are being deployed globally. In addition, the emergence of new variants of the virus emphasises the on-going challenges and uncertainty surrounding economic activity, which continues to be significantly impacted by Covid-19. The timing and degree of recovery will depend on how quickly countries are able to roll out vaccines, the level of infections and the nature and level of continuing support to mitigate the impact of the pandemic particularly on vulnerable economic sectors.

Owing to this, macro-economic uncertainty continuous to exist with regards to prices and demand for oil, gas and products. From the outset of the pandemic, the Company undertook measures to minimise the impact of Covid-19 pandemic, in line with the recommendations of WHO and National Health Ministries, to preserve the health of its employees and support the prevention of contagion in administrative and operational areas, by implementing work from home, wherever possible, rigorous cleaning of workplaces, distribution of personal protective equipment, frequent testing of workforce to identify suspected cases. The Company continues to regularly assess the impact of Covid-19 on its business and although the financial year 2021 is the second annual reporting period impacted by the Covid-19 pandemic, the economic and financial impacts are still evolving.

The Company continues to incur additional direct and indirect costs of ongoing pandemic; however, the management believes that the Company is gearing up to ramping up operations to emerge stronger after the pandemic by considering fundamental changes to the ways business is conducted, including developing cost containment strategies, diversifying supply chains, and making other operational modifications such as dynamic manpower optimizations to minimise impact on its operations.

The impact of this outbreak has had no material impact on the loss allowance on trade receivables and due from related parties.

5. Property and equipment

	Building and yards USD'000	Drilling rigs and equipment USD'000	Camps and equipment USD'000	Motor vehicles USD'000	Furniture fixtures and office equipment USD'000	Construction work- in progress USD'000	**Total USD'000**
Cost							
At 1 January 2020	89,167	5,200,422	264,241	42,978	51,655	150,503	**5,798,966**
Additions during the year	273	119,370	–	145	1,528	254,691	**376,007**
Disposals	(743)	(1,871)	–	–	(16)	–	**(2,630)**
Transfers	–	93,879	–	78	9,804	(103,761)	**–**
Reclassification	(249)	264,323	(264,241)	(14,751)	13,157	1,761	**–**
At 1 January 2021	88,448	5,676,123	–	28,450	76,128	303,194	**6,172,343**
Additions during the year	–	81,421	–	–	23	423,357	**504,801**
Transfers	16	327,708	–	299	9,466	(337,489)	**–**
At 31 December 2021	88,464	6,085,252	–	28,749	85,617	389,062	**6,677,144**
Depreciation and impairment							
At 1 January 2020	55,673	2,281,781	132,190	41,975	44,265	–	**2,555,884**
Charge for the year	2,760	347,166	–	770	6,341	–	**357,037**
Eliminated on disposals	(297)	(1,701)	–	–	(16)	–	**(2,014)**
Reclassification	–	133,794	(132,190)	(14,550)	12,946	–	**–**
At 1 January 2021	58,136	2,761,040	–	28,195	63,536	–	**2,910,907**
Charge for the year	2,735	383,264	–	157	6,317	–	**392,473**
Impairment	36	9,117	–	59	1,109	–	**10,321**
At 31 December 2021	60,907	3,153,421	–	28,411	70,962	–	**3,313,701**
Carrying amount							
At 31 December 2021	27,557	2,931,831	–	338	14,655	389,062	**3,363,443**
At 31 December 2020	30,312	2,915,083	–	255	12,592	303,194	**3,261,436**

During the year, the Company performed an impairment assessment and concluded that for certain assets, the recoverable amount was lower than the carrying value of the assets. As a result, the Company has recognised an impairment of USD 10,321 thousand (2020: USD Nil).

The depreciation is allocated as follows:

	2021 USD'000	2020 USD'000
Direct cost (note 16)	**374,954**	348,573
General and administrative expenses (note 17)	**17,519**	8,464
	392,473	**357,037**

Property and equipment include assets that are still in use and which are fully depreciated amounting to USD 879,872 thousand (2020: USD 776,311 thousand).

6. Right-of-use assets and lease liabilities

Amounts recognised in the statement of financial position:

	2021 USD'000	2020 USD'000
Right-of-use assets		
At 1 January	39,301	15,941
Additions during the year	11,115	15,960
Lease modification	7,743	16,577
Depreciation for the year	(23,775)	(9,177)
At 31 December	34,384	39,301
Lease liabilities		
At 1 January	40,112	19,366
Additions during the year	11,115	15,960
Lease modification*	7,743	16,577
Accretion of interest	783	521
Payments	(20,405)	(12,312)
At 31 December	39,348	40,112
Disclosed as follows:		
Current	20,317	11,723
Non-current	19,031	28,389
	39,348	40,112

Amounts recognised in the statement of profit or loss and other comprehensive income:

	2021 USD'000	2020 USD'000
Direct cost (note 16)	16,811	8,129
General and administrative expenses (note 17)	6,964	1,048
	23,775	9,177

* The Company and the lessor agreed to amend the annual lease payments for an additional period of 2 years from the original contract period for lease of hire equipment. The Company accounted it as a lease modification and remeasured the lease liability to reflect the modified lease payments discounted at a revised incremental borrowing rate ("IBR") of 1.5%. This resulted in lease modification amounting to USD 7,743 thousand.

During the previous year, the Company and lessor agreed to amend the annual lease payments for the remaining 5 years for lease of office building. The Company accounted it as a lease modification and remeasured the lease liability to reflect the modified lease payments discounted at a revised incremental borrowing rate ("IBR") of 1.5%. This resulted in lease modification amounting to USD 16,577 thousand.

7. Inventories

	2021 USD'000	2020 USD'000
Inventories	200,183	197,430
Less: allowance for slow moving or obsolete inventories	(25,158)	(20,377)
	175,025	177,053

The movement in the allowance for slow moving or obsolete inventories during the year was as follows:

	2021 USD'000	2020 USD'000
At 1 January	20,377	22,316
Charge/(reversal) during the year	4,781	(1,939)
At 31 December	25,158	20,377

8. Trade and other receivables

	2021 USD'000	2020 USD'000
Trade receivables	28,613	20,028
Advances	36,280	67,709
Accrued revenue	18,554	10,159
Insurance prepayment	5,665	5,306
Other receivables	13,342	36,094
	102,454	139,296

9. Cash and cash equivalents

	2021 USD'000	2020 USD'000
Cash in bank	452,795	953,152
Cash on hand	306	313
	453,101	953,465

Included within cash in bank is an amount of USD 451,752 thousand (2020: USD 951,993 thousand) held by ADNOC. Cash held by ADNOC are funds held on behalf of the Company and are available on demand.

10. Share capital and statutory reserve

	2021 USD'000	2020 USD'000
Ordinary share capital of USD: 0.0272294 (AED: 0.10) each (2020 USD: 27.2294 (AED: 100) each)	435,671	108,918

The movement in ordinary share capital and fully paid is as follows:

	Number of shares ('000)	USD'000
At 1 January 2021	4,000	108,918
Share split AED 100 to AED 0.10 (note 1)	3,996,000	–
Capitalisation	12,000,000	326,753
At 31 December 2021	**16,000,000**	**435,671**

During the year, the shareholders resolved to increase the ordinary share capital by USD 326,753 thousand by issuance of 12,000,000 thousand ordinary shares of AED 0.10 (USD: 0.0272294) each by way of capitalisation of retained earnings.

In accordance with the UAE Federal Law No. 2 of 2015 (as amended), and the Articles of Association of the Company, 10% of the profit is transferred to a non-distributable statutory reserve. Such transfer is required to be made until the reserve is equal to 50% of the paid up share capital.

11. Borrowings

	2021 USD'000	2020 USD'000
Non-current		
Syndicated loan	1,500,000	1,500,000

In 2018, the Company obtained syndicated loan from multiple banks, as listed below, to finance the payment of dividends to the shareholder which was declared and paid during the year ended 31 December 2020 and 2019.

The borrowings presented in the statement of financial position consist of the following:

Type	Currency	Interest rate	Year of maturity	2021 USD'000	2020 USD'000
Syndicated loan	USD	LIBOR + 0.9%	2023	1,500,000	1,500,000

The facility carries a fixed margin of 0.9% and one month LIBOR interest rate. The loan matures in a lump sum amount after 5 years from utilisation facility request date with each respective bank.

11. Borrowings (Cont)

	2021 USD'000	2020 USD'000
First Abu Dhabi Bank (note 14)	375,000	375,000
Sumitomo Mitsui Banking Corporation	375,000	375,000
Abu Dhabi Commercial Bank (note 14)	375,000	375,000
Bank of America Merrill Lynch International Limited	75,000	75,000
Citibank	75,000	75,000
Mizuho Bank	75,000	75,000
Sgbtci SA	75,000	75,000
UniCredit Bank Austria AG	75,000	75,000
	1,500,000	1,500,000

On 24 October 2021, the Company entered into a syndicated Term and Revolving Facilities Agreement with multiple banks and financial institutions, for general corporate purpose and without limitation shall include payment of dividends, payments for products and services to develop integrated services abilities and the payment of transaction costs associated with the facilities.

The facilities carry a fixed margin of 0.8% and six-month LIBOR interest rate. The facilities terminate four (4) years from the date of the agreement. No drawdown has been made as at 31 December 2021 against these facilities.

	Facility A – Revolving Loan USD'000	Facility B – Term Loan USD'000
Abu Dhabi Commercial Bank	165,000	110,000
First Abu Dhabi Bank	165,000	110,000
J.P. Morgan Securtities PLC	90,000	60,000
HSBC Bank Midde East	90,000	60,000
Bank of America Europe Designated Activity Company	60,000	40,000
Societe Generale	60,000	40,000
Emirates NBD Capital Limited	60,000	40,000
Goldman Sachs Bank USA	60,000	40,000
	750,000	500,000

Pursuant to the above-mentioned Term and Revolving Facilities Agreement, Abu Dhabi National Oil Company (ADNOC), on 23 November 2021, terminated the Shareholder Loan (Refer note 14) of USD 1,250,000 thousand which was entered into by the Company via Shareholder Loan Agreement dated 16 August 2021.

12. Provision for employees' end of service benefits

The movement in the provision for employees' end of service benefit is as follows:

	2021 USD'000	2020 USD'000
At 1 January	86,460	87,496
Charge during the year (note 18)	33,180	12,691
Paid during the year	(6,280)	(11,190)
Reversal during the year	–	(2,537)
At 31 December 2021	**113,360**	**86,460**

13. Trade and other payables

	2021 USD'000	2020 USD'000
Accrued expenses	177,167	322,595
Trade payable	107,831	66,361
Retention payable	11,895	3,818
Accrual for employees' benefits	12,072	14,678
Pension payable	4,685	3,707
Other payables	1,263	2,630
	314,913	**413,789**

The average credit period on purchases is 60 days (2020: 60 days). The Company has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

14. Related party balances and transactions

Related parties represent the shareholders, directors and key management personnel of the Company, and entities controlled, jointly controlled or significantly influenced by such parties and the Government of the Emirate of Abu Dhabi and its related parties. Pricing policies and terms of these transactions are approved by the Company's management.

The Company's transaction with other entities owned or controlled, either directly or indirectly by the Government of Abu Dhabi, included in the statement of financial position are as follows:

	2021 USD'000	2020 USD'000
Due from related parties (a)	81,607	136,924
Other balances due from related parties (b)	878,793	765,677
	960,400	**902,601**
(a) Due from related parties		
ADNOC Offshore	81,099	135,569
Abu Dhabi National Oil Company (ADNOC)	280	933
ADNOC Refining	134	128
ADNOC Sour Gas	55	96
Al Dhafrah JV	21	54
ADNOC Gas Processing	18	18
Abu Dhabi National Oil Company for Distribution	–	126
	81,607	**136,924**

At 31 December 2021, the Company had a significant concentration of credit risk, with one of the customer representing 99% (2020: one customer representing 99%) of related parties receivables outstanding at that date.

14. Related party balances and transactions (Cont)

Management is confident that this concentration of credit risk will not result in any loss to the Company considering the credit history of these customers and the fact that those balances are due from sister companies majority owned by ADNOC, which is wholly owned by the Government of Abu Dhabi. Fitch Ratings has given ADNOC Group a standalone credit rating of AA+ and a long-term issuer default rating of AA with a stable outlook, in line with the sovereign rating of Abu Dhabi.

Due from related party balances that are less than one month from invoice date are not considered impaired. As at 31 December 2021, related party balances of USD 49,181 thousand (2020: USD 89,880 thousand) were neither past due nor impaired.

As at 31 December, the ageing of related party balances was as follows:

	2021 USD'000	2020 USD'000
Not past due	49,181	89,880
Due from 31 to 60 days	3,977	13
Due from 61 to 90 days	3,004	9,242
Due from more than 91 days	25,445	37,789
	81,607	**136,924**
(b) Other balances due from related parties (i)		
ADNOC Onshore	653,799	575,768
ADNOC Offshore (ii)	223,776	189,332
ADNOC Sour Gas	863	482
Al Dhafra JV	355	95
	878,793	**765,677**
Advance to a related party		
Baker Hughes Holding SPV Ltd.(iii)	–	408

(i) Other balances due from related parties represents revenue generated from providing drilling services but not yet billed. Billing will occur based on the terms of the contract. The contract assets primarily relate to the Company's rights to consideration for the provided drilling services to the Company's clients but not billed at the reporting date.

(ii) This balance is presented net of an amount of USD Nil (2020: USD 41,717 thousand) for a credit note issued in the previous year (note 15).

(iii) Baker Hughes Holding SPV Ltd. is no longer considered a related party in accordance with the requirements of IAS 24 Related Party Disclosures.

	2021 USD'000	2020 USD'000
Due to related parties		
ADNOC Onshore	231,154	102,655
Abu Dhabi National Oil Company for Distribution	76,403	44,852
Abu Dhabi National Oil Company (ADNOC)	19,580	34,593
ADNOC Logistics & Services	5,244	3,538
ADNOC Refining	1,015	–
	333,396	**185,638**

The balances due to/from related parties are non-interest bearing and are payable/receivable on demand.

14. Related party balances and transactions (Cont)

	2021 USD'000	2020 USD'000
Loan from related parties (note 11)		
First Abu Dhabi Bank	375,000	375,000
Abu Dhabi Commercial Bank	375,000	375,000
	750,000	750,000
Cash and cash equivalents (note 9)		
Abu Dhabi National Oil Company (ADNOC)	451,752	951,993
First Abu Dhabi Bank	932	1,019
Abu Dhabi Commercial Bank	111	140
	452,795	953,152

Shareholder Loan Agreement

On 16 August 2021, the Company entered into a shareholder loan facility ("Facility") of USD 1,250,000 thousand with ADNOC ("the Shareholder Loan Agreement"). The purpose of the Facility was to provide financing for working capital and general corporate purposes. Pursuant to the Shareholder Loan Agreement (i) the Facility maturity date was to be 30 June 2023, unless extended, cancelled in the event of non-utilisation or the Facility is repaid in accordance with the terms of the Shareholder Loan Agreement; and (ii) interest was to be the aggregate of six (6) month LIBOR plus a margin of 1.2% per annum, payable biannually on 30 June and 31 December of each year. The principal amount of the Facility was payable upon maturity or termination. The Shareholder Loan Agreement contained no maintenance or incurrence covenants. This agreement was terminated on 23 November 2021 and there was no draw down from the Facility in 2021.

Significant transactions with related parties during the year are as follows:

	2021 USD'000	2020 USD'000
Revenue		
ADNOC Onshore	1,262,004	1,156,899
ADNOC Offshore	886,499	881,669
Abu Dhabi National Oil Company (ADNOC)	52,889	900
ADNOC Sour Gas	–	498
Al Dhafrah JV	–	51
	2,201,392	2,040,017
Purchases		
Abu Dhabi National Oil Company (ADNOC)	22,780	33,191
ADNOC Logistics & Services	8,931	15,075
ADNOC Distribution	78,929	42,571
ADNOC Onshore	–	23
	110,640	90,860
Other income		
Abu Dhabi National Oil Company (ADNOC)	2,427	–
Finance income		
Abu Dhabi National Oil Company (ADNOC)	624	413
Lease payments		
Abu Dhabi National Oil Company (ADNOC)	20,405	12,113
Key management compensation		
Compensation of key management personnel	4,108	2,960
Board of Directors members	7	7
Key management personnel	8	6

15. Revenue

The Company derives revenue from the transfer of drilling services over time from the following major product lines:

	2021 USD'000	2020 USD'000
Drilling services	2,260,618	2,080,462
Facilitation of rigs rental	8,852	17,398
	2,269,470	2,097,860

Included in revenue for drilling services for the year ended 31 December 2020 is a discount of USD 41,717 thousand related to a credit note issued by the Company to a related party for past services performed. The credit note issued resulted from commercial negotiations with the related party which were concluded during the year ended 31 December 2020 (refer to note 4).

As at 31 December 2021, Management does not have unsatisfied performance obligations that will be recognised as revenue during the next financial year. The amount disclosed above does not include variable consideration which is constrained.

16. Direct cost*

	2021 USD'000	2020 USD'000
Staff costs (note 18)	465,594	452,227
Depreciation of property and equipment (note 5)	374,954	348,573
Repairs and maintenance	152,716	146,885
Chemicals	111,592	91,207
Fuel and lubricants	83,794	61,591
Major maintenance charges	81,314	89,066
Hire of equipment	79,995	66,659
Depreciation of right-of-use assets (note 6)	16,811	8,129
Other direct cost	18,432	27,605
	1,385,202	1,291,942

17. General and administrative expenses*

	2021 USD'000	2020 USD'000
Staff costs (note 18)	199,074	165,185
Depreciation of property and equipment (note 5)	17,519	8,464
Impairment of property and equipment (note 5)	10,321	–
Depreciation of right-of-use assets (note 6)	6,964	1,048
Other expenses	39,640	40,608
	273,518	215,305

* Comparative figures within direct cost and general and administrative expenses have been reclassified to conform to current period presentation.

18. Staff costs*

	2021 USD'000	2020 USD'000
Salaries and allowances	531,587	508,314
End of service benefits (note 12)	33,180	12,691
Pension	22,685	22,524
Other employees' benefits	77,216	73,883
	664,668	617,412

* Comparative figures within direct cost and general and administrative expenses have been reclassified to conform to current period presentation.

19. Finance cost, net

	2021 USD'000	2020 USD'000
Finance income	728	872
Less: finance costs	(17,700)	(25,346)
	(16,972)	(24,474)

20. Dividends

On 16 March 2021, the shareholders approved a declaration of dividend amounting to USD 700,000 thousand (2020: USD 700,000 thousand) pertaining to 2020, in accordance with the Shareholders' Agreement in the relevant shareholding portions of USD 665,000 thousand (2020: USD 665,000 thousand) for ADNOC and USD 35,000 thousand (2020: USD 35,000 thousand) for Baker Hughes Holdings SPV LTD. The dividend was fully paid on 22 March 2021.

On 21 August 2021, the shareholders approved declaration of interim dividend for 2021 amounting to USD 360,300 thousand in accordance with the Shareholders' Agreement in the relevant shareholding portions of USD 342,285 thousand (2020: Nil) for ADNOC and USD 18,015 thousand (2020: Nil) for Baker Hughes Holdings SPV LTD. The dividend was fully paid on 30 August 2021.

21. Commitments and contingencies

	2021 USD'000	2020 USD'000
Capital commitments – rigs procurement	89,659	66,350
Bank guarantees	87	48

The above commitments, bank guarantees and letters of credit were issued in the normal course of business.

22. Financial instruments by category

	2021 USD'000	2020 USD'000
Financial assets		
Trade and other receivables	41,955	56,122
Due from related parties	81,607	136,924
Cash and cash equivalents	453,101	953,465
	576,663	1,146,511
Financial liabilities		
Borrowings	1,500,000	1,500,000
Trade and other payables	314,913	413,789
Due to related parties	333,396	185,638
Lease liabilities	39,348	40,112
	2,187,657	2,139,539

23. Financial instruments

Financial risk management

The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk, cash flow and fair value interest rate risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

Market risk management

Foreign exchange risk
Foreign exchange risk is limited as the Company's transactions are principally in UAE Dirhams or US Dollars. As the UAE Dirham is pegged to the US Dollar, balances in AED are not considered to represent significant currency risk.

Price risk
The Company has no significant direct exposure to commodity price risk. Reduction in oil prices may lead to reduction in the level of future drilling services procured by customers who have significant exposure to oil and gas prices.

Cash flow and fair value interest rate risk
The following table demonstrates the sensitivity to reasonably possible changes in interest rates, with all other variables held constant, of the Company's profit.

	Effect on profit USD'000
2021	
+10 increase in basis points	(1,500)
-10 increase in basis points	1,500
2020	
+10 increase in basis points	(1,500)
-10 increase in basis points	1,500

The fair values of the Company's financial instruments are not materially different from their carrying amounts.

23. Financial instruments (Cont)

Market risk management (continued)

Credit risk management

Credit risk arises from balances with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables, due from group companies and committed transactions. Management assesses the credit quality of its customers, taking into account financial position, past experience and other factors. Individual risk limits are based on management's assessment on a case-by-case basis. The utilisation of credit limits is regularly monitored.

The Company's policy is to place cash and cash equivalents with reputable banks and financial institutions and the Company's management does not expect any losses from non-performance of its counterparties as it believes that adequate allowance has been created against the impaired receivables.

The Company's trade receivable balances are monitored on an ongoing basis with the result that the Company's exposure to bad debts is not significant. The maximum exposure is the carrying amount of the trade receivables as disclosed in note 8.

Liquidity risk management

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company ensures that it has sufficient cash on demand to meet expected operational expenses for a short term period, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. The table below summarises the maturity profile of the Company's financial liabilities at 31 December 2021 and 2020 based on the contractual undiscounted payments.

	Notes	Carrying value USD'000	Contractual cash flows USD'000	1 year or less USD'000	More than 1 year USD'000
31 December 2021					
Lease liabilities	6	39,348	42,091	21,017	21,074
Borrowings	11	1,500,000	1,547,104	15,701	1,531,403
Trade and other payables	13	314,913	314,913	314,913	–
Due to related parties	14	333,396	333,396	333,396	–
		2,187,657	**2,237,504**	**685,027**	**1,552,477**
31 December 2020					
Lease liabilities	6	40,112	40,231	14,691	25,540
Borrowings	11	1,500,000	1,547,104	15,701	1,531,403
Trade and other payables	13	413,789	413,789	413,789	–
Due to related parties	14	185,638	185,638	185,638	–
		2,139,539	**2,186,762**	**629,819**	**1,556,943**

Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for its shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The policies are based on management's assessment of available options, in conjunction with the shareholders.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders or issue new shares.

The Company monitors capital on the basis of its gearing ratio. This ratio is calculated as net debt divided by total equity plus net debt. Net debt is calculated as total borrowings (including current and non-current borrowings as shown in the statement of financial position) less cash and cash equivalents. Total capital is calculated as total equity as shown in the statement of financial position plus net debt.

24. Segment reporting

Information regarding the Company's operating segments is set out below in accordance with IFRS 8 *Operating Segments*. IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Company that are regularly reviewed by the Chief Executive Officer, as the Chief Operating Decision Maker (CODM), in order to allocate resources to the segment and to assess its performance. Information reported to the Chief Executive Officer for the purpose of resource allocation and assessment of segment performance focuses on the financial performance of each business segment and property and equipment only. No information that includes the segments' assets (excluding property and equipment) and liabilities are reported to the Chief Executive Officer.

For management purpose the Company is organised into four operating segments, all of which are referred to as 'business units':

Onshore segment is the largest segment with land rigs, water wells, work over rigs deployed mainly across ADNOC Onshore with a few rigs also assigned to other concessions within the ADNOC group.

Offshore Jackup with owned jackups and some rentals predominantly meeting the ADNOC Offshore drilling needs with a few rigs also assigned to other concessions within the ADNOC group.

Offshore Island rigs is the third largest segment representing the Island part of ADNOC Offshore's requirement.

Oilfield Services (OFS) segment was created through the partnership with Baker Hughes in late 2018 and provides other services.

The Company operates solely in United Arab Emirates and accordingly no further geographical analysis of revenue, profit, assets and liabilities has been provided.

The revenue reported represents revenue generated from external customers only. There were no inter-segment sales in current or previous year.

Earnings before interest, tax, depreciation and amortisation "EBITDA" is the measure of the profitability being reviewed by the CODM which is the profit for the year before finance cost, net (both of which are as presented in statement of profit or loss and other comprehensive income) and depreciation and impairment (note 16 & 17).

Refer to note 14 for analysis of revenue from major customers.

	Onshore USD'000	Offshore Jackup USD'000	Offshore Island USD'000	OFS USD'000	**Total USD'000**
31 December 2021					
Revenue	1,140,139	595,831	203,880	329,620	2,269,470
Direct cost (excluding depreciation)	(514,707)	(168,550)	(52,176)	(258,004)	(993,437)
Gross profit	**625,432**	**427,281**	**151,704**	**71,616**	**1,276,033**
General and administrative expenses (excluding depreciation and impairment)	(138,723)	(74,993)	(24,998)	–	(238,714)
Other income, net	6,478	2,728	909	20	10,135
EBITDA	**493,187**	**355,016**	**127,615**	**71,636**	**1,047,454**

EBITDA is reconciled to profit for the year as follows:

	Onshore USD'000	Offshore Jackup USD'000	Offshore Island USD'000	OFS USD'000	**Total USD'000**
EBITDA	493,187	355,016	127,615	71,636	1,047,454
Depreciation included in direct cost	(167,663)	(134,526)	(44,262)	(45,314)	(391,765)
Depreciation and impairment included in general and administrative expenses	(21,196)	(10,206)	(3,402)	–	(34,804)
Total depreciation and impairment	**(188,859)**	**(144,732)**	**(47,664)**	**(45,314)**	**(426,569)**
Finance cost, net	(11,288)	(4,263)	(1,421)	–	(16,972)
Profit for the year	**293,040**	**206,021**	**78,530**	**26,322**	**603,913**

24. Segment reporting (Cont)

	Onshore USD'000	Offshore Jackup USD'000	Offshore Island USD'000	OFS USD'000	**Total USD'000**
31 December 2020					
Revenue	1,075,939	596,694	202,612	222,615	2,097,860
Direct cost (excluding depreciation)	(485,284)	(196,736)	(67,883)	(185,337)	(935,240)
Gross profit	**590,655**	**399,958**	**134,729**	**37,278**	**1,162,620**
General and administrative expenses (excluding depreciation)	(115,243)	(80,672)	(9,878)	–	(205,793)
Other income, net	1,467	814	276	338	2,895
EBITDA	**476,879**	**320,100**	**125,127**	**37,616**	**959,722**

EBITDA is reconciled to profit for the year as follows:

	Onshore USD'000	Offshore Jackup USD'000	Offshore Island USD'000	OFS USD'000	**Total USD'000**
EBITDA	476,879	320,100	125,127	37,616	959,722
Depreciation included in direct cost	(162,311)	(133,543)	(42,533)	(18,315)	(356,702)
Depreciation included in general and administrative expenses	(5,327)	(3,728)	(457)		(9,512)
Total depreciation	**(167,638)**	**(137,271)**	**(42,990)**	**(18,315)**	**(366,214)**
Finance cost, net	(13,705)	(9,594)	(1,175)	–	(24,474)
Profit for the year	**295,536**	**173,235**	**80,962**	**19,301**	**569,034**

The following table represents segment assets for the Company's operating segments as reviewed by Chief Operating Decision maker:

	Onshore USD'000	Offshore Jackup USD'000	Offshore Island USD'000	OFS USD'000	**Total USD'000**
31 December 2021					
Property and equipment	**940,129**	**1,669,016**	**251,156**	**503,142**	**3,363,443**
31 December 2020					
Property and equipment	1,031,971	1,520,538	265,460	443,467	**3,261,436**

25. Basic and diluted earnings per share

Earnings per share amounts are calculated by dividing the profit attributable to shareholders of the Company by the weighted average number of share outstanding during the year.

	2021	2020
Profit attributable to shareholders of the Company (USD'000)	**603,913**	**569,034**
Weighted average number of shares for the purpose of basic earnings per share ('000) (note 10)	**16,000,000**	**16,000,000**
Earnings per share (USD)	**0.038**	**0.036**

There are no dilutive securities, therefore diluted EPS is the same as basic EPS. The weighted average number of shares outstanding at 31 December 2021 are adjusted proportionately as if the share split and capitalisation had taken place at the start of the earliest year for which EPS is presented.

26. Subsequent event

The Board of Directors, in their meeting held on 10 February 2022, proposed a final cash dividend of AED 7.46 fils per share amounting to USD 325,000 thousand for the year ended 31 December 2021. The proposed dividend is subject to approval of the shareholders at the Annual General Meeting.

27. Approval of the financial statements

The financial statements were approved by the Board of Directors and authorised for issue on 10 February 2022.

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