

**ADNOC GAS LTD.**

**Independent auditor's report  
and financial statements  
for the period from 8 December 2022  
(date of incorporation) to 31 December 2022**

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## **INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF DIRECTORS OF ADNOC GAS LTD.**

### **REPORT ON THE FINANCIAL STATEMENTS**

#### **Opinion**

We have audited the financial statements of ADNOC Gas Ltd. (the "Company"), which comprise the statement of financial position as at 31 December 2022, and statement of changes in equity and statement of cash flows for the period from 8 December 2022 (date of incorporation) to 31 December 2022, 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 2022 and its cash flows for the period 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**

This section of our auditor's report is intended to describe the matters selected from those communicated with those charged with governance that, in our professional judgment, were of most significance in our audit of the financial statements. We have determined that there are no such matters to communicate in our report.

#### **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 its preparation in compliance with the applicable provisions of the articles of association of the Company and Abu Dhabi Global Market ("ADGM") Companies Regulations 2020 and Companies Regulations (International Accounting Standards) Rules, 2015 (the "Regulations"), and for such internal control as management determines is necessary to enable the preparation of financial statements that is 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.

**INDEPENDENT AUDITOR'S REPORT  
TO THE SHAREHOLDERS OF ADNOC GAS LTD. (continued)**

**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 is 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 this financial statement.

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 regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

## INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ADNOC GAS LTD. (continued)

### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

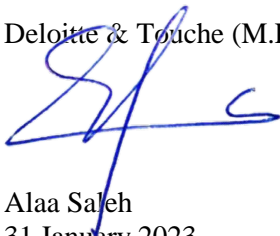
As required by the provisions of the Abu Dhabi Global Market (“ADGM”) Companies Regulations 2020 and Companies Regulations (International Accounting Standards) Rules 2015 (the “Regulations”), we report that:

- The financial statements of the Company have been prepared in accordance with the requirements of the said rules and Regulations;
- Adequate accounting records have been kept by the Company; and
- The Company’s financial statements are in agreement with the accounting records.

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 2022:

- The law of 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.

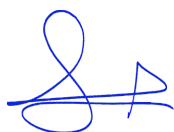
Deloitte & Touche (M.E.) LLP



Alaa Saleh  
31 January 2023  
Abu Dhabi,  
United Arab Emirates

**Statement of financial position  
As at 31 December 2022**

	Notes	31 December 2022 USD
<b>ASSET</b>		
<b>Current asset</b>		
Bank balance	5	50,000
<b>Total asset</b>		<u>50,000</u>
<b>EQUITY</b>		
Share capital	7	50,000
<b>Total equity</b>		<u>50,000</u>



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**Chief Executive Officer**

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**Director**

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

**Statement of changes in equity  
for the period from 8 December 2022 (date of incorporation) to 31 December 2022**

	<b>Share capital USD</b>	<b>Total equity USD</b>
Balance at incorporation on 8 December 2022	-	-
Share capital introduced (note 1)	<b>50,000</b>	<b>50,000</b>
	<hr/>	<hr/>
<b>Balance as at 31 December 2022</b>	<b>50,000</b>	<b>50,000</b>
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The accompanying notes form an integral part of the financial statements.

**Statement of cash flow  
for the period from 8 December 2022 (date of incorporation) to 31 December 2022**

	<b>2022 USD</b>
<b>Cash flows from financing activity</b>	
Proceeds from issuance of share capital	<b>50,000</b>
	<hr/>
<b>Net increase in cash and cash equivalents</b>	<b>50,000</b>
Cash and cash equivalents at the incorporation	-
	<hr/>
<b>Cash and cash equivalents at the end of the period (note 5)</b>	<b>50,000</b>
	<hr/>

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



**Notes to the financial statements  
for the period from 8 December 2022 (date of incorporation) to 31 December 2022**

**1 Introduction**

ADNOC Gas Ltd. (“the Company”) was incorporated on 8 December 2022 in the Abu Dhabi Global Market as a private company limited by shares pursuant to Abu Dhabi Global Market Companies (Amendment No. 1) Regulations 2020. Its registered office is at Floor, 28, Al Sarab Tower, Abu Dhabi Global Market Square, Al Maryah Island, Abu Dhabi, United Arab Emirates. At the date of incorporation and 31 December 2022, the Company is a wholly-owned subsidiary of Abu Dhabi National Oil Company (ADNOC) P.J.S.C. (“ADNOC”). The initial share capital of the Company comprises of 50,000 shares of USD 1 each and is fully paid.

The principal objective of the Company is to perform activities of holding companies.

On 21 December 2022, the Company entered into agreements for the transfer of shares of ADNOC Gas Facilities LLC and ADNOC Gas Operations and Marketing LLC wherein ADNOC transferred 100% of its holding in these entities to the Company for nil consideration. Both these subsidiaries have a share capital of 100 shares of AED 10,000 (USD 2,723) each and this share capital is unpaid as of 31 December 2022.

These financial statements represent the separate financial statements of ADNOC Gas Ltd. in which investments in subsidiaries are carried at nil value. These separate financial statements have been prepared primarily to reflect the results of operations of the Company as a standalone entity. The Company has elected to avail exemption under International Financial Reporting Standard 10 *Consolidated Financial Statements* and does not produce consolidated financial statements. Separate consolidated financial statements of ADNOC will be prepared incorporating the balances of the Company and its subsidiaries.

**2 Application of new and revised International Financial Reporting Standards (“IFRSs”)**

**2.1 New and amended IFRSs in issue but not yet effective and not early adopted**

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

<b><u>New and revised IFRSs</u></b>	<b><u>Effective for annual periods beginning on or after</u></b>
IFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendments to IAS 1 <i>Presentation of Financial Statements</i> : Classification of Liabilities as Current or Non-Current	1 January 2023
Amendments to IAS 1 <i>Presentation of financial statements</i> and IFRS Practice Statement 2 <i>Making materiality judgements</i> related to disclosure of accounting policies	1 January 2023

**Notes to the financial statements  
for the period from 8 December 2022 (date of incorporation)  
to 31 December 2022**

**2 Application of new and revised International Financial Reporting Standards (“IFRSs”) (continued)**

**2.1 New and amended IFRSs in issue but not yet effective and not early adopted (continued)**

<u>New and revised IFRSs</u>	<u>Effective for annual periods beginning on or after</u>
Amendments to IAS 8 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i> related to definition of accounting estimates	1 January 2023
Amendments to IAS 12 <i>Income taxes</i> related to deferred tax related to assets and liabilities arising from a single transaction	1 January 2023
Amendments to IFRS 10 <i>Consolidated Financial Statements</i> and IAS 28 <i>Investments in Associates and Joint Ventures</i> (2011) relating to the treatment of the sale or contribution of assets between an investor and its associate or joint venture.	Effective date deferred indefinitely. Adoption is still permitted.

Management anticipates that these new standards will be adopted in the Company’s financial statements as and when they are applicable. Management does not expect the initial application of these new standards to have a material impact on the Company’s financial statements.

**3 Summary of significant accounting policies**

**3.1 Statement of compliance**

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB) and the applicable requirements of Abu Dhabi Global Market Companies Regulations 2020. As there were no transactions from the period of incorporation of the Company to (and including on) 31 December 2022 affecting profit or loss, a statement of profit or loss has not been presented.

**3.2 Basis of preparation**

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

The principal accounting policies adopted are set out below.

**Functional and presentation currency**

The financial statements are presented in United States Dollar (“Dollar” or “USD”), which is the Company’s functional and presentation currency.

**Notes to the financial statements  
for the period from 8 December 2022 (date of incorporation)  
to 31 December 2022 (continued)**

**3 Summary of significant accounting policies (continued)**

**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 profit or loss.

**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.

*Impairment of financial assets*

The Company recognises a loss allowance for expected credit losses (ECL) on bank balances. 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.

*Derecognition of financial assets*

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

- The contractual rights to receive cash flows from the asset have expired; or
- The Company has transferred the asset and substantially all the risks and rewards of ownership of the asset.

*Derecognition of financial assets*

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

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

**Notes to the financial statements  
for the period from 8 December 2022 (date of incorporation)  
to 31 December 2022 (continued)**

**4 Critical judgments and key sources of estimation 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 and liabilities 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.

In the preparation of the current period financial statements, there were no critical judgments taken nor any estimation applied.

**5 Bank balance**

	<b>31 December 2022 USD</b>
Cash at bank	<b>50,000</b>

Balance with bank is assessed to have low credit risk of default since the bank is highly regulated by the Central Bank of the UAE. Accordingly, management of the Company estimates the loss allowance on balance with bank at the end of the reporting period at an amount equal to 12 month ECL. Balance with bank at the end of the reporting period is not past due and taking into account the historical default experience and the current credit ratings of the bank, the management of the Company has assessed that there is no impairment, and hence have not recorded any loss allowances on this balance.

**6 Related parties**

Related parties represent the Government of Abu Dhabi and related departments and institutions, associated companies, joint ventures, shareholders, directors, and key management personnel of the Company and those entities in which they have the ability to control and exercise significant influence in financial and operating decisions.

During the period, the Company received USD 50,000 in form of share capital from ADNOC (the parent company).

Certain professional services costs relating to IPO related activities as well as the current period audit fee have been borne by the parent company.

Also as disclosed in note 1, the parent company transferred certain subsidiaries to the Company.

**Notes to the financial statements  
for the period from 8 December 2022 (date of incorporation)  
to 31 December 2022 (continued)**

**7 Share capital**

The initial share capital of the Company comprises of 50,000 shares of USD 1 each. All the shares have been fully subscribed and paid as of 31 December 2022:

	Number of shares	Amount USD	% of ownership
Abu Dhabi National Oil Company (ADNOC) P.J.S.C.	50,000	50,000	100%

**8 Financial instruments**

**Fair values**

Management considers that the fair values of financial assets and financial liabilities in the financial statement approximate their carrying values at the reporting date.

**Fair value hierarchy**

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

*Level 1:* Quoted (unadjusted) prices in active markets for identical assets or liabilities.

*Level 2:* Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

*Level 3:* Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

**Financial risk management objectives**

As at the date of the financial statements, the Company was not exposed to any foreign currency, market or credit risks. The Company does not enter into or trade financial instruments, investment in securities, including derivative financial instruments, for speculative or risk management purposes. Financial risks are monitored by management on a continued basis.

**9 Subsequent events**

- a. On 31 December 2022, the Company entered into Project Wisdom Capitalisation Agreement (“the Agreement”) with ADNOC and ADNOC Gas Facilities LLC (a subsidiary) whereby ADNOC agreed to transfer certain assets (including shareholding in various companies) to ADNOC Gas Facilities LLC under the sale agreements. As per the Agreement, the consideration will be determined as at the Closing Date i.e. 1 January 2023 and will be settled either in form of issuance of additional shares of the Company and/or in form of loan from ADNOC.

**Notes to the financial statements  
for the period from 8 December 2022 (date of incorporation)  
to 31 December 2022 (continued)**

**9 Subsequent events (continued)**

Based on the Project Wisdom - Notice for Closing Payment under Capitalisation Agreement dated 31 December 2022 (the "Notice"), the initial consideration has been determined at USD 18,345,854,551 which will be satisfied by issuance of 18,345,854,551 number of ordinary shares at par value of USD 1 per share in the capital of the Company.

Subsequent to the period end, the Company has issued additional 18,345,854,551 number of ordinary shares at par value of USD 1 per share to ADNOC on 1 January 2023 in terms of the above Notice.

- b. Subsequent to the period end, ADNOC Gas Facilities LLC (a subsidiary) entered into Unsecured Senior Corporate Term Facility Agreement with ADNOC for an amount of USD 4 billion and Unsecured Senior Corporate Revolving Facility Agreement with ADNOC for an amount of USD 2 billion.
- c. Based on various agreements entered into between ADNOC and ADNOC Gas Facilities LLC (a subsidiary) during December 2022, certain interests of ADNOC in a subsidiary, certain joint ventures and assets have been transferred to ADNOC Gas Facilities LLC effective 1 January 2023.

**10 Approval of the Financial Statements**

The financial statements were approved by management and authorised for issue on 31 January 2023.