

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

**UNAUDITED INTERIM CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE NINE-MONTH PERIOD ENDED
30 SEPTEMBER 2024 (UNAUDITED)**

INDEPENDENT AUDITORS' REVIEW REPORT ON THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF ADES HOLDING COMPANY (A LISTED JOINT STOCK COMPANY)

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of ADES Holding Company (A Listed Joint Stock Company) (the "Company") and its subsidiaries (collectively referred to as the "Group") as at 30 September 2024 and the related interim condensed consolidated statement of comprehensive income for the three-month and nine-month periods ended 30 September 2024, and the related interim condensed consolidated statements of changes in equity and cash flows for the nine-month period then ended, and explanatory notes (collectively referred to as "the interim condensed consolidated financial statements"). Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34") as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" endorsed in the Kingdom of Saudi Arabia. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 as endorsed in the Kingdom of Saudi Arabia.

For Ernst and Young Professional Services



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

Alkhubar: 3 Jumada Al-Ula 1446H
5 November 2024



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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the nine-month period ended 30 September 2024 (Unaudited)

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

		<i>Three-month period ended</i>		<i>Nine -month period ended</i>	
		<i>30 September</i>	<i>30 September</i>	<i>30 September</i>	<i>30 September</i>
		<i>2024</i>	<i>2023</i>	<i>2024</i>	<i>2023</i>
		<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	<i>Notes</i>	<i>SAR'000</i>	<i>SAR'000</i>	<i>SAR'000</i>	<i>SAR'000</i>
Revenues from contracts with customers	4	1,572,596	1,078,685	4,629,953	3,059,554
Cost of revenue		(957,049)	(663,799)	(2,837,696)	(1,863,777)
GROSS PROFIT		615,547	414,886	1,792,257	1,195,777
General and administrative expenses		(102,573)	(89,456)	(313,088)	(279,800)
End of service employment benefits		(11,124)	(13,959)	(39,463)	(38,123)
Share-based payments expense	12	(37,260)	-	(110,647)	-
Finance costs, net		(198,776)	(196,745)	(579,368)	(518,121)
Other taxes		(39,254)	(6,158)	(49,150)	(17,198)
Other expenses		(4,063)	(4,418)	(12,543)	(12,666)
Other income		27,302	522	37,152	1,538
Provision for impairment of trade receivables		(3,787)	-	(3,787)	-
PROFIT FOR THE PERIOD BEFORE INCOME TAX AND ZAKAT		246,012	104,672	721,363	331,407
Income tax and zakat expenses	5	(42,727)	(17,319)	(115,104)	(48,335)
PROFIT FOR THE PERIOD AFTER INCOME TAX AND ZAKAT		203,285	87,353	606,259	283,072
Attributed to:					
Equity holders of the parent		199,617	83,870	595,448	275,262
Non-controlling interests		3,668	3,483	10,811	7,810
		203,285	87,353	606,259	283,072
Earnings per share basic and diluted attributed to equity holders of the parent (In SAR per share)	11	0.18	0.10	0.54	0.44
OTHER COMPREHENSIVE (LOSS)/INCOME					
Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods (net of any tax)					
Net (loss)/gain on cash flow hedge		(79,155)	53,445	(22,481)	93,666
Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods (net of any tax)					
Net loss on equity instruments designated at fair value through other comprehensive income	15-b	(2,721)	-	(851)	-
OTHER COMPREHENSIVE (LOSS)/ INCOME FOR THE PERIOD, NET OF TAX		(81,876)	53,445	(23,332)	93,666
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX		121,409	140,798	582,927	376,738
Attributed to:					
Equity holders of the parent		117,741	137,315	572,116	368,928
Non-controlling interests		3,668	3,483	10,811	7,810
		121,409	140,798	582,927	376,738

The attached notes 1 to 18 form an integral part of these unaudited interim condensed consolidated financial statements.

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2024 (Unaudited)

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

	Notes	30 September 2024 (Un-audited) SAR'000	31 December 2023 (Audited) SAR'000
ASSETS			
Non-current assets			
Property and equipment	8	16,785,472	16,149,784
Intangible assets		4,010	354
Right of use assets		533,473	643,617
Financial instruments at fair values	15-a, 13	25,714	51,517
Prepayments and other receivables		236,770	221,366
Total non-current assets		17,585,439	17,066,638
Current assets			
Inventories	7	480,596	331,892
Trade receivables		998,113	844,731
Contract assets		522,965	389,489
Prepayments and other receivables		480,915	352,315
Due from related parties	13	5,105	5,105
Investments at fair value through other comprehensive income (FVOCI)	15-b, 13	99,450	-
Bank balances and cash	6, 13	883,392	432,282
Total current assets		3,470,536	2,355,814
TOTAL ASSETS		21,055,975	19,422,452
EQUITY AND LIABILITIES			
Equity			
Share capital	10	1,129,063	1,129,063
Share premium	10	2,890,367	2,890,367
Treasury shares	10	(30,056)	(33,872)
Cash flow hedge reserve		18,669	41,150
Fair value reserve of financial assets at FVOCI		(851)	-
Share-based payment reserve		37,336	-
Retained earnings		2,148,977	1,721,532
Equity attributable to equity holders of the parent		6,193,505	5,748,240
Non-controlling interests		29,497	28,667
Total equity		6,223,002	5,776,907
Liabilities			
Non-current liabilities			
Interest-bearing loans and borrowings	9, 13	10,153,428	9,169,595
Lease liability		402,152	487,358
Provisions		227,011	199,144
Deferred revenue		752,186	579,912
Deferred tax, net		80,416	61,331
Other payables		-	729
Total non-current liabilities		11,615,193	10,498,069
Current liabilities			
Trade and other payables		1,377,621	1,639,120
Deferred revenue		366,020	287,749
Income tax payable	5	63,007	30,218
Interest-bearing loans and borrowings	9, 13	1,167,364	1,180,103
Provisions		6,270	10,286
Dividends payable	17-b	237,498	-
Total current liabilities		3,217,780	3,147,476
Total liabilities		14,832,973	13,645,545
TOTAL EQUITY AND LIABILITIES		21,055,975	19,422,452



Dr. Mohamed Farouk
Vice Chairman



Hussein Badawy
Chief Financial Officer

The attached notes 1 to 18 form an integral part of these unaudited interim condensed consolidated financial statements.

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine-month period ended 30 September 2024 (Unaudited)

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

	<i>Attributable to the equity holders of the parent</i>									
	<i>Share capital</i> SAR'000	<i>Share premium</i> SAR'000	<i>Treasury shares</i> SAR'000	<i>Fair value reserve of financial assets at FVOCI</i> SAR'000	<i>Cash flow hedge reserve</i> SAR'000	<i>Retained earnings</i> SAR'000	<i>Share based payment reserve</i> SAR'000	<i>Total</i> SAR'000	<i>Non-controlling interest</i> SAR'000	<i>Total equity</i> SAR'000
Balance at 1 January 2024 – Audited	1,129,063	2,890,367	(33,872)	-	41,150	1,721,532	-	5,748,240	28,667	5,776,907
Profit for the period	-	-	-	-	-	595,448	-	595,448	10,811	606,259
Other comprehensive loss	-	-	-	(851)	(22,481)	-	-	(23,332)	-	(23,332)
Total comprehensive income	-	-	-	(851)	(22,481)	595,448	-	572,116	10,811	582,927
Share-based payments (note 12)	-	-	-	-	-	-	110,647	110,647	-	110,647
Shares allotted under share based payment plan	-	-	3,816	-	-	69,495	(73,311)	-	-	-
Dividends to non-controlling interests (note 17-a)	-	-	-	-	-	-	-	-	(9,981)	(9,981)
Dividends to shareholders (note 17-b)	-	-	-	-	-	(237,498)	-	(237,498)	-	(237,498)
Balance at 30 September 2024 (Un-audited)	1,129,063	2,890,367	(30,056)	(851)	18,669	2,148,977	37,336	6,193,505	29,497	6,223,002

The attached notes 1 to 18 form an integral part of these unaudited interim condensed consolidated financial statements.

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

For the nine-month period ended 30 September 2024 (Unaudited)

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

	<i>Attributable to the equity holders of the parent</i>						
	<i>Share capital SAR'000</i>	<i>Capital contribution SAR'000</i>	<i>Cash-flow hedge reserve SAR'000</i>	<i>Retained earnings SAR'000</i>	<i>Total SAR'000</i>	<i>Non-controlling interests SAR'000</i>	<i>Total equity SAR'000</i>
Balance at 1 January 2023 – Audited	1,000	857,087	61,771	1,302,223	2,222,081	36,349	2,258,430
Profit for the period	-	-	-	275,262	275,262	7,810	283,072
Other comprehensive Income	-	-	93,666	-	93,666	-	93,666
Total Comprehensive income	-	-	93,666	275,262	368,928	7,810	376,738
Dividends to non-controlling interests (note 17-a)	-	-	-	-	-	(6,827)	(6,827)
Share capital issuance	857,087	(857,087)	-	-	-	-	-
Transaction with the shareholders	-	-	-	9,129	9,129	-	9,129
Balance at 30 September 2023 (Un-audited)	<u>858,087</u>	<u>-</u>	<u>155,437</u>	<u>1,586,614</u>	<u>2,600,138</u>	<u>37,332</u>	<u>2,637,470</u>

The attached notes 1 to 18 form an integral part of these unaudited interim condensed consolidated financial statements.

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the nine-month period ended 30 September 2024 (Unaudited)

(All amounts with thousand Saudi Arabian Riyal (SAR), unless otherwise stated)

	<i>Notes</i>	<i>30 September 2024 (Un-audited) SAR'000</i>	<i>30 September 2023 (Un-audited) SAR'000</i>
OPERATING ACTIVITIES			
Profit for the period before income tax and zakat		721,363	331,407
Adjustments for:			
Depreciation of property and equipment	8	798,085	453,869
Amortisation of intangible assets		644	149
Amortisation of right of use assets		136,210	87,739
Loss on disposal of assets		-	1,093
End of service employment benefits		39,463	38,123
Share-based payments expense	12	110,647	-
Finance costs, net		579,368	518,121
Other income		(23,549)	-
Share of results of investment in a joint venture and associate		-	960
Dividends from investment in financial instruments		(1,767)	-
Provision for impairment of trade receivables		3,787	-
		<u>2,364,251</u>	<u>1,431,461</u>
Working capital changes:			
Inventories		(148,704)	(82,223)
Trade receivable		(157,169)	(139,900)
Contract assets		(133,476)	(76,257)
Due from related parties		-	397
Prepayments and other receivables		40,850	(65,428)
Trade and other payables		(115,365)	(112,419)
Deferred revenue		250,545	536,838
Due to related parties		-	7,056
		<u>2,100,932</u>	<u>1,499,525</u>
Cash flows from operations		2,100,932	1,499,525
Income tax paid	5	(59,840)	(25,571)
Provisions paid		(15,612)	(10,331)
		<u>2,025,480</u>	<u>1,463,623</u>
Net cash flows from operating activities		2,025,480	1,463,623
INVESTING ACTIVITIES			
Purchase of property and equipment		(1,823,049)	(2,954,757)
Purchase of intangible assets		(1,011)	-
Purchase of financial instruments	15-b	(100,368)	-
Payment in escrow account to acquire new businesses	6	(71,251)	-
Proceeds from sale of property and equipment		-	22
Dividends from investment in financial instruments		1,767	-
		<u>(1,993,912)</u>	<u>(2,954,735)</u>
Net cash flows used in investing activities		(1,993,912)	(2,954,735)
FINANCING ACTIVITIES			
Proceeds from loans and borrowings	9	2,096,622	3,434,285
Repayment of loans and borrowings	9	(1,062,173)	(725,500)
Finance cost paid - net		(529,443)	(539,635)
Payment of lease liabilities		(146,734)	(95,979)
Dividend paid to non-controlling interests	17	(9,981)	(6,827)
		<u>348,291</u>	<u>2,066,344</u>
Net cash flows from financing activities		348,291	2,066,344
NET INCREASE IN CASH AND CASH EQUIVALENTS		379,859	575,232
Cash and cash equivalents as at 1 January	6	432,282	190,829
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	6	<u><u>812,141</u></u>	<u><u>766,061</u></u>

Refer Note 7, 12 and 17-b for significant non-cash transactions.

The attached notes 1 to 18 form an integral part of these unaudited interim condensed consolidated financial statements.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at and for the nine-months period ended 30 September 2024 (Unaudited)

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

1 BACKGROUND

Corporate information

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

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

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

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

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

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

Shareholder	Pre offering			As of 30 September 2024		
	No. of shares’000	Ownership	Nominal value SAR’000	No. of shares’000	Ownership	Nominal value SAR’000
ADES Investments Holding Ltd	467,658	54.50%	467,658	412,277	36.50%	412,277
The Public Investment Fund of the Kingdom of Saudi Arabia	304,621	35.50%	304,621	268,548	23.80%	268,548
Zamil Group Investment Co	85,808	10%	85,808	75,647	6.70%	75,647
Free Float	-	0%	-	342,535	30.34%	342,535
Treasury Shares	-	0%	-	30,056	2.66%	30,056
	858,087	100%	858,087	1,129,063	100%	1,129,063

The interim condensed consolidated financial statements were authorised for issue on 1 Jumada Al-Awwal 1446H (corresponding to 3 November 2024) by the Board of Directors.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at and for the nine-months period ended 30 September 2024 (Unaudited)

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

1 BACKGROUND (continued)

Corporate information (continued)

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

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

<i>Name</i>	<i>Principal activities</i>	<i>Country of incorporation</i>	<i>30 September 2024 (unaudited)</i>	<i>31 December 2023 (audited)</i>
Advanced Energy Systems (ADES) (S.A.E) ¹	Oil & gas drilling and production services	Egypt	100%	100%
ADES Saudi Limited Company ¹	Oil and gas drilling and production services	KSA	100%	100%
Precision Drilling Company ²	Holding company	Cyprus	100%	100%
Kuwait Advanced Drilling Services	Leasing of rigs	Cayman	100%	100%
Prime innovations for Trade S.A. E	Trading	Egypt	100%	100%
ADES International for Drilling	Leasing of rigs	Cayman	100%	100%
AG training	Training	Egypt	70%	70%
Advanced Transport Services	Leasing of transportation Equipment	Cayman	100%	100%
Advanced Drilling Services	Trading	Cayman	100%	100%
ADES for Drilling Services Ltd ³	Extracting & Drilling Equipment & Machinery Rental	UAE	100%	100%
ADES International Holding Ltd	Holding Company	UAE	100%	100%
Emerald Driller Company ⁴	Production services oil and gas drilling and production services	Cayman	100%	100%
ADES Drilling Services I Ltd.	Leasing of rigs	Bermuda	100%	100%
ADES Drilling Services II Ltd.	Leasing of rigs	Bermuda	100%	100%
ADES Drilling Services III Ltd.	Leasing of rigs	Bermuda	100%	100%
ADES Advanced Drilling Services Ltd. ⁵	Leasing of rigs	Liberia	100%	100%
ADES Drilling Services IV Ltd.	Leasing of rigs	Bermuda	100%	100%
ADES Drilling Services V Ltd.	Leasing of rigs	Bermuda	100%	100%
ADES Drilling Services Ltd. ⁶	Leasing of rigs	Bermuda	100%	100%
ADES GCC For Drilling Ltd. ⁷	Oil and gas drilling and production services	Bermuda	100%	100%
ADES Drilling Services Cyprus Ltd.	Oil and gas drilling services	Cyprus	100%	100%
PT ADES Drilling Indonesia	Petroleum oil and natural gas mining supporting activities	Indonesia	100%	-
ADRES HR Solution LTD	HR Services	Egypt	60%	-

1 Advanced Energy Systems (ADES) (S.A.E) has branches in Algeria, India, UAE, and Iraq. ADES Saudi limited Company acquired 8 subsidiaries from Seadrill.

2 Precision Drilling Company holds a 47.5% interest in United Precision Drilling Company W.L.L, a Kuwait entity which handles the operations of the rigs in Kuwait.

3 ADES for Drilling Services Ltd set up a branch in Tunisia in 2021 and Thailand in 2024, and had changed its name from ADES Holding for Drilling Services Ltd.

4 Emerald Driller Company has a Branch in Qatar which handles operations in the country.

5 ADES Advanced Drilling Services Ltd has a branch in Congo.

6 ADES Drilling Services Ltd. has a branch in Indonesia.

7 ADES GCC For Drilling Ltd has a branch in KSA.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at and for the nine-months period ended 30 September 2024 (Unaudited)

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

2 MATERIAL ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The Interim Condensed Consolidated Financial statements of the Group have been prepared in accordance with the International Accounting Standard 34 'Interim Financial Reporting' (IAS 34) endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

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

The Interim Condensed Consolidated Financial statements do not include all the information and disclosures required in the annual financial statement and should be read in conjunction with the Group's Consolidated Financial Statements for the period ended 31 December 2023. The comparative information is taken from the Interim Condensed Consolidated Financial Statements for the nine months period ended 30 September 2023.

The Interim Condensed Consolidated Financial Statements are presented in thousands Saudi Arabian Riyal ("SAR'000"). Saudi Arabian Riyal ("SAR") is the functional currency of the Company and the presentation currency for the Group.

2.2 NEW STANDARDS AND INTERPRETATIONS

The accounting policies adopted in the preparation of the Interim Condensed Consolidated Financial Statements are consistent with those followed in the preparation of the ADES Holding Company's consolidated financial statements for the period ended 31 December 2023, except for the adoption of new standards and interpretations as of 1 January 2024. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

The following new standards and amendments became effective as at 1 January 2024, which did not have an impact on the Interim Condensed Consolidated Financial Statements of the Group:

- Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7.
- Amendments to IFRS 16: Lease Liability in a Sale and Leaseback; and
- Amendments to IAS 1: Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at and for the nine-months period ended 30 September 2024 (Unaudited)

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

3 SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the Chief Executive Officer (CEO) that are used to make strategic decisions. As operationally, the Group is only in the oil and gas production and drilling services, the CEO considers the business from a geographic perspective and has identified Nine geographical segments (30 September 2023: six geographical segments). Management monitors the operating results of its segments separately for the purpose of making decisions about resource allocation and performance assessment.

<i>Segment</i>	<i>Egypt</i> <i>SAR'000</i>	<i>Algeria</i> <i>SAR'000</i>	<i>Kingdom of</i> <i>Saudi Arabia</i> <i>SAR'000</i>	<i>Kuwait</i> <i>SAR'000</i>	<i>Tunisia</i> <i>SAR'000</i>	<i>Qatar</i> <i>SAR'000</i>	<i>India</i> <i>SAR'000</i>	<i>Indonesia</i> <i>SAR'000</i>	<i>Thailand</i> <i>SAR'000</i>	<i>Total Segments</i> <i>SAR'000</i>	<i>Corporate</i> <i>SAR'000</i>	<i>Adjustments and</i> <i>Eliminations***</i> <i>SAR'000</i>	<i>Total</i> <i>SAR'000</i>
For the nine months period ended 30 September 2024													
Revenue													
External customers	350,435	131,867	3,182,968	489,886	8,518	252,595	160,034	50,070	3,580	4,629,953	-	-	4,629,953
Inter-segment ***	340,274	-	14,336	2,850	-	22,785	-	-	-	380,245	-	(380,245)	-
Total Revenue	690,709	131,867	3,197,304	492,736	8,518	275,380	160,034	50,070	3,580	5,010,198	-	(380,245)	4,629,953
Income/(expenses)													
Cost of revenue*	(113,925)	(71,508)	(1,275,807)	(230,887)	(10,460)	(128,760)	(63,402)	(18,247)	(2,073)	(1,915,069)	-	-	(1,915,069)
General and administrative expenses	(28,584)	(10,041)	(180,118)	(29,742)	(726)	(13,616)	(9,514)	(1,807)	(449)	(274,597)	(38,491)	-	(313,088)
Finance costs (net)	(26,083)	(5,415)	(496,017)	(29,073)	(461)	(9,457)	(8,308)	(2,178)	(170)	(577,162)	(2,206)	-	(579,368)
Depreciation and amortization****	(72,533)	(16,701)	(658,035)	(116,323)	(3,620)	(26,347)	(23,624)	(5,444)	-	(922,627)	-	-	(922,627)
Other expenses (net) **	(17,005)	(3,676)	(71,402)	(21,046)	(21)	(8,614)	(7,620)	(2,175)	(152)	(131,711)	(161,831)	-	(293,542)
Segment Profit/(Loss)	92,305	24,526	501,589	62,815	(6,770)	65,801	47,566	20,219	736	808,787	(202,528)	-	606,259
Total Assets as at 30 September 2024 (i)	3,909,721	622,310	12,394,111	2,207,241	16,495	1,076,234	155,035	150,372	42,552	20,574,071	481,904	-	21,055,975
Total Liabilities as at 30 September 2024	1,393,456	156,426	11,989,553	543,266	7,981	249,554	112,931	65,003	5,615	14,523,785	309,188	-	14,832,973
Other Segment information													
Capital expenditure as at 30 September 2024 (i)	56,363	134,324	951,191	142,859	2,010	21,148	125,878	-	-	1,433,773	-	-	1,433,773

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3 SEGMENT INFORMATION (continued)

<i>Segment</i>	<i>Egypt</i> SAR'000	<i>Algeria</i> SAR'000	<i>Kingdom of</i> <i>Saudi Arabia</i> SAR'000	<i>Kuwait</i> SAR'000	<i>Tunisia</i> SAR'000	<i>Qatar</i> SAR'000	<i>Total</i> <i>Segments</i> SAR'000	<i>Corporate</i> SAR'000	<i>Adjustments</i> <i>and</i> <i>Eliminations***</i> SAR'000 <i>(Unaudited)</i>	<i>Total</i> SAR'000
For the nine months period ended 30 September 2023										
Revenue										
External customers	405,498	44,076	2,012,024	316,199	27,121	254,636	3,059,554	-	-	3,059,554
Inter-segment ****	210,985	-	-	5,119	-	-	216,104	-	(216,104)	-
Total Revenue	616,483	44,076	2,012,024	321,318	27,121	254,636	3,275,658	-	(216,104)	3,059,554
Income/(expenses)										
Cost of revenue*	(170,168)	(32,530)	(824,379)	(150,514)	(18,819)	(134,241)	(1,330,651)	-	-	(1,330,651)
General and administrative expenses	(23,978)	(5,987)	(148,637)	(28,530)	(2,211)	(16,303)	(225,646)	(54,154)	-	(279,800)
Finance costs (net)	(42,813)	(600)	(418,079)	(29,349)	(1,852)	(16,703)	(509,396)	(8,725)	-	(518,121)
Depreciation and amortisation****	(74,551)	(10,492)	(345,301)	(68,215)	(2,679)	(31,888)	(533,126)	-	-	(533,126)
Other expenses (net) **	(3,084)	(328)	(89,103)	(14,463)	(95)	(7,679)	(114,752)	(32)	-	(114,784)
Segment Profit / (Loss) *****	90,904	(5,861)	186,525	25,128	1,465	47,822	345,983	(62,911)	-	283,072
Total Assets as at 30 September 2023 (i)	3,547,839	371,206	11,490,070	1,938,593	18,641	1,071,178	18,437,527	312,141	-	18,749,668
Total Liabilities as at 30 September 2023	2,481,668	322,107	10,908,521	1,299,918	4,615	1,056,588	16,073,417	38,781	-	16,112,198
Other Segment information										
Capital expenditure as at 30 September 2023 (i)	380,891	17,058	2,785,635	423,172	182	6,902	3,613,840	-	-	3,613,840

* Excluding depreciation and amortisation.

** Other expenses (net) includes end of service employment benefits, other taxes, other expenses, income tax expense, share based payment expense, loss on disposal of assets and provision for impairment trade receivables.

*** Inter-segment revenues and other adjustments are eliminated upon consolidation and reflected in the 'adjustments and eliminations' column.

(i) Management presents the assets in the segment which holds such assets, while the capital expenditure is presented in the segment where such assets are utilised.

**** Depreciation and amortisation recorded under cost of revenue.

***** Comparative number have been reclassified to conform to current period presentation.

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4 REVENUES FROM CONTRACTS WITH CUSTOMERS

	<i>Three-month period ended</i>		<i>Nine-month period ended</i>	
	<i>30 September 2024</i> <i>SAR'000</i> <i>(Unaudited)</i>	<i>30 September 2023</i> <i>SAR'000</i> <i>(Unaudited)</i>	<i>30 September 2024</i> <i>SAR'000</i> <i>(Unaudited)</i>	<i>30 September 2023</i> <i>SAR'000</i> <i>(Unaudited)</i>
Units operations	1,502,574	1,034,035	4,450,749	2,907,094
Catering services	38,817	24,260	109,257	66,328
Projects income*	3,281	3,966	11,873	25,997
Others	27,924	16,424	58,074	60,135
	1,572,596	1,078,685	4,629,953	3,059,554

Refer Note 3 for segment disclosure. The primary operational revenue stream is drilling services (units operations) and the revenue is recognised over the time of service.

*Projects income, which is recognized over time, represents services relating to outsourcing various operating projects for clients such as, early production facilities, manpower, maintenance, repair services and exploration and production.

5 INCOME TAX AND ZAKAT

Interim Condensed Consolidated Statement of Comprehensive Income:

	<i>Three-month period ended</i>		<i>Nine-month period ended</i>	
	<i>30 September 2024</i> <i>SAR'000</i> <i>(Unaudited)</i>	<i>30 September 2023</i> <i>SAR'000</i> <i>(Unaudited)</i>	<i>30 September 2024</i> <i>SAR'000</i> <i>(Unaudited)</i>	<i>30 September 2023</i> <i>SAR'000</i> <i>(Unaudited)</i>
Current income tax and zakat expense	26,961	22,100	92,629	53,170
Deferred tax charge / (credit)	15,766	(4,781)	22,475	(4,835)
	42,727	17,319	115,104	48,335

Interim Condensed Consolidated Statement of Financial position:

	<i>30 September 2024</i> <i>SAR'000</i> <i>(Unaudited)</i>	<i>31 December 2023</i> <i>SAR'000</i> <i>(Audited)</i>
Current liabilities:		
Beginning balance	30,218	3,453
Charge for the period	92,629	53,649
Paid during the period	(59,840)	(26,884)
	63,007	30,218

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6 BANK BALANCES AND CASH

	<i>30 September 2024 SAR'000 (Unaudited)</i>	<i>31 December 2023 SAR'000 (Audited)</i>
Bank balances	882,768	431,828
Cash on hand	624	454
	883,392	432,282
Escrow account (see note 18)	(71,251)	-
Cash and cash equivalents for the purpose of statement of cash flows	812,141	432,282

7 INVENTORIES

	<i>30 September 2024 SAR'000 (Unaudited)</i>	<i>31 December 2023 SAR'000 (Audited)</i>
Spare parts, supplies and consumables at:		
Offshore rigs	339,957	226,261
Warehouse and yards	97,484	65,460
Onshore rigs	43,155	40,171
	480,596	331,892

As at 30 September 2024, the inventories are stated net of provision for impairment of inventory of SAR 63,524 thousand (31 December 2023: SAR 65,797 thousand).

	<i>30 September 2024 SAR'000 (Unaudited)</i>	<i>31 December 2023 SAR'000 (Audited)</i>
Beginning balance	65,797	65,797
Write off during the period	(2,273)	-
	63,524	65,797

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8 PROPERTY AND EQUIPMENT

	<i>Rigs</i> <i>SAR'000</i>	<i>Furniture and fixtures</i> <i>SAR'000</i>	<i>Drilling pipes</i> <i>SAR'000</i>	<i>Tools</i> <i>SAR'000</i>	<i>Assets under construction</i> <i>SAR'000</i>	<i>IT equipment</i> <i>SAR'000</i>	<i>Motor vehicles</i> <i>SAR'000</i>	<i>Leasehold improvement</i> <i>SAR'000</i>	<i>Building</i> <i>SAR'000</i>	<i>Leasehold land</i> <i>SAR'000</i>	<i>Total</i> <i>SAR'000</i>
Cost:											
As at 1 January 2024	13,979,466	17,156	148,545	502,983	2,944,280	11,185	2,235	636,229	20,078	58,478	18,320,635
Additions	858,623	1,306	6,439	33,642	476,568	1,449	298	55,448	-	-	1,433,773
Transfers	3,094,683	64	3,071	68,566	(3,185,793)	33	564	-	18,812	-	-
As at 30 September 2024	17,932,772	18,526	158,055	605,191	235,055	12,667	3,097	691,677	38,890	58,478	19,754,408
Accumulated depreciation:											
As at 1 January 2024	(1,826,169)	(3,421)	(85,797)	(173,546)	(2,870)	(6,276)	(1,669)	(71,103)	-	-	(2,170,851)
Depreciation	(633,914)	(1,707)	(18,200)	(41,365)	-	(1,661)	(318)	(100,003)	(917)	-	(798,085)
As at 30 September 2024	(2,460,083)	(5,128)	(103,997)	(214,911)	(2,870)	(7,937)	(1,987)	(171,106)	(917)	-	(2,968,936)
Net book value:											
At 30 September 2024	15,472,689	13,398	54,058	390,280	232,185	4,730	1,110	520,571	37,973	58,478	16,785,472

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

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8 PROPERTY AND EQUIPMENT (continued)

	<i>Rigs SAR'000</i>	<i>Furniture and fixtures SAR'000</i>	<i>Drilling pipes SAR'000</i>	<i>Tools SAR'000</i>	<i>Assets under construction SAR'000</i>	<i>IT equipment SAR'000</i>	<i>Motor vehicles SAR'000</i>	<i>Leasehold improvement SAR'000</i>	<i>Leasehold land SAR'000</i>	<i>Total SAR'000 (Unaudited)</i>
Cost:										
As at 1 January 2023 (Restated)	9,112,777	6,524	115,734	405,720	3,858,904	9,754	2,235	2,600	58,478	13,572,726
Additions	396,869	1,372	20,835	49,695	3,085,686	1,701	-	57,682	-	3,613,840
Transfers	2,673,236	-	-	5,936	(3,042,992)	-	-	363,820	-	-
Retirement & disposal	-	(330)	-	-	-	-	-	(2,246)	-	(2,576)
As at 30 September 2023	12,182,882	7,566	136,569	461,351	3,901,598	11,455	2,235	421,856	58,478	17,183,990
Accumulated depreciation:										
As at 1 January 2023	(1,296,592)	(2,958)	(65,401)	(131,030)	(2,870)	(4,754)	(1,410)	(1,621)	-	(1,506,636)
Depreciation	(369,785)	(473)	(13,777)	(30,615)	-	(1,012)	(195)	(38,012)	-	(453,869)
Retirement & disposal	-	178	-	-	-	-	-	1,283	-	1,461
As at 30 September 2023	(1,666,377)	(3,253)	(79,178)	(161,645)	(2,870)	(5,766)	(1,605)	(38,350)	-	(1,959,044)
Net book value:										
As at 30 September 2023	10,516,505	4,313	57,391	299,706	3,898,728	5,689	630	383,506	58,478	15,224,946

Most of the rigs are pledged to the lenders (banks) against loans and borrowings (note 9).

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8 PROPERTY AND EQUIPMENT (continued)

Allocation of depreciation charge:

Depreciation and amortization charge is allocated as follows:

	<i>30 September 2024 SAR'000 (Unaudited)</i>	<i>30 September 2023 SAR'000 (Unaudited)</i>
Cost of revenue	922,627	533,126
General and administrative expenses	12,312	8,631
Total depreciation and amortization charge*	934,939	541,757

*Total depreciation and amortization charge for the period includes depreciation of property and equipment of SAR 798,085 thousand (30 September 2023: SAR 453,869 thousand), amortization of intangible assets and depreciation of right of use assets of SAR 644 thousand (30 September 2023: SAR 149 thousand) and SAR 136,210 thousand (30 September 2023: SAR 87,739 thousand) respectively.

Assets under construction and transfers:

Assets under construction represents the amounts that are incurred for any purpose of upgrading and refurbishing property and equipment until it is ready to be used in the operation and amount paid for new rigs purchased that are not ready for use. Assets under construction will mainly be transferred to 'Rigs', 'Tools' of the property and equipment after completion. During the nine months period ended 30 September 2024, the Group completed capital projects for the amount of SAR 3,185,793 thousand (31 December 2023: SAR 4,831,049 thousand) and transferred to the relevant asset categories.

During the nine months period ended 30 September 2024, the Group capitalized borrowing costs of SAR 16,276 thousand (30 September 2023: SAR 141,908 thousand) that are related to the capital refurbishment projects of the rigs that require substantial time to prepare such rigs for their intended use. The rate used to determine the amount of borrowing costs eligible for capitalisation was 7.35% (30 September 2023: 7.44 %; 31 December 2023: 7.56%) which is the effective interest rate of the related borrowings.

9 INTEREST BEARING LOANS AND BORROWINGS

	<i>30 September 2024 SAR'000 (Unaudited)</i>	<i>31 December 2023 SAR'000 (Audited)</i>
Beginning balance	10,349,698	10,547,486
Borrowings drawn during the period	2,096,622	3,351,737
Borrowings repaid during the period	(1,062,173)	(3,554,625)
(Unamortised) /amortised arrangement fees, net	(63,355)	5,100
	11,320,792	10,349,698
Current	1,167,364	1,180,103
Non-current	10,153,428	9,169,595
	11,320,792	10,349,698

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9 INTEREST BEARING LOANS AND BORROWINGS (continued)

<i>Type</i>	<i>Original tenor</i>	<i>30 September 2024 SAR'000 (Unaudited)</i>	<i>31 December 2023 SAR'000 (Audited)</i>
Current loans and borrowings			
Loan 1 Syndication Facility A			
Facility A	8 Years	295,225	303,607
Loan 1 Syndication Facility C			
Facility C	8 Years	180,000	180,000
Loan 1 Syndication Facility B			
Facility B	7 Years	-	75,000
Loan 1 Syndication Facility D			
Facility D	8 Years	14,875	-
Loan 2 BSF			
BSF \$380M	7 Years	151,941	152,409
Loan 3 SNB			
SNB \$400M	8 Years	133,872	133,817
Loan 4 AL Rajhi			
AL Rajhi \$250M	8 Years	142,771	142,731
Loan 5 Al Inmaa Ijara			
Al Inmaa Ijara Loan SAR 2.5 B	8 Years	198,833	141,026
Loan 6 Al Mashreq			
Mashreq Loan KD 2.7 M	5 Years	6,608	6,572
Credit Facility 2 – ABK		36,514	37,031
Credit Facility 4 – ENBD		-	2,195
Credit Facility 5 – ADCB		-	10
Credit Facility 6 – SAIB		3,508	252
Credit Facility 8 – EGB		3,217	5,453
Total current loans and borrowings		1,167,364	1,180,103
Non-current loans and borrowings			
Loan 1 Syndication Facility A			
Facility A	8 Years	2,812,548	3,026,248
Loan 1 Syndication Facility C			
Facility C	8 Years	1,570,000	1,660,000
Loan 1 Syndication Facility D			
Facility D	8 Years	410,123	-
Loan 2 BSF			
BSF \$380M	7 Years	995,827	1,113,732
Loan 3 SNB			
SNB \$400M	8 Years	1,125,098	1,225,510
Loan 4 AL Rajhi			
AL Rajhi \$250M	8 Years	1,171,023	1,278,107
Loan 5 Al Inmaa Ijara			
Al Inmaa Ijara Loan SAR 2.5 B	8 Years	2,062,201	854,497
Loan 6 Al Mashreq			
Mashreq Loan KD 2.7 M	5 Years	6,608	11,501
Total non-current loans and borrowings		10,153,428	9,169,595
Total loans and borrowings		11,320,792	10,349,698

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9 INTEREST BEARING LOANS AND BORROWINGS (continued)

On 14 July 2024, the Group signed an amendment to its existing syndicated facility, securing an additional USD 3 billion, with the majority of existing lenders participating along with new, leading local and regional financial institutions. The new USD 3 billion upsized financing is predominantly intended as a standby facility for the Group's ambitious expansion plans, divided into the equivalent of a USD 2.7 billion standby term tranche and additional USD 300 million Revolving Credit Facility (RCF). The USD 2.7 billion standby term tranche has 8.5 years term with a final maturity in December 2032, including a 12-month grace period. The amount to be utilized under the standby term tranche shall be repaid on a semi-annual basis and includes a bullet repayment of 31.5% at the final maturity date. RCF has 8 years with a final maturity in June 2032. During the nine month period ended 30 September 2024, the group has utilized from trench D SAR 424,998 thousand (31 December 2023: Nil).

10 SHARE CAPITAL, SHARE PREMIUM AND TREASURY SHARES

	<i>30 September 2024 (Unaudited)</i>	<i>31 December 2023 (Audited)</i>
Authorised shares (in thousands / '000)	1,129,063	1,129,063
Issued shares (in thousands / '000)	1,129,063	1,129,063
Shares par value (SAR)	1	1
Issued capital in SAR'000	1,129,063	1,129,063
Treasury shares in SAR'000	(30,056)	(33,872)
Outstanding share capital in SAR'000	1,099,007	1,095,191
Share premium in SAR'000*	2,890,367	2,890,367

* Share premium represents the excess amounts received over the par value of the shares issued.

The shareholding structure of the Company as at 30 September 2024 is as follows:

<i>Shareholders</i>	<i>Shareholding %</i>	<i>No. of shares '000</i>	<i>Value SAR'000</i>
ADES Investment Holding LTD	36.5	412,277	412,277
Public Investment Fund	23.8	268,548	268,548
Zamil Investments	6.7	75,647	75,647
Free Float	30.34	342,535	342,535
Treasury Shares	2.66	30,056	30,056
	100	1,129,063	1,129,063

The shareholding structure of the Company as at 31 December 2023 is as follows:

<i>Shareholders</i>	<i>Shareholding %</i>	<i>No. of shares '000</i>	<i>Value SAR'000</i>
ADES Investment Holding LTD	36.5	412,277	412,277
Public Investment Fund	23.8	268,548	268,548
Zamil Investments	6.7	75,647	75,647
Free Float	30	338,719	338,719
Treasury Shares	3	33,872	33,872
	100	1,129,063	1,129,063

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11 EARNINGS PER SHARE

Basic earnings per share (EPS) amounts are calculated by dividing the profit for the period attributable to the equity holders of the Parent by the weighted average number of ordinary shares outstanding during the period after adjusting the number of ordinary shares by the treasury shares.

Diluted EPS is calculated by adjusting the weighted average number of ordinary shares outstanding assuming conversion of all dilutive potential ordinary shares. As at 30 September 2024, there were no potential dilutive shares and hence the basic and diluted EPS is same.

The information necessary to calculate basic and diluted earnings per share is as follows:

	<i>Three-month period ended</i>		<i>Nine-month period ended</i>	
	<i>30 September 2024 (Unaudited) SAR'000</i>	<i>30 September 2023 (Unaudited) SAR'000</i>	<i>30 September 2024 (Unaudited) SAR'000</i>	<i>30 September 2023 (Unaudited) SAR'000</i>
Profit for the period attributable to the ordinary equity holders of the Parent for basic and diluted EPS	199,617	83,870	595,448	275,262
Weighted average number of ordinary shares outstanding in thousands ('000) – basic and diluted	1,098,005	858,087	1,096,402	628,662
Earnings per share – basic and diluted (in SAR per share)	0.18	0.10	0.54	0.44

12 EQUITY SETTLED SHARE-BASED PAYMENTS

During the nine months period ended 30 September 2024, the Directors resolved to grant 2,011 thousand shares, 1,810 thousand shares and 1,931 thousand shares respectively which totaling to 5,752 thousand ordinary shares with a par value of SAR 1.00 each to certain employees of the Group from the treasury shares held by the Company. The effective date of the awards are 10 March 2024, 2 June 2024 and 16 September 2024, respectively. According to the long term incentive plan (LTIP) rules the shares vested as granted and are not subject to performance or any other conditions. Out of the total awarded shares, 3,816 thousand shares have been allotted from the treasury shares held by the Company and the remaining shares will remain as treasury shares until they are allotted to the respective employees.

For the nine month period ended 30 September 2024, as a result of the awards discussed above, the Group has recognized expense arising from equity-settled share-based payment transactions amounting to SAR 110,647 thousand (three months period ended 30 September 2024: SAR 37,260 thousand) (for nine and three month period ended 30 September 2023: SAR Nil) in the interim condensed consolidated statement of comprehensive income, with a corresponding increase in equity. The amount of expense recognized represents the fair value of the shares at the award dates.

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13 RELATED PARTIES TRANSACTIONS AND BALANCES

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

Following are the significant related party transactions recorded in the interim condensed consolidated statement of comprehensive income:

	<i>Three-month period ended</i>		<i>Nine-month period ended</i>	
	<i>30 September 2024</i> <i>(Unaudited)</i> <i>SAR'000</i>	<i>30 September 2023</i> <i>(Unaudited)</i> <i>SAR'000</i>	<i>30 September 2024</i> <i>(Unaudited)</i> <i>SAR'000</i>	<i>30 September 2023</i> <i>(Unaudited)</i> <i>SAR'000</i>
Revenue from other related parties	1,012,962	727,003	3,182,968	2,012,024
Revenue from the joint venture	-	3,143	1,075	10,192
Finance cost from other related parties	(105,122)	(122,827)	(272,964)	(265,443)
Net (loss)/gain on cash flow hedge	(58,619)	30,214	(17,515)	61,825
Loss from remeasurement equity instruments (FVOCI)	(2,935)	-	(918)	-
Dividends received from equity instruments (FVOCI)	1,767	-	1,767	-

The balances with related parties other than the entities controlled by the KSA Government are reported as due to and from related parties on the face of the interim condensed consolidated statement of financial position. The balances with the entities controlled by the KSA Government are disclosed in the note (ii) below.

i) *Due from balances with the related parties:*

	<i>30 September 2024</i> <i>SAR'000</i> <i>(Unaudited)</i>	<i>31 December 2023</i> <i>SAR'000</i> <i>(Audited)</i>
<i>Entities under common control</i>		
Innovative Energy Holding Ltd	4,598	4,598
<i>Other related parties</i>		
Advantage Drilling Services	507	507
	5,105	5,105

ii) *Other significant balances are as follows:*

	<i>30 September 2024</i> <i>SAR'000</i> <i>(Unaudited)</i>	<i>31 December 2023</i> <i>SAR'000</i> <i>(Audited)</i>
Bank balances and cash with other related parties	97,822	45,267
Interest-bearing loans and borrowings from other related parties	5,662,539	4,606,293
Trade receivables and contract assets from other related parties	682,133	714,943
Trade receivables and contract assets from joint venture	1,067	10,386
Derivative financial instrument with other related parties	12,689	30,204
Trade payables to other related parties	28,223	128,570
Investment in equity securities (FVOCI) of other related parties	99,450	-

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13 RELATED PARTIES TRANSACTIONS AND BALANCES (continued)

Compensation of key management personnel

The remuneration of key management personnel during the period was as follows:

	<i>Three-month period ended</i>		<i>Nine-month period ended</i>	
	<i>30 September 2024</i> <i>(Unaudited)</i> <i>SAR'000</i>	<i>30 September 2023</i> <i>(Unaudited)</i> <i>SAR'000</i>	<i>30 September 2024</i> <i>(Unaudited)</i> <i>SAR'000</i>	<i>30 September 2023</i> <i>(Unaudited)</i> <i>SAR'000</i>
Total benefits (including salary and other allowances)	1,101	4,024	4,990	16,195

In addition, key management personnel have benefits from the share-based payments vested during the nine-month period ended 30 September 2024 amounting to SAR 96,804 thousand (30 September 2023: Nil).

14 CONTINGENT LIABILITIES AND COMMITMENTS

Contingent liabilities

	<i>30 September 2024</i> <i>SAR'000</i> <i>(Unaudited)</i>	<i>31 December 2023</i> <i>SAR'000</i> <i>(Audited)</i>
Letter of guarantees*	1,555,829	1,246,154

Contingent liabilities represent letters of guarantee issued in favour of Saudi Customs, Egyptian General Petroleum Corporation, Suze Abu Zenima Petroleum Company (Petro Zenima), Kuwait Oil Company, The Gulf of Suez Petroleum Company and others. The cover margin on such guarantees amounted to SAR 15,384 thousand.

* The Group has the following related party balances included in letter of guarantees above:

- The Group entered into a bilateral agreement with National Commercial Bank in KSA (SNB) dated May 2019 in SAR equivalent to SAR 10,999 thousand available to issuance of letters of guarantees. As of 30 September 2024, the Group utilized letter of guarantees for a total amount of SAR 9,519 thousand (31 December 2023: SAR 9,519 thousand).
- The Group entered into a bilateral agreement with Alinma Bank dated April 2019 in SAR equivalent to SAR 37,500 thousand available to cover working capital needs including issuance of letters of guarantees. As of 30 September 2024, the Group utilized letter of guarantees for a total amount of SAR 24,364 thousand (31 December 2023: SAR 24,364 thousand).
- The Group entered into a bilateral agreement with Gulf International Bank dated Nov 2023 in SAR equivalent to SAR 250,000 thousand available to cover working capital needs including issuance of letters of guarantees. As of 30 September 2024, the Group utilized letter of guarantees for a total amount of SAR 198,356 thousand (31 December 2023: Nil).

Capital commitment.

The Group has a capital commitment for SAR 208 million as at 30 September 2024 (31 December 2023: SAR 413 million).

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15 FINANCIAL INSTRUMENTS AT FAIR VALUES

15- a DERIVATIVE FINANCIAL INSTRUMENTS

Fair value of derivative financial instruments are determined using valuation techniques based on information derived from observable market data.

The fair values of derivative financial instruments are as follows:

	<i>30 September 2024 SAR'000 (Unaudited)</i>	<i>31 December 2023 SAR'000 (Audited)</i>
Non-current		
Derivative financial instruments designated as hedging instruments – cash flow hedges		
Interest rate swaps	<u>25,714</u>	<u>51,517</u>

15- b INVESTMENTS WITH FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

<i>30 September 2024</i>	<i>Number of shares</i>	<i>Fair value of share SAR</i>	<i>the purchasing cost SAR'000</i>	<i>the market value SAR'000</i>
Saudi Arabian Oil Company (Saudi Aramco) *	3,669,724	27.10	100,368	99,450

The movement of investment with fair value through other comprehensive income during the period:

	<i>30 September 2024 (Unaudited) SAR'000</i>	<i>31 December 2023 (Audited) SAR'000</i>
Balance at 1 January	-	-
Additions during the period	100,368	-
Unrealized gain during period (before tax)	(918)	-
Ending balance	<u>99,450</u>	<u>-</u>

The investment is classified as fair value through other comprehensive income basis irrevocable policy choice.

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

	<i>Total SAR'000 (Unaudited)</i>	<i>Level 1 SAR'000 (Unaudited)</i>	<i>Level 2 SAR'000 (Unaudited)</i>	<i>Level 3 SAR'000 (Unaudited)</i>
30 September 2024				
Derivative financial instrument:				
Interest rate swap	25,714	-	25,714	-
Equity investment in				
Shares of other related party	99,450	99,450	-	-
	<u>Total SAR'000 (Audited)</u>	<u>Level 1 SAR'000 (Audited)</u>	<u>Level 2 SAR'000 (Audited)</u>	<u>Level 3 SAR'000 (Audited)</u>
31 December 2023				
Derivative financial instrument:				
Interest rate swap	51,517	-	51,517	-

During the nine months period ended 30 September 2024, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 at fair value measurements. (31 December 2023: Nil).

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16 COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with current period presentation. The following table summarises the effect of prior period reclassifications on the interim condensed consolidated financial position. Such reclassifications have not impacted the previously reported profit or equity.

	<i>30 September 2023 (Unaudited)</i>		
	<i>As previously reported</i>	<i>Reclassification</i>	<i>As reported now</i>
	<i>SAR '000</i>	<i>SAR '000</i>	<i>SAR '000</i>
Interim condensed consolidated Statement of comprehensive income nine months period ended 30 September 2023			
General and administrative expenses	(279,636)	(164)	(279,800)
Other taxes	(876)	(16,322)	(17,198)
Other expenses	(10,198)	(1,375)	(11,573)
Other income	-	1,538	1,538
Income tax and zakat expenses	(64,658)	16,323	(48,335)

	<i>30 September 2023 (Unaudited)</i>		
	<i>As previously reported</i>	<i>Reclassification</i>	<i>As reported now</i>
	<i>SAR '000</i>	<i>SAR '000</i>	<i>SAR '000</i>
Interim condensed consolidated Statement of comprehensive income three months period ended 30 September 2023			
General and administrative expenses	(89,456)	-	(89,456)
Other taxes	(321)	(5,837)	(6,158)
Other expenses	(2,803)	(522)	(3,325)
Other income	-	522	522
Income tax and zakat expenses	(23,156)	5,837	(17,319)

17 DIVIDENDS

17-a DIVIDENDS TO NON-CONTROLLING INTEREST

During the three months period ended 30 September 2024, dividends of SAR 9,981 thousand (September 2023: SAR 6,827 thousand) have been paid by UPDC, one of the Group's subsidiaries, to its non-controlling shareholders in respect of 2023 profits.

17-b DIVIDENDS TO SHAREHOLDER

On 15 September 2024, the company's Board of Directors approved cash dividends of SAR 0.216 per share totaling to SAR 237,498 thousand (2023: Nil). It has been fully paid subsequent to the period end.

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18 SUBSEQUENT EVENTS

On 31 October 2024, the Company announced that the Group successfully closed the acquisition of two contracted premium jackup rigs in Southeast Asia (SEA) from Vantage Drilling International Ltd. (Vantage Drilling). The successful closing followed the satisfaction of all the conditions precedent, pursuant to the signing in September 2024 of the Asset Purchase Agreement (APA) to acquire the Topaz jackup rig in the Malaysia-Thailand Joint Development Area and the Sale & Purchase Agreement (SPA) to acquire the shares of Rig Finance Ltd. (RFL), the owning entity of the Soehanah jackup rig in Indonesia.

The acquisitions are business combinations in accordance with IFRS 3 Business Combinations. The key highlights of the transactions are as follows:

- Acquired assets and liabilities: One premium jackup rig from Vantage Drilling and the shares of its subsidiary RFL that owns the other premium jackup rig, contracted in Malaysia/Thailand JDA and Indonesia, respectively, along with inventories and any working capital balances.
- Acquisition price payable in cash : SAR 712.5 million* (subject to the working capital adjustments)
- Transaction Structure: The acquisition aligns with the Group's strategy to consolidate its market position in the regions with strong demand for its fleet of highly marketable offshore assets.

*As at 30 September, the Group transferred SAR 71.251 million in the escrow account towards the acquisition price (see note 6).