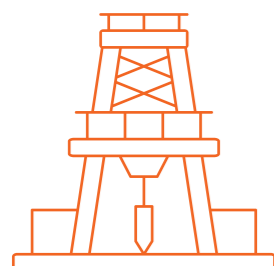


Resilience at the Core
**Empowered by
People and Innovation**



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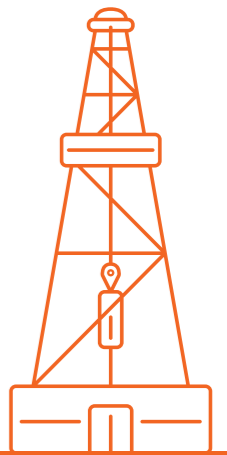
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With decades of expertise, advanced technology, and a strong commitment to safety and sustainability, Arabian Drilling is a strategic partner in shaping the region's energy landscape, driving innovation and operational excellence to provide reliable, efficient, and sustainable drilling solutions, helping clients achieve long-term growth.



ABOUT ARABIAN DRILLING

Founded in 1964, Arabian Drilling is a Saudi joint stock company listed on the Saudi Main Exchange Market (Tadawul). Two reference shareholders own 70% of Arabian Drilling: The Industrialization and Energy Services Company (TAQA) with 35.7%, and SLB (previously known as Schlumberger) with 34.3% with the remaining 30% as free float.

Arabian Drilling has a well-established presence and unique leadership position within the oil and gas sector, enabling it to create value in safety and operational efficiency in drilling crude oil and natural gas wells in water and on land.

Arabian Drilling is engaged in oil and natural gas well drilling in addition to services related to oil and natural gas extraction (excluding survey services). Arabian Drilling is a prominent regional player in this sector, it owns a fleet of land and offshore rigs in Saudi Arabia and in the neutral zone between the Kingdom and Kuwait.

Arabian Drilling's customer base includes prominent companies, including Saudi Aramco, SLB, Al Khafji Joint Operations (KJO), and Baker Hughes. The Company's fleet consists of high-specification land and offshore drilling rigs and operational capability, which enables it to conduct complex drilling operations in harsh environments such as in the Middle East.

Arabian Drilling has established itself to consistently meet the needs of the industry and the world, integrate sustainable practices into all aspects of its work, and contribute to the response of global energy demand in a sustainable manner. Arabian Drilling's Sustainability Roadmap aligns with the United Nations Sustainable Development Goals and Saudi Vision 2030, and adopts numerous initiatives and practices that empower employees, local suppliers, and the communities and economies through which the Company operates and serves, while responsibly managing the growing business impacts on the environment.

Company Lines of Business

The Company's core lines of business consist of 2 segments: the land and the offshore segments; offering drilling and related services through drilling rigs. Land drilling is a mechanical process where a well is drilled on land through underlying bedrock utilizing a stationary land rig to explore for and extract oil or natural gas. The Company's land fleet ranges from medium to ultra-heavy capability drilling rigs, which can perform complex horizontal drilling operations and operate in harsh environments in the Middle East. The Company also provides land drilling



rig transportation, establishment, relaying, and fueling, in addition to workforce and other services related to this segment. The offshore segment includes offerings of drilling and related services through offshore drilling rigs. The Company's offshore drilling services include heavy-duty rigs equipped with high-specification equipment, where it can drill in water depths of up to 375 feet (115 meters).

The Company's operations in the offshore segment are focused on the offshore of the eastern coast of the Kingdom and the neutral zone between the Kingdom and Kuwait. The Company also operates an offshore self-propelled Multi-Purpose Service Vessel (MPSV), enabling it to provide well intervention and well testing services for its customers.

Subsidiaries

OFSAT Arabia LLC, specializing in delivering safe and reliable rigs move services. It was acquired by Arabian Drilling in 2017 as a strategic vertical integration. OFSAT continues to provide these essential logistical support services, contributing to the efficiency of Arabian Drilling's overall operations.

Subsidiary Core Lines of Business

OFSAT Arabia LLC

100%
owned by
Arabian Drilling

CORE LINE OF BUSINESS

The Company provides services for the operations, maintenance, and relay of oil well drilling machines and logistics works. Its main activities are to provide logistical support to move land rigs from one well location to the other, as well as providing a fleet of utility vehicles such as cranes, wheel loaders, and trucks required to support drilling operations.



OUR HISTORY

Since 1964, Arabian Drilling has been a cornerstone of the Kingdom's energy industry, shaping a legacy defined by innovation and growth. Over the years, we have evolved from a pioneering joint venture to a key player in the region, building strong partnerships, expanding our capabilities, and driving excellence. Our journey reflects a steadfast commitment to progress, sustainability, and delivering lasting value to our stakeholders.



The Company was incorporated as a joint stock company under the name "Arabian Drilling Company".

Ownership of 49% of the Schlumberger legacy companies was transferred to Services Pétroliers Schlumberger S.A., a French entity of the Schlumberger Group of companies and current shareholder.

The Industrialization and Energy Services Company (TAQA), a subsidiary of PIF, became the majority shareholder with 51.0% of the shares.

The Company acquired a brand new offshore rig with new driller cyber technology "AD70".

The Company was awarded the sole gas lump sum turnkey contract in the Kingdom of Saudi Arabia with Schlumberger.

The Company acquired 14 additional rigs, bringing the total number of its rigs to over 40, and 16 new rigs, including 2 acquired before 2018, commenced operations within 1 year of acquisition.

The Company closed the year with Non-Productive Time of 0.74% as the lowest Non-Productive Time in the previous 7 years.

The Company was converted to a closed joint stock company.

The Company submitted tender proposals to expand its geographical footprint, including for projects in Bahrain after completing pre-qualification requirements.

Awarded IKTVA award for the 5th year in a row.

The Company won the "Best IPO - Main Market" award from Saudi Exchange, coming out at the top of the year's 51 new IPOs.

The Company secured contract awards for the first batch of 10 new land rigs for unconventional gas development, adding a firm contract backlog of ₪ 3 billion.

The Company introduced its Behavior Empowerment Center (BEC) to heighten safety across its operations and footprint by preventing systemic issues and rig incidents.

The Company issued its first post-IPO dividend payment of ₪ 225 million.

The Company acquired a prime, fit-for-purpose building in Dhahran to launch its Arabian Drilling Learning Academy (ALDA) and host its existing Training Center.

The establishment of the Company as a joint venture, owning 1 offshore rig, with 51% of the shares held by the General Petroleum and Mineral Organization and the remaining 49% held by the Schlumberger Group following the acquisition of legacy companies.

Saudi Aramco became a customer of the Company.

The Company was converted from a closed joint stock company to a limited liability company.

Schlumberger became a customer of the Company.
The Company acquired 2 new offshore drilling rigs "AD50" and "AD60".

The Company acquired OFSAT Arabia LLC.

The Company received the Saudi Aramco Excellence Award for "Highest Overall IKTVA Performance" in the industry.

The Company completed its first capital market transaction by raising ₪ 2.0 billion debt through a Shari'ah compliant bond "Sukuk" offering. The transaction attracted strong demand, with the oversubscription reaching 3.4 times the initial issuance size of ₪ 1.6 billion.

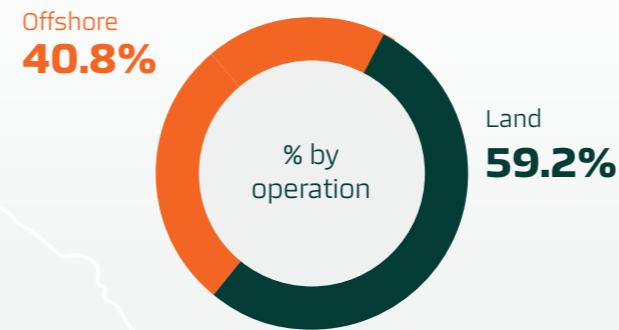
The Company completed its initial public offering on Saudi Exchange listing 26,700,000 shares, representing 30% of its share capital, at the offering price of ₪ 100 per share. Market appetite was overwhelmingly strong with a subscription demand 62x the offering.

The Company unveiled its brand transformation and new identity, including a new logo, mission, values, and motto.

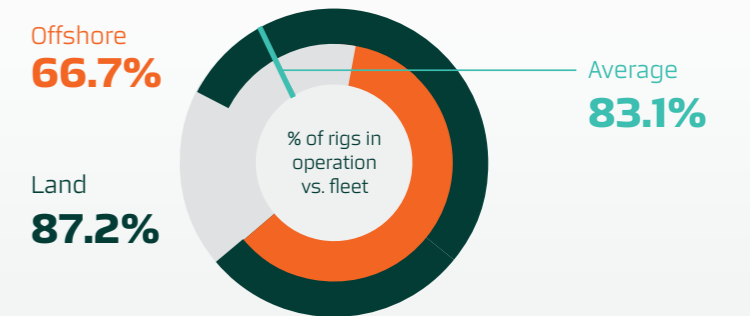
WHERE WE OPERATE

Arabian Drilling operates the largest fleet in Saudi Arabia, delivering world-class drilling services that support regional energy production. With high rig utilization and exceptional uptime, the Company excels in both land and offshore drilling, driving efficiency and reliability in every operation.

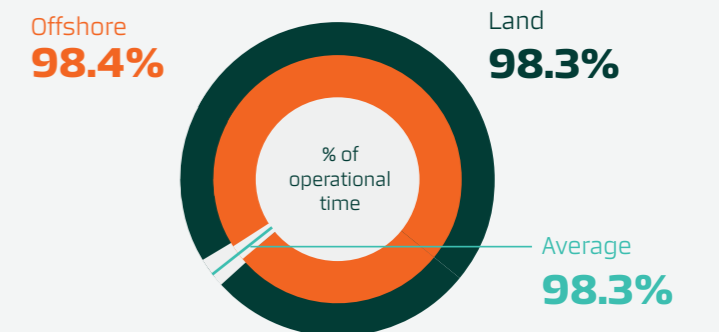
Revenue Contribution



Rig Utilization Rate



Uptime Percentage



Total Fleet Size **59**

-  Land **47***
-  Offshore **12**

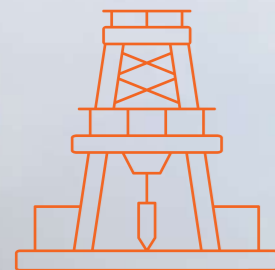
(as of 31 December 2024)

(* Additional 2 unconventional (land) gas rigs were added to the fleet in Q1 2025

THEME OF THE YEAR

Resilience at the Core Empowered by People and Innovation

Arabian Drilling's journey through 2024 was defined by resilience, innovation, and the extraordinary strength of our people. Amid unprecedented challenges, including a significant reduction in offshore activity, we demonstrated agility and strategic foresight by pivoting towards the unconventional gas market. This decisive shift not only safeguarded our operational continuity but positioned us as a leader in a rapidly growing segment, underscoring our ability to adapt, deliver, and thrive.



Our commitment to progress was matched by our ability to execute. With unparalleled speed, we mobilized and deployed 13 unconventional land rigs, leveraging seamless logistical coordination, advanced technology, and the dedication of our teams. These achievements exemplify the operational excellence that has defined our Company for over 6 decades. Alongside this, we sustained record revenues, strengthened market share, and maintained industry-leading safety standards, reflecting the precision and determination that are integral to our success.

Innovation and sustainability remained at the heart of our strategy. From integrating artificial intelligence into our operations to deploying cutting-edge digital platforms, we advanced our technological capabilities while enhancing safety and efficiency. These efforts were complemented by environmental initiatives that reduced our carbon footprint and reinforced our commitment to the Kingdom's Vision 2030. With every project, every rig, and every team member, we move closer to realizing a greener, more sustainable energy future.

Looking ahead to 2025, our focus remains on expanding our presence in the unconventional gas market while exploring new opportunities abroad. Supported by a culture of excellence, empowered teams, and a dedication to innovation, Arabian Drilling is poised to continue delivering value, driving growth, and contributing meaningfully to the prosperity of our Kingdom and beyond.

AT A GLANCE

Arabian Drilling delivered a year of robust performance, driven by our commitment to innovation, operational excellence, and sustainable growth. By focusing on workforce development and utilizing advanced technologies, we have maintained our market position to become Saudi Arabia's largest drilling company by fleet size with a total fleet of 59 rigs by end of 2024. As the industry evolves, we remain forward-thinking and committed to value creation.

OPERATIONAL HIGHLIGHTS

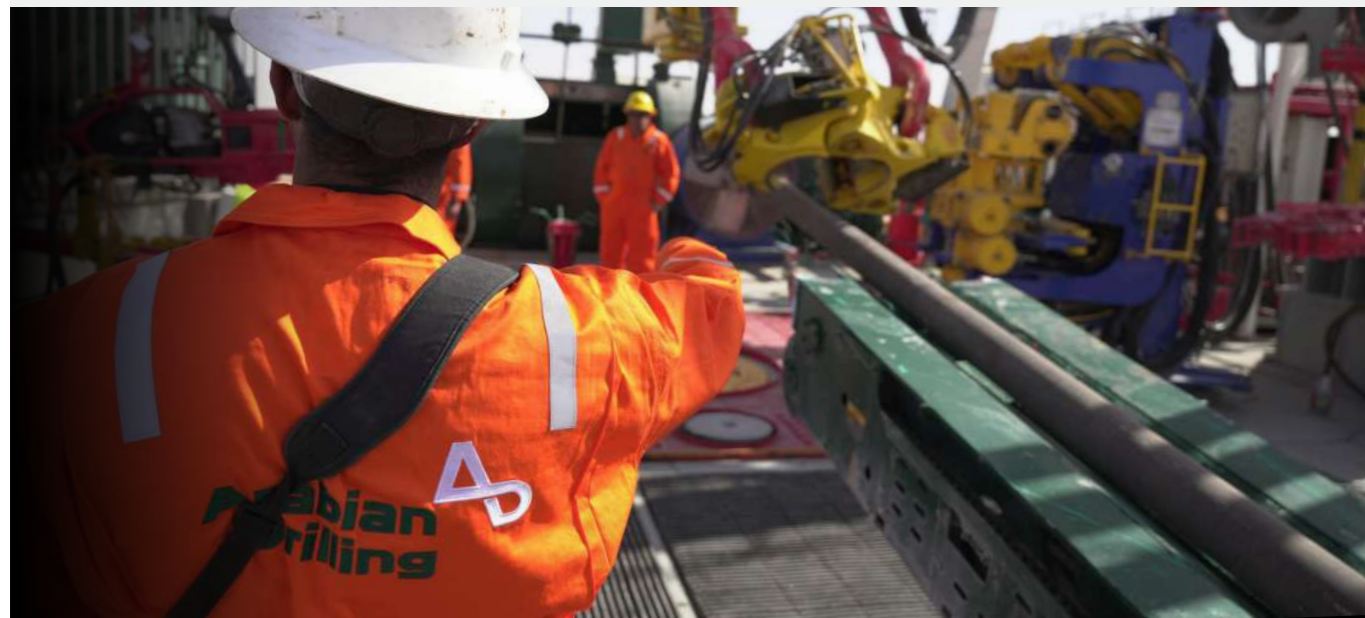


32%
growth in our land rig fleet, with the addition of the unconventional gas rigs

Utilization rate of **83.1%**, with 49 active rigs*

Average Rig Efficiency Index (REI) of **94.3%**

Low Non-Productive Time (NPT) of **1.7%**



FINANCIAL HIGHLIGHTS

Revenue (S million)



Net Profit (S million)



EBITDA (S million)



EPS (S)



EBITDA Margin (% of Revenue)



Capital Expenditure ⁽¹⁾ (S million)



Adjusted Operational Profit (S million)



CF from Operating Activities (S million)



Adjusted Net Profit (S million)



⁽¹⁾ FY'23 includes S 37 million of capitalized interest

2023 2024

SUSTAINABILITY HIGHLIGHTS

Launched **Sustainability Policy**

Formed Sustainability Steering Committee (SSC)

Provided **117,052** training hours via ADLA

Appointed first **female** rig manager

Established HR services center

AWARDS

IKTVA Excellence Awards for Best in Saudization (Services)
Presented by Aramco

iktva 2025 Excellence Awards
Best in Saudization (Services)
Arabian Drilling Company



Leading Corporate for Investor Relations in Saudi Arabia (3rd place)

Presented by Middle East Investor Relations Associations

Best CFO Drilling Saudi Arabia

Presented by International Finance Magazine



Investors Relations Award Mid-Cap (3rd place)

presented by Saudi Tadawul Group

2024 IN REVIEW

Arabian Drilling achieved significant milestones, advancing our leadership in innovation, sustainability, and stakeholder engagement. These accomplishments underscore our dedication to excellence, operational efficiency, and creating value in an evolving energy landscape.

January

Arabian Drilling HSE and Sustainability Forum 2024 and Beyond

The forum fostered collaboration and shared best practices to proactively improve safety standards, reinforcing our commitment to a safe and sustainable workplace.

March

Safety Workshop with Aramco

Arabian Drilling and Aramco hosted a workshop focusing on human performance, behavior programs, and AI's potential in safety advancements.

Celebrating Women

A roundtable discussion was held to mark International Women's Day and emphasized inclusivity.

June

CO₂ Emissions Reduction Initiatives

Three projects were launched, focusing on solar panel deployment and optimizing tower light usage during night operations.

October

Offshore Service Support Expansion

Arabian Drilling announced plans to expand its offshore service support vessel capacity.

Investor Relations Leadership in Saudi Arabia

Arabian Drilling hosted MEIRA's first Saudi Chapter meeting in Al Khobar to enhance investor relations in the region.

Sponsorship of Environmental Forum

Arabian Drilling sponsored the Drilling & Workover Operations Environmental Forum, emphasizing sustainable business practices.

New Offshore Contracts Secured

Arabian Drilling received a 2-year contract for an offshore jack-up vessel and an additional contract, with a backlog exceeding ₪ 100 million.

December

Investor Relations Excellence Recognition

Arabian Drilling achieved third place at the MEIRA Awards for "Leading Corporate for Investor Relations".

Largest Drilling Contractor in KSA

With the addition of the new land rigs for unconventional gas, Arabian Drilling has become the largest drilling contractor in Saudi Arabia by fleet size.

February

MEIRA Recognition for Investor Relations

Arabian Drilling was recognized for the "Most Improved Investor Relations Program" at the Middle East Investor Relations Association (MEIRA) Awards during the Saudi Capital Market Forum.

Participation in GCC Future Impact Forum

The Chief Executive Officer, Ghassan Mirdad represented Arabian Drilling at the Harvard Business School Crossroads GCC Future Impact Forum to support national talent development.

Showcasing Excellence at IPTC 2024

Arabian Drilling demonstrated our commitment to driving value and delivering excellence at the International Petroleum Technology Conference.

April

60th Anniversary Celebration

Arabian Drilling celebrated 60 years since its founding in 1964, marking the start of its journey with its first offshore rig.

September

10 million Kilometers Driven Accident-Free

Arabian Drilling achieved over 10 million accident-free kilometers on its vehicles.

November

Securing Long-Term Land Rig Contracts

Arabian Drilling announced two long-term contracts for land rigs, adding ₪ 730 million in backlog.

Unconventional Land Rigs Start-Up


The successful start-up of 10 unconventional rigs reinforced Arabian Drilling's role in energy transition and decarbonization.



STAKEHOLDER ENGAGEMENT

We are deeply committed to fostering proactive engagement with all our stakeholders, ensuring that every interaction creates meaningful value.

By prioritizing open communication, collaboration, and alignment with stakeholder needs, we build trust, strengthen relationships, and drive sustainable growth. To uphold this commitment, we maintain a standard of excellence by empowering our employees, supporting our customers and suppliers, contributing to local communities, and delivering value to our shareholders. This dedication reflects our aim for mutual success and long-term impact.

Stakeholder Group	 Employees	 Customers	 Suppliers	 Community	 Shareholders
How We Engage	<ul style="list-style-type: none"> Annual employee engagement survey Internal communication emails Employee town hall Performance appraisal Years of service recognition (i.e. 5, 10, 20 years) Training and development courses Diverse employee events 	<ul style="list-style-type: none"> Continuous day-to-day engagement at all levels of the organization, including operations (Rig Managers) and non-operations (Finance, Marketing, etc.) At the rig site level, 24/7 customer presence represented by the Company Foreman, working hand in hand with the Rig Superintendent to achieve the drilling program Responding to any tender issued by our customers for new rig contracts Attending functions hosted by clients, such as conventions and forums 	<ul style="list-style-type: none"> Ongoing supplier relationship management Quarterly catering performance review Vendor pre-qualification and assessments Non-conformance Incident Report System support linked with tutorials for easy learning 	<ul style="list-style-type: none"> Sponsoring the Saudi Capital Market Forum organized by Tadawul Beach clean-up campaign Sponsorships of events, such as triathlon and half marathon KFUPM keynote speech and exhibiting at career fair IADC/SPE symposium, Middle East Drilling Technology Conference and Exhibition keynote speech Visit from IADC KFUPM Student Chapter to Learning Academy SPE Panel: Unlocking Human Energy Sponsoring 60 students at the Saudi Arabian Drilling Academy Various CSR activities 	<ul style="list-style-type: none"> Public disclosures on Tadawul and the Company's website Quarterly earnings release Quarterly earnings call Regular call with analysts and/or potential investors Organized rig visits for our key investors and sell-side analyst covering our stock Attending investors conferences and organizing 1:1 or small group meetings with investors. In 2024, Arabian Drilling attended 6 different investor conferences in Riyadh, Dubai, Abu Dhabi, and London, meeting with more than 130 investors and analysts
How Often We Engage	<ul style="list-style-type: none"> Ongoing 	<ul style="list-style-type: none"> Ongoing 	<ul style="list-style-type: none"> As required 	<ul style="list-style-type: none"> Regularly, at least twice per quarter 	<ul style="list-style-type: none"> At least quarterly for earnings releases and on an ad hoc basis through investor conferences, individual meetings, rig site visits, and other engagements
Key Topics	<ul style="list-style-type: none"> Emphasizing the adoption of proper safety behavior and the following of protocols across the entire organization Upgrading the operating model to increase digitalization and efficiency (revamped ERP) Continuous training and on-job development Compensation and benefits packages aligned with market Improved training facilities 	<ul style="list-style-type: none"> Drilling safety and performance Opportunities for rig digitalization and automation Contract extensions and renewals Invoice collections Contributions to cost optimization, local content, etc. 	<ul style="list-style-type: none"> Ensure capital items and spares availability Secure price for long-term Quality of services 	<ul style="list-style-type: none"> Working towards a more systematic and targeted approach for our engagement with communities 	<ul style="list-style-type: none"> Growth trajectory, including organic expansion plans, inorganic acquisition such as M&A and regional expansion Financial performance, including revenue backlog, margin levels, dividend policy, etc. Tangible plans that address current market conditions, in particular, repositioning of the suspended offshore rigs Comparisons to regional peers

STAKEHOLDER ENGAGEMENT (continued)

Stakeholder Group	 Employees	 Customers	 Suppliers	 Community	 Shareholders
Key Actions	<ul style="list-style-type: none"> Reviewed grade and salary scale at junior level to better align with market Full utilization of the new Arabian Drilling Learning Academy as a center of excellence in training and development Streamlining communication channels between the offices and the rigs Digitalization and efficiency (digital control with real-time drilling data and drill floor operation monitoring, enhancement of the BEC and implementation of a new ERP system resulting in a significant reduction in manual tasks) 	<ul style="list-style-type: none"> Continuous measures of service quality delivery using Aramco Rig Efficiency Index (REI) Supporting clients' cost optimization initiatives with temporary day rate adjustments or temporary rig suspensions Promoting local content agenda and exploring options to build rigs locally Continuous safety improvements to the personnel, assets, and environment Diversifying client portfolio and establishing international presence Deploying 13 new rigs in the unconventional sector 	<ul style="list-style-type: none"> Consignment agreements Fixed price agreements Standard contract template for almost 20 identical services Standard payment T&Cs Local and overseas market search for new services/ spares provider with compatible prices Building centralized warehouse to decrease current stock level Review alternate sources of procurement for original equipment manufacturer and spare parts 	<ul style="list-style-type: none"> Create a committee responsible for overseeing all CSR initiatives, activities, donations, etc. Carefully select the programs/ charities that have the highest impact on the community Extend CSR activities to neighboring locations within the KSA 	<ul style="list-style-type: none"> Giving forward looking statements and guidance Providing rig site visits and showcasing the latest drilling simulators at the Arabian Drilling Learning Academy Looking to win international contract awards for the suspended offshore rigs
Value Creation	<ul style="list-style-type: none"> Improving the work environment and employee efficiency Allowing rig personnel to increase focus on drill floor operation rather than admin tasks Fostering a corporate culture of excellence Promoting accountability without fear of blame 	<ul style="list-style-type: none"> Contributing to the Kingdom's energy transition and decarbonization of the electricity production by drilling unconventional gas fields Building expertise in geothermal well drilling Expect to resume operations for some of the suspended offshore rigs in 2025 	<ul style="list-style-type: none"> Establishing agreements with suppliers to secure availability of products and services Delivering spares and services on time to prevent shutdowns Negotiating best prices and implementation of fixed price to meet the budget Alternative sources for procurement leading to cost saving Cost optimization initiative across all departments with over 240 cost saving initiatives implemented and realized with expected savings of ₪ 400 million (OPEX and CAPEX) 	<ul style="list-style-type: none"> Ensuring thoughtful leadership by engaging in panel discussions Promoting diversity and inclusion in the workplace Providing support to communities in need (e.g. Bena'a orphanage) Provided a pro bono rig for SADA, resulting in practical experiences for all students 	<ul style="list-style-type: none"> Arabian Drilling profile is perceived as more of a growth stock rather than a dividend stock Fleet has expanded by 31% since the IPO with a total fleet size of 59 as of 31 December 2024 (Pre IPO roadshow target was 65-70 units by end of 2026, so we are on target despite rig suspensions) Returning value to shareholders by distributing a semi-annual dividend averaging 74% of the net income Arabian Drilling trading multiple remains high among the global drilling industry

INVESTMENT CASE

Saudi's National Drilling Champion



Leadership position in an attractive market

- Largest drilling contractor in Saudi by fleet size as of December 2024 (total fleet size of 59 land and offshore rigs).
- Active in both land and offshore segments, fostering a balanced business mix and a resilient financial model.
- Leader in land gas drilling in KSA.
- With a 60-year history of operations in the Kingdom of Saudi Arabia, Arabian Drilling possesses unparalleled experience among contractors in the country.

Tapping into unconventional gas drilling and other sustainability initiatives in line with Vision 2030

- Successful deployment of 13 new land Rigs for 5-year fixed term contracts to develop unconventional gas fields, including Jafurah field.
- Jafurah covers an area of approximately 17,000 km² and is the largest liquid-rich shale gas field in the Middle East, containing an estimated 200 trillion standard cubic feet of natural gas.
- It is expected to play a crucial role in Saudi Arabia's energy transition to use 60% natural gas to fuel its energy generation requirements, while also contributing to achieving its net-zero

ambitions by decarbonizing electricity production.

- Arabian Drilling just completed a well in the NEOM region.

Continuous fleet expansion plans

- Arabian Drilling's fleet has increased by 31% since IPO in line with the prospectus.
- 32% increase in our land fleet size in 2024 due to the addition of the new unconventional gas land rigs.



Operational Excellence

Solid leadership team

- A highly experienced management team, backed by a prudent Board of Directors.
- The Chief Executive Officer, Chief Operating Officer, and Chief Financial Officer each hold 25+ years of experience in the oil and gas industry, multiple academic accreditations, and an extensive international exposure in more than 12 countries.

rig move performance. On 1 January 2025, Arabian Drilling went live with an upgraded ERP platform offering advanced features and innovations:

- **Enhanced Operational Efficiency:** ERP now integrates AI and machine learning to streamline processes and improve decision-making. This leads to faster and more accurate operations.
- **Real-Time Data Processing:** S/4HANA processes data in real-time, providing up-to-date insights that help businesses respond quickly to market changes.
- **Scalability and Flexibility:** The system supports continuous innovation and updates, allowing businesses to scale and adapt to new challenges efficiently.

Robust technical performance and rig move optimization

- Arabian Drilling maintains a high performing Rig Efficiency Index (REI) across the fleet with an average of 94.3% for 2024. The REI is a KPI used by Aramco to measure the performance of the drilling contractor and their respective rigs.
- Arabian Drilling realized a total of 160 rig moves throughout 2024, with an average of 0.81 days saved per rig move compared to Aramco's KPI. This represents an additional 130 days of extra drilling days, which is equivalent to approximately ₪ 18 million of additional revenue.
- Arabian Drilling has launched several initiatives to modernize its operating model, which will lay the foundation for optimizing both the operational and

Experienced reference shareholders

- With historical shareholders TAQA and SLB, Arabian Drilling benefits from the best of both worlds with TAQA's network, capabilities, and market depth in the upstream industry, and from the Schlumberger Group's operational know-how, innovation, and cutting-edge technological solutions in the oilfield services industry.

Continued focus on QHSE

- In spite of one major HSE event, Arabian Drilling reported a much-improved Total Recordable Incident Frequency ("TRIF") of 0.59 only, which measures recordables incidents over 1,000,000 manhours. This TRIF score 4x lower than the industry average of 2.3, as reported by the International Association of Drilling Contractors (IADC).
- Arabian Drilling recorded no automobile accidents in 2024, despite covering nearly 13 million kilometers.
- Arabian Drilling has reported no serious hazardous waste spills in the last 6 years.
- Arabian Drilling has obtained international ISO certifications in Environment Management Systems (ISO 14001 Environmental Management System, ISO 45001 Safety Management System, and ISO 9001 Total Quality Management System).
- Arabian Drilling has published an annual Sustainability Report since 2017 (except 2020 due to COVID-19).

Disciplined Growth



Focused expansion in gas in Saudi

- Adding 13 new unconventional land rigs in gas drilling.
- It is anticipated that significant growth will be driven by the development of the Aramco Riyas Natural Gas Liquids (NGL) fractionation plant near Jubail, Saudi Arabia. This facility is designed to process up to 510,000 barrels per day of NGLs, yielding products such as ethane, propane, butane, and pentane.

Geographical expansion

- Aiming to reposition offshore rigs through participation in overseas bids.
- Exploring M&A opportunities and partnerships which will grant us access to overseas markets.
- Arabian Drilling is well positioned to capture the anticipated increase in rig demand in Kuwait by leveraging on our base of operations in Al Khafji.

Ongoing optimization and improvement programs

- Organization-wide: Best-in-class performance in office support.
- Digital Transformation: Drive excellence across functions and operations through digitalization and automation.
- Supply Chain: Create a competitive advantage through our Saudi Arabian footprint.
- Corporate Culture: Develop a culture of operational excellence and continuous improvement along with a pride to be working for Arabian Drilling.

Clear medium-term visibility

- Robust backlog of ₪ 10.3 billion (excluding options) as of 31 December 2024 with book-to-bill ratio of 2.8x which gives good visibility on the top-line for the next few years.
- Transformation journey with approximately 833 cost optimization

initiatives, of which about 30% have been implemented throughout the organization either as enabler for increased efficiencies and/or cost optimization. This journey is expected to yield one-time and recurring benefits in excess of ₪ 200 million, in capex and 175 million in Opex.

New revenue streams

- Convert Arabian Drilling Learning Academy from a cost center into a profit center by providing training courses to third parties.
- Leverage of OFSAT fleet to serve the Kingdom of Saudi Arabia's land drilling rig market.
- Further offshore investment opportunity in the Multi-Purpose Service Vessel (MPSV) to serve the offshore platform/well count in the Kingdom of Saudi Arabia.

Key Pillars for Enhancing Total Shareholder Return



Maintain robust cash flows and financial discipline

- We aim to maintain a robust EBITDA margin level, indicating a high level of profitability that directly supports long-term shareholder value.
- Strong balance sheet with year-end cash balance close to ₪ 600 million and net cash generated from Operations of ₪ 1.75 billion.

Semi-annual dividend payout

- Arabian Drilling has paid 70-80% of its net income in dividends in the last 3 interim dividend payments since listing in November 2022.

Long-term leverage (Net Debt / EBITDA) target levels below 1.75x

- Net debt / EBITDA ratio of 1.6x, well below the industry average, which indicates Arabian Drilling is moderately leveraged for such a capital-intensive business and has further head room to deliver on its inorganic growth plans.



INVESTOR RELATIONS AND SHAREHOLDERS' INFORMATION

Communicating Performance and Building Confidence

Arabian Drilling is committed to cultivating strong investor relationships through a proactive Investor Relations (IR) strategy. We believe a well-informed investor base is essential for building long-term confidence and loyalty. Our IR framework prioritizes transparency, consistency, engagement, strategic communication, and responsiveness, ensuring alignment with our stakeholders' needs.

Our IR Strategy is guided by 5 Core Principles

Transparency	Consistency	Engagement	Strategic Communication	Responsiveness
providing clear, accurate, and timely information for informed decision-making.	maintaining regular communication to keep investors updated on performance and strategy.	actively fostering relationships through direct interaction and addressing investor inquiries.	tailoring messaging to effectively convey our vision and strategy to diverse investor groups.	demonstrating our commitment to investor value through prompt and thorough responses.

Enhanced Investor Engagement Through Conferences and Key Events

Throughout the year, Arabian Drilling has maintained its high level of engagement and communication by attending the below IR conferences. On average, Arabian Drilling attends an investor conference every other month with over 20 group meetings.

Investor Conference attended in 2024	Date	Place	No. of Group Meetings
Saudi Capital Market Forum	19-Feb-24	Riyadh	65
EFG Hermes	4-Mar-24	Dubai	34
Arqaam	27-May-24	Dubai	9
Goldman Sachs	18-Nov-24	London	10
Citi bank	5-Dec-24	Dubai	3
MEIRA	11-Dec-24	Abu Dhabi	10

Key Engagement Highlights

Saudi Capital Markets Forum (February 2024, Riyadh): Enhanced investor and analyst relationships through strategic discussions and networking.	MEIRA Chapter Meeting (February 2024, Riyadh): Contributed to industry dialogue and investor engagement via CFO keynote.	Capital Club Dubai (April 2024): Strengthened relationships with Dubai financial community stakeholders through CFO keynote.	MEIRA Saudi Chapter Meeting (October 2024, Eastern Province): Demonstrated regional investor relations leadership by hosting inaugural meeting.	MEIRA 2024 Annual Conference (December 2024): Engaged investor relations professionals and investors through CFO keynote presentation.
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Enhanced Sell-Side Analyst Coverage

Arabian Drilling strategically expanded its sell-side analyst coverage in 2024, demonstrating a significant commitment to broadening investor visibility. The addition of 5 new firms resulted in a 55% year-over-year increase, bringing the total number of analysts covering the Company to 14. This enhanced coverage provides investors with a more comprehensive understanding of Arabian Drilling's performance and prospects.

A detailed list of all sell-side analysts is readily available on the company's Investor Relations portal, under "Analyst Coverage".

14 sell-side analysts now providing coverage.

55% year-over-year increase in analyst coverage.

Investor Relations Financial Calendar 2024-2025

Q4 2023 Annual Consolidated Financial Results	18 March 2024
Q1 2024 Interim Financial Results	13 May 2024
Q2 2024 Interim Financial Results	05 August 2024
Q3 2024 Interim Financial Results	06 November 2024
Q4 2024 Annual Consolidated Financial Results	12 March 2025

ACTIVE PARTICIPATION IN
6 MAJOR INDUSTRY CONFERENCES
ACROSS RIYADH, DUBAI, LONDON, AND ABU DHABI.



CONSISTENT ENGAGEMENT, AVERAGING OVER
20 GROUP MEETINGS
PER CONFERENCE.



IN 2024, ARABIAN DRILLING LAUNCHED THE
'ARABIAN DRILLING IR' MOBILE APPLICATION,
PROVIDING INVESTORS WITH CONVENIENT AND RAPID ACCESS TO COMPREHENSIVE COMPANY INFORMATION.



Investor Relations Department
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Email: IR@arabdrill.com



For more information visit [our IR page](#)

INVESTOR RELATIONS AND SHAREHOLDERS' INFORMATION (continued)

Shareholders' Information

Share Information

Listing date:
7 November 2022

Exchange:
Saudi Exchange (Tadawul)

Symbol:
2381

ISIN:
SA15L11156H7

Number of shares issued:
89,000,000

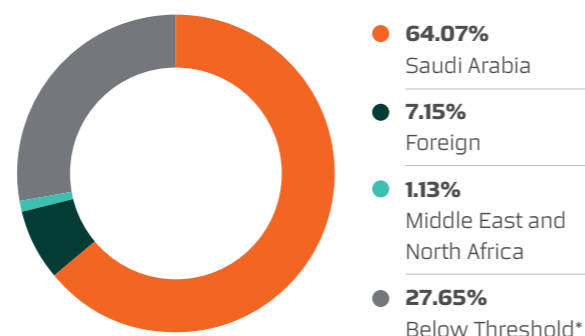
Closing price as of 31 December 2024:
ﷲ 111.60

Market cap as of 31 December 2024:
ﷲ 9,932 million

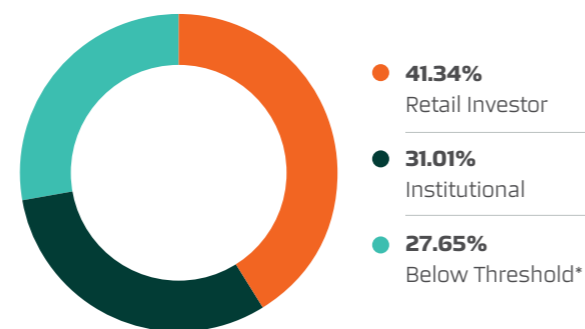
Foreign ownership limit:
49%

Free float:
26.7 million
(30% of issued shares)

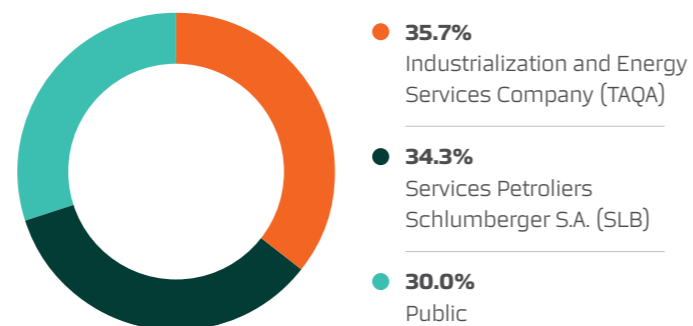
Shareholding by Geography as of 31 December 2024 (excludes strategic shareholders)



Shareholding by Type as of 31 December 2024 (excludes strategic shareholders)



Strategic Shareholders



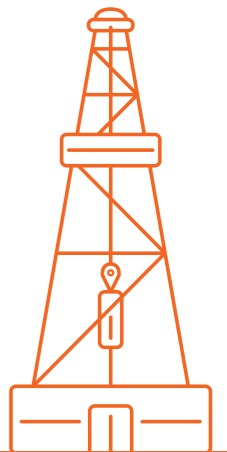
* Materiality threshold is 3,000 shares



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Arabian Drilling remains committed to its strategic vision; harnessing innovation, operational excellence, and sustainability to drive long-term growth and resilience. Through focusing on industry-leading performance, the Company continues to reinforce its market leadership position, deliver value to stakeholders, and prudently adapt to the evolving energy landscape.



CHAIRMAN'S STATEMENT

Resilience at the Core: Empowered by People and Innovation

Arabian Drilling's performance in 2024 is a reflection of our flexibility, adaptability, and above all, resilience. This resilience goes beyond our ability to weather a storm; it embodies our deep commitment to fulfill obligations and consistently deliver on promises, regardless of external factors. In 2024 we promised growth, and we delivered growth.

Strategy in Action

It is a testament to our strategic foresight, market intelligence, and operational dexterity that Arabian Drilling continued to expand its fleet and post record revenues of 3.6 billion, overcoming challenges and market volatility during the year.

Throughout our 6-decade long legacy, we have supported, collaborated, and earned the trust of Saudi Aramco, which awarded the Company 13 out of a total 23 unconventional gas contracts, highlighting an outstanding bid success rate.

We successfully mobilized and deployed all 13 rigs on budget and in record time, reinforcing our remarkable agility through a commitment to strategic execution and seamless logistical expertise. This valuable addition increased our onshore fleet size by 32%, and our total fleet size by 24%, cementing our leadership position in Saudi Arabia. With this latest expansion, Arabian Drilling became the largest drilling contractor in Saudi Arabia by fleet size.

As part of Saudi Arabia's Government is launching major gas development projects, we aim to solidify and further enhance our position as the leading drilling contractor in Saudi Arabia by fleet size. We are also aligning our strategy with the Kingdom's ambitious plans to replace liquid fuel for electricity with lower emission sources.

The strengthening position and industry expertise we are gaining in this burgeoning sector, heralds a new era of expansion and underscores the accuracy of our strategic direction. We are a consistent, intelligent business with profound operational and financial acumen that enables us to capitalize on our strengths, realize our full potential and, ultimately, contribute to the prosperity of the Kingdom.

Our People as Our Foremost Priority

As we celebrated our 60th anniversary in 2024, we were able to reflect on the Company's history of confidence, positivity, and ambition, a collective mindset that is embedded into our DNA. We are essentially a people-driven company, and investing in the people of today is an investment in our future success.

We have a working culture that constantly promotes diversity and is based on respect and integration, regardless of nationality, race, gender, or disability. We encourage prospects and provide support to enable our colleagues to reach their potential and inspire them to become mentors for others.

Furthermore, our learning academy, Arabian Drilling Learning Academy (ADLA), continues to deliver over 100,000 of man-hours training to 23,465 trainees, focusing on the key technical and crucial safety aspects of our operations.

Continuous Innovation Driving Value

In alignment with Vision 2030, technology and innovation are intrinsically linked to every facet of our operations, evolving at a rapidly increasing pace, with phenomenal advances in efficiency, safety, and production. We are steadfast in our commitment to investing in digital transformation as we build a Company that leverages artificial intelligence (AI) to the best of our advantage.

Arabian Drilling has a young, high specification fleet, which was constructed with advanced technology in place and is constantly being upgraded to ensure we maintain our position as an industry pioneer.

We are in the process of installing live rig surveillance cameras equipped with AI capabilities, which are able to measure team dynamics, prioritize their safety, identify and highlight potential responses, and intervene before breaches occur, ensuring that our operations remain at the cutting-edge of digital progress.

Our investments in digital platforms and AI solutions in 2024 represent a sustained commitment to technology. There is no end to progress and in accepting that, we must embrace the opportunity to focus on next generation innovation.



WE ARE AN INNOVATIVE, FORWARD-THINKING BUSINESS WITH THE OPERATIONAL EXCELLENCE AND FINANCIAL ACUMEN TO CAPITALIZE ON OUR STRENGTHS, REALIZE OUR POTENTIAL AND, ULTIMATELY, CONTRIBUTE TO THE PROSPERITY OF OUR NATION.

Khalid Mohammed Nouh

Chairman



Driving Positive Environmental Impact

As we constantly seek to create greener, more environmentally friendly energy industry practices, innovation also plays a significant role. Through the implementation of solar panels, battery systems, and fuel monitoring technology, we are able to reduce our carbon footprint and promote greater sustainability, one of the greatest priorities of all.

In addition, we reinforced our commitment to corporate responsibility, establishing a dedicated Board-level Committee focused on health, safety, and sustainability. By overseeing the increasing number of initiatives aimed at reducing greenhouse gas emissions and improving performance across all environmental, social, and governance areas, the Committee will act as a strategy setter and implementation gatekeeper.

In addition, as part of our duty to care for the environment, and the Kingdom's ambition for environmentally

responsible practices, Arabian Drilling will once again publish its standalone Annual Sustainability Report, reaffirming our intent and our actions in 2025 to support our communities, our society, and our planet.

Strategies and Responsibilities for 2025

Our notable achievements in 2024, not only reinforced our success in terms of delivering on Arabian Drilling's strategy but also delivered a message to potential clients that we have the expertise and the resources to fulfill their needs.

We have successfully penetrated the unconventional gas market, establishing ourselves as a leading contender for the multiple contracts which will undoubtedly follow as the Kingdom continues to explore and invest in the development of this exciting resource. Our primary strategic focus on the land segment has entered a new phase and we have shown that we have the credentials to play a major role in the growth of unconventional drilling, while

exploring the most viable options for operating outside of the Kingdom.

Entering 2025, we have set detailed safety objectives for our employees, contractors, and everyone in our workplaces as a central focus. Beyond growth, we aim to emphasize transparency, equal opportunities, and ethical business conduct, ensuring we maintain the highest standards of integrity across the organization.

Acknowledgements

In closing, I would like to thank our shareholders for their support and trust in us as a Board and in the Management leadership during what has been a far from conventional year. My thanks also go to our customers for their understanding as we aligned our operations with their plans.

Lastly, I want to express my sincere gratitude to our people, who have once again performed magnificently in navigating the dynamic market conditions of 2024.

CHIEF EXECUTIVE OFFICER'S MESSAGE

Strategic Progress, Resilient Results

Arabian Drilling showed resilience in 2024, reaffirming its remarkable adaptability to challenging market conditions. The Company managed to achieve top line growth through rational strategic investment decision making. Our successful deployment of unconventional land rigs in the gas segment is a testament to our commitment, agility, and dedication to supporting our clients while adapting to dynamic market conditions.

Positive Outcomes in a Challenging Market

Arabian Drilling was awarded 13 out of 23 Aramco contracts for unconventional land rigs in 2023. By the end of 2024, 11 rigs were operational, with the remaining 2 rigs commencing operations early in the first quarter of 2025. Through our ability to effectively capitalize on this strategic opportunity in unconventional gas, Arabian Drilling was able to overcome the impact of nationwide rig suspensions and post revenues of ₪ 3.6 billion, a year-on-year increase of 4.1%.

These efforts across the year culminated in unconventional rigs contributing ₪ 230 million to the total land segment revenue of ₪ 2,141 million, which increased by 7% over 2023.

This success, in terms of further market penetration and a solid financial performance, was also instrumental in Arabian's Drilling's EBITDA of ₪ 1.5 billion, maintaining a healthy margin of 42%.

The Company achieved an average Rig Efficiency Index (REI) score of 94.3% in 2024, reflecting a year-on-year improvement of a 0.5 percentage point, with close to 90% of the rigs scoring in the 'High Performance' category.

In the offshore segment, Arabian Drilling was awarded a 2-year contract for 1 of our existing offshore jack-up service vessels with an estimated backlog exceeding ₪ 100 million.

Exploring Opportunities for Growth

In order to explore new avenues of expansion, we have increased our emphasis on corporate development. We now have the opportunity to operate internationally for the first time. While maintaining a significant presence in Saudi Arabia, the Company's modern, high-tech offshore fleet is now being actively marketed overseas. In Q1 2025, we formed a strategic alliance with Shelf Drilling, a leading offshore drilling contractor with a strong presence across various global markets. This collaboration will enable us to leverage Shelf Drilling's established market presence, relationships, and expertise to unlock new opportunities for our premium rigs in international markets.

Innovation, Efficiency, and Safety

Our resilience and diligence over the past year were fundamental to the Company's solid results, leveraging our achievements in the land segment while also integrating advanced digital technology to enhance both organizational proficiency and cost efficiency.

As we continue to position ourselves as a forward thinking, technology-driven market influencer, the entire Company is undergoing a digital transformation. We are creating next generation capabilities and integrating crucial internal systems to ensure all aspects of our operations are safer, more efficient, and more effective.

We have seamlessly upgraded our Enterprise Resource Planning (ERP) systems to SAP, the most advanced business software and cloud solutions provider, to manage nearly every aspect of the organization, from finance, HSE, and HR to procurement, logistics, and maintenance.

Technology and safety are inextricably linked at Arabian Drilling, creating a synergy which constantly evolves to maintain our number one priority – to ensure our people are safe and secure.

Our Behavior Empowerment Center, which is currently being upgraded with artificial intelligence capabilities, acts as a central command station, monitoring live camera feeds from rigs, which has been instrumental in improving safety.

In addition, our unique Infinity Innovation Lab streamlines data from the rigs to the office, helping us manage both equipment and people. Where performance was traditionally analyzed based on human input, we are using data metrics to assess a full spectrum of efficiencies, from rig operations to team dynamics.



THE RESILIENCE AND RESOLVE WHICH UNDERPINNED OUR ACHIEVEMENTS IN 2024 REAFFIRMED THAT WE ARE ESSENTIALLY A PEOPLE COMPANY. SINCE OUR FOUNDING IN 1964, WE HAVE BEEN SUPPORTED BY THE TEAMS WHICH DRIVE OUR STRATEGIC PROGRESS AND PERFORMANCE, AND WE WILL COLLECTIVELY ENSURE THAT OUR FUTURE IS POSITIVE AND PROSPEROUS.

Ghassan Mirdad

Chief Executive Officer



Furthermore, we now have the technical resources to implement condition-based maintenance, whereby we are able to assess equipment before it requires repair, an invaluable tool in saving both time and expense.

Beneficial Structural Changes

As our strategic direction continues to focus on unconventional gas, we have initiated and implemented a dedicated department which reports directly to the Chief Operating Officer, enabling us to centralize, orchestrate, and coordinate our status and growth in the sector.

In addition, we appointed our Chief HR Officer, who brings a vast wealth of experience and knowledge, to help maintain, guide, and develop our outstanding people and look to the future. As we continue with our rapid growth in the unconventional sector, the need to recruit, onboard, and train exceptional new team members is a vital part of our success.

Our constant drive for safety and commitment to the environment has led to the creation and activation of a Board-level Committee dedicated to sustainability-related matters. As part of our ongoing efforts to protect and preserve the environment, we have adopted eco-friendly practices, such as installing crown lights on rigs to replace diesel-powered tower lights, implementing an intelligent power management system for diesel engine optimization, and using equipment powered by solar energy. We have also conducted a new materiality assessment to gather feedback from our internal and external stakeholders on material topics, enabling a more in-depth assessment to align with our Sustainability Strategy.

Accelerating Our Strategic Ambitions

The resilience and determination that fueled our success in 2024 underscores our identity as a people-centric organization. Since establishment in 1964, we have been driven by our dedicated teams who

contribute to our successes. Together, we are committed to ensuring a positive and prosperous future.

Our focus will remain on unconventional gas drilling, further penetrating the market at speed with an ever-increasing track record which highlights the Company's efficiency and expertise. We are more prepared and more resourceful than ever to grow our operations and footprint both within the Kingdom and internationally.

Acknowledgements

In closing, I thank our Board of Directors for their guidance throughout this exceptional year. My gratitude extends to the Senior Management team, whose experience has been instrumental in our achievements. I also appreciate the dedication of our entire team at Arabian Drilling and the continued confidence of our clients.

BUSINESS MODEL

At Arabian Drilling, we are dedicated to creating lasting value through excellence, innovation, and a strong commitment to sustainability. Our approach integrates operational expertise, strategic growth, and responsible practices to meet the evolving needs of our stakeholders and support broader national and industry goals.

Our Strengths

Financial



- Solid financial performance with sustainable positive cash flow and high EBITDA margin.
- Financial discipline and adequate balance sheet leverage allowing for further growth opportunities.
- Net debt profile and leverage increased in 2024 as a result of CAPEX spending to support fleet expansion and the delivery of new unconventional land rigs.

Operational



- Best-in-class operational capabilities with superior scoring on Rig Efficiency Index (REI) (i.e. Aramco KPIs for drilling contractors).
- Our average REI scoring for 2024 was 94.3%, with close to 90% of our rigs scoring in the high-performance category, with an REI of 85% or more.
- Technical in-house expertise and workshops to ensure well-maintained assets.

Human Capital



- Highly experienced Management team.
- Diverse and experienced workforce with a high Saudization representation - consolidated Saudization rate of 63%.

Customers



- Entrenched relationships with Tier 1 customers (Aramco, SLB, Baker Hughes, KJO).
- 60-year trusted partnership with Aramco.

Diversified Offering



- Stable and resilient model with balanced exposure to land and offshore.
- Contractor of choice in specific types of drilling, including unconventional gas and geothermal wells.



How We Create Value

“STRIVE for Excellence”

Our Vision

Leading sustainable drilling services.

Our Mission

Evolve our business to add value to our people, customers, and shareholders by following the highest safety, technological, and operational standards.

Our Values

S.T.R.I.V.E.

Safety, Teamwork, Reliability, Integrity, Value, and Environment.

Our Strategic Priorities

- Grow core business in Saudi Arabia and expand outside of the Kingdom.
- Deliver best-in-class operational performance.
- Upgrade our operating model.

Value Created

- Continuous expansion in 2024 with the addition of 13 new land rigs for unconventional gas (32% YoY growth in our land rig fleet).
- Achieved all-time record high revenue in 2024 of ₪ 3.6 billion (+4.1% YoY).
- Highest quarterly backlog average reported in 2024 of ₪ 10.8 billion (+8% YoY). Backlog consistently represents close to 3x the amount of the annual revenue.
- Average REI score in excess of 94%. Close to 90% of the rigs are scoring in the High Performance category.
- Total Recordable Incident Frequency (TRIF) of 0.59 (calculated over one million manhours) (vs. average of 2.3) for the International Associations of Drilling Contractors.

- ₪ 345 million in cash dividends returned to shareholders in 2024.

- Enhancing the Kingdom's energy mix transition with the decarbonization of electricity production.
- Arabian Drilling Learning Academy (ADLA), established in 1993 as the first training center in the Kingdom to deliver both Technical and HSE training and accredited by international bodies such as ISO (9001 and 29993), IADC (WellSharp and Drilling Industry Training Programs), delivered around 120,000 man-hours of training in 2024 with 1,100+ training courses of 42 different types for approximately 23,000 trainees.
- Received multiple awards and recognitions:

- Most Improved Invertors Relations Program from Middle

Our Corporate Governance and Sustainability

Our sustainability framework focuses on 3 key areas:



People and Society

- Labor Best Practices
- CSR and Local Communities
- Occupational Health and Safety
- Workplace Diversity and Equal Opportunity



Corporate Governance

- Code of Conduct
- Enterprise Risk Management. In 2024, we implemented the SAP-GRC (Governance, Risk, and Compliance) solution, marking the Company's milestone in enhancing its Risk Management function. The SAP-GRC solution will play a vital role in fostering a culture of Risk Management best practices within Arabian Drilling.
- Compliance and Controls




Climate Action

- Water Management
- Waste Management
- Biodiversity
- Carbon Footprint Reduction

East Investors Relations Association (MEIRA) as part of the 2024 Saudi Capital Market Forum.

- Received third place for the Leading Corporate for Investor Relations - Saudi Arabia, awarded by MEIRA at their 2024 Annual Conference.
- Best CFO - Drilling - Mr. Hubert Lafeuille - Saudi Arabia 2024 - presented by the International Finance Award.
- IKTVA Excellence Awards for Best in Saudization (Services) - presented by Aramco (February 2025)
- Investors Relations Award Mid-Cap (3rd place) - presented by Saudi Tadawul Group

SAUDI VISION 2030

Vision 2030 Goal	Strategic Alignment	2024 Progress	2025 Ambitions
<p>A Vibrant Society</p> <p>To achieve true happiness and fulfilment for all citizens and residents, we are prioritizing physical, psychological, and social well-being, which is why the heart of our vision is creating a society where everyone enjoys a high quality of life, a healthy lifestyle, and an attractive living environment.</p> 	<ul style="list-style-type: none"> We are committed to supporting our employees and the local communities where we operate, through our hiring and development practices, as well as our support for community groups, educational institutions, humanitarian and charitable organizations. By supporting local communities and contributing to social progress, Arabian Drilling helps foster a sense of national pride and responsibility. This engagement is crucial for building an ambitious nation where citizens are actively involved in the country's development. We are proud to support "Made in Saudi" and have chosen our projects, training, and initiatives with the local community and Saudi Vision 2030 top of mind. 	<ul style="list-style-type: none"> Breast Cancer Awareness Campaign. Free health screening for employees. Conducting an internal survey to support employees who are facing unique challenges with children who have special mental needs, such as autism and down syndrome. Sponsoring sports events (Al Sharqiyah International Race in Al Khobar, internal volleyball tournament, etc.) Round table discussion with the female employees on International Women's Day. The session provided a platform for open dialogue, highlighting the importance of fostering an inclusive and supportive environment, where diverse perspectives and experiences are shared, celebrated, and valued. 	<ul style="list-style-type: none"> Strengthen community outreach initiatives by supporting local communities, educational institutions, and humanitarian organizations in alignment with Vision 2030. Enhance employee well-being by promoting a healthy lifestyle, mental health awareness, and a work-life balance. Foster diversity and inclusion by creating an environment that values and supports employees from all backgrounds. Provide additional support and resources for employees balancing unique personal challenges. Promote national pride and economic development by aligning projects and initiatives with the "Made in Saudi" program. Encourage employee engagement and teamwork through activities and events that promote physical and social well-being.

Vision 2030 Goal	Strategic Alignment	2024 Progress	2025 Ambitions
<p>A Thriving Economy</p> <p>We are building a culture that values determination and provides rewarding opportunities for growth while also creating diverse job opportunities for Saudis, while attracting the best global talent.</p> 	<p>Arabian Drilling has been recognized for its efforts in Saudization, which involves increasing the employment of Saudi nationals in the workforce. We received the IKTVA Excellence Award for "The Best Saudization (Services)", which aligns with our commitment to the Vision 2030 goal of creating more job opportunities for Saudis and reducing unemployment.</p> <p>We take pride in supporting training and development of young Saudi talent through initiatives, such as:</p> <ul style="list-style-type: none"> Saudi Arabia Drilling Academy (SADA) which provides young Saudis with comprehensive training experiences that combine theoretical classroom knowledge and practical on-the-job training, preparing them for crucial roles on the rig site. Arabian Drilling Learning Academy (ADLA). Our new training facility, including state-of-the-art drilling and crane simulators. Arabian Drilling supports and sponsors Saudi Polytechnic. 	<ul style="list-style-type: none"> Arabian Drilling is the proud sponsor of 75 trainee students at SADA. Since the opening of the new ADLA facility in late 2023, it has been a vibrant knowledge center. We have seen approximately 23,000 trainees attend 120,000 manhours over more than 1,100 technical, safety, and self-development training courses Arabian Drilling contributed to the recruitment of Saudi young talent by participating in the job fair at the King Fahd University of Petroleum and Minerals (KFUPM) and Asharqia Chamber of Commerce in October 2024. 	<p>Engage employees at all levels:</p> <ul style="list-style-type: none"> Drive culture change from every level of the organization. This ensures that the change is comprehensive and not just a top-down mandate. Encourage employees to participate in shaping the new culture. This can be done through workshops, feedback sessions, and collaborative projects. 



Arabian Drilling aligns its strategic focus and operations with the objectives of Saudi Vision 2030, emphasizing community engagement, economic growth, and governance. Through initiatives that enhance social well-being, support workforce development, and maintain transparency, Arabian Drilling contributes to Saudi Arabia's goal of becoming a sustainable and competitive nation.



SAUDI VISION 2030 (continued)

Vision 2030 Goal	Strategic Alignment	2024 Progress	2025 Ambitions
<p>An Ambitious Nation</p> <p>We are building a country that is effectively governed, transparent, and accountable, encouraging all of society - citizens, businesses, and non-profit organizations - to take the lead in identifying and pursuing opportunities to advance our collective future.</p> 	<p>Arabian Drilling is committed to effective governance, accountability, and transparency through several key practices:</p> <p>Corporate governance framework: Arabian Drilling believes that good corporate governance is fundamental to our long-term growth and sustainability. We place a strong emphasis on ethical business conduct and adherence to best practices.</p> <p>Board of Directors: The Board of Directors at Arabian Drilling consists of 9 members who oversee the Company's strategic direction and ensure that Management acts in the best interests of shareholders and stakeholders.</p> <p>Committees and charters: We have established various committees, including the Audit Committee, Nomination and Remuneration Committee, and Executive Committee. Each committee operates under a specific charter that outlines its responsibilities and governance practices.</p> <p>Transparency with investors: Arabian Drilling is committed to maintaining high standards of transparency with both retail and institutional investors. This includes regular communication and disclosure of financial and operational performance.</p> <p>Conflict of interest and business ethics policy: We have a comprehensive Conflict of Interest and Business Ethics Policy to ensure that all employees and Directors act with integrity and avoid situations that could lead to conflicts of interest.</p> <p>Code of Conduct: We have a Code of Conduct that sets out the ethical standards and expectations for all employees. This code helps to foster a culture of accountability and ethical behavior throughout the organization.</p>	<p>Arabian Drilling is committed to maintaining high standards of corporate governance and transparency, particularly through our Investor Relations (IR) function. In 2024, we expanded our Sell Side Analyst coverage from 9 at the end of 2023 to 14 by year end 2024. This extensive coverage ensures that Arabian Drilling is effectively governed, transparent, and accountable.</p> <p>In December, Arabian Drilling was recognized by MEIRA for being one of the leading corporate's for Investor Relations in Saudi Arabia.</p> <p>Transparency and communication: Arabian Drilling ensures constant transparency with both retail and institutional investors. This includes regular updates on financial performance, operational activities, and strategic initiatives.</p> <p>Financial reporting: We provide detailed financial statements and reports, which are accessible to investors. These documents include quarterly and annual reports, earnings releases, and other relevant financial information.</p> <p>Investor engagement: Arabian Drilling actively engages with investors through various channels, including earnings calls, investor meetings, and roadshows. This engagement helps to build trust and maintain open lines of communication with the investment community.</p> <p>Corporate governance: We adhere to the highest standards of corporate governance. This includes having a robust governance framework, a well-structured Board of Directors, and various committees that oversee different aspects of our operations.</p> <p>Shareholder services: We offer services such as share price alerts, financial calendar events, and email notifications to keep shareholders informed about important developments and changes in share prices.</p>	<p>Foster open communication:</p> <ul style="list-style-type: none"> • Create channels for open and honest feedback. This helps identify areas for improvement and ensures that investors feel heard and valued. • Keep everyone informed about the Company's recent development and trajectory growth. Transparency and well-informed investors and shareholders base results on increased trust and loyalty.



STRATEGY AND KPIs

Arabian Drilling strives to fulfil its vision and create sustainable value for its shareholders and other stakeholders through the faithful execution of its corporate strategy, which is designed to drive growth, expansion, operational excellence, and organizational efficiency.

Our Vision

Leading sustainable drilling services.

Our Mission

Evolve our business to add value to our people, customers, and shareholders by following the highest safety, technological, and operational standards.

Our Values

Our core values define our Code of Conduct. We live by them always as we STRIVE for excellence in everything we do. Our high-performance culture is aligned with our creed, which is defined by our unique value model "STRIVE".

- **Safety:** The safety of our people is our guiding compass and guides all our actions. We adhere to the highest safety standards as we act to create operational excellence.
- **Integrity:** We are open and transparent in our conduct. We act with honesty, integrity, and in compliance with our code of ethics.
- **Teamwork:** We collaborate and coordinate our actions to empower each other to achieve exceptional outcomes.
- **Value:** We create value for those around us through responsible, cleaner, and safer access to energy for every community. We strictly adhere to Environmental, Social, and Governance (ESG) standards in everything we do.
- **Reliability:** We are consistent in our performance and always deliver on our commitment. We inherently value reliability to build long-term relationships based on trust.
- **Environment:** Our planet is our responsibility and all our actions are driven by our concern for the environment and our commitment to protect and preserve it.



Our Strategic Pillars

Arabian Drilling's 3 strategic pillars focus on delivering best-in-class operational performance, growing their core business in Saudi Arabia and expanding regionally, and upgrading their operating model.

Pillar 1

To deliver best-in-class operational performance, the Company promotes a culture of outstanding service quality, continually improves safety records, and optimizes rig move processes. Key performance indicators (KPIs) for this pillar include the Rig Efficiency Index (REI), Non-Productive Time (NPT), Total-Recordable Incident Frequency (TRIF), and days saved per rig move.

2024 Achievements

Arabian Drilling achieved an average REI of 94.3%, an NPT of 1.67%, a TRIF of 0.59 (4 times lower than the industry average) and saved 130 total days on rig moves compared to Aramco's KPI



2025 Goals

The Company intends to maintain its operational excellence and service quality, with an added focus on driving people's behaviors towards an incident-free environment, and execute its Sustainability road map to measure Green House Gas emission reductions.



Pillar 2

Growing the core business in Saudi Arabia and expanding regionally. This involves expanding the fleet size, growing revenue and backlog, and diversifying the client portfolio.

2024 Achievements

Arabian Drilling successfully deployed 13 unconventional rigs and gained qualifications in key markets outside of Saudi Arabia.



2025 Goals

The Company plans to contract all offshore suspended rigs and prove the effectiveness of the recent alliance signed with Shelf Drilling as an entry point with new clients and geographies.



Pillar 3

Upgrading the operating model, which includes implementing high-impact cost optimization initiatives, and enhancing digitalization and business processes.

2024 Achievements

- Arabian Drilling successfully upgraded its ERP with a more efficient, powerful, and future-proof ERP solution.
- Arabian Drilling also opened its Infinity Innovation Lab aimed at enhancing operational efficiency and innovation within the Company.



Infinity Innovation Lab

Key highlights

- Real-Time Data Streaming: The lab streams essential real-time data to the central operations center, displaying the performance of rigs, crews, and team dynamics. This system anticipates challenges and failures, optimizing performance and maintenance requirements.
- Predictive Maintenance and Data Transparency: It focuses on predictive maintenance, enhanced data transparency, and collaboration, leading to optimized drilling performance.
- Integration with AI: The lab's capabilities were significantly strengthened through the integration of AI, which plays a vital role in providing maximum efficiency and superior safety.
- Behavior Empowerment Center (BEC): The lab is closely linked with the Behavior Empowerment Center, which is a control room with real-time CCTVs to capture and share observations on unsafe acts or conditions on day-to-day operations to improve safety culture and behavior. The BEC observations are used for learning and continuous improvement, addressing potential hazards, and proposing corrective measures.



2025 Goals

Arabian Drilling aims to continue optimizing processes through AI and digitalization, and build a strong culture change by reinforcing the Company's values and behaviors.



MARKET OVERVIEW

Adapting to Market Shifts and Emerging Opportunities

The offshore and land drilling markets followed divergent paths, with offshore facing uncertainty from widespread rig suspensions, land drilling gained momentum through expanding gas development. Market volatility and shifting energy priorities are reshaping demand, creating both challenges and new opportunities.

While offshore utilization remains under pressure, long-term tenders from major operators indicate potential recovery ahead. Meanwhile, the land market remains strong, driven by Saudi Arabia's increasing focus on gas for power generation. With strategic positioning, a growing land fleet, and international expansion efforts, Arabian Drilling is well-equipped to navigate these shifts and capitalize on emerging opportunities.



Offshore Jack-up Market

The key story in 2024 was the Saudi Aramco suspension of 30+ offshore rigs that came in 3 different waves, creating huge turbulence and uncertainty in the jack-up market worldwide. These suspensions were the result of the Ministry of Energy's announcement in late January 2024 to abandon the offshore expansion projects. The term of the suspension is typically 12 months and operators with suspended rigs await future guidance on the matter.

Some of the excess capacity from Saudi Arabia has been partially absorbed by the demand in other regions of the world namely new contracts in Southeast Asia and West Africa. Additionally, Mexican state oil company PEMEX began suspending rigs as a cost-cutting measure in late 2024.

Following this dip in demand, the jack-up market continues to face challenges from the ongoing suspensions by both Aramco and PEMEX, with a high number of warm-stacked rigs being marketed for work. Consequently, demand is expected to soften in H1 2025, with utilization rates dropping to or below 80% and day rates trending downward. However, utilization rates are likely to improve in H2 2025 as rigs potentially return to work.

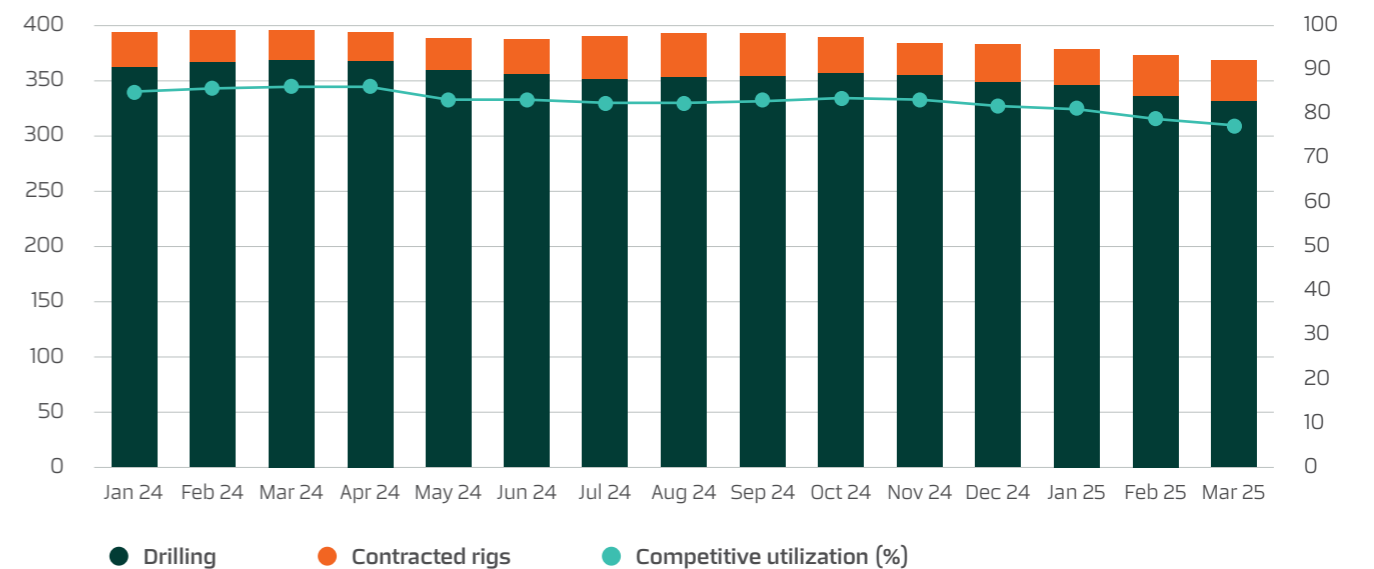
At the time of printing, the global utilization rate of the jack-ups was 78% and the global average day rate was USD 100,000 to USD 125,000. The leading edge day rate for standard jack-up was USD 85,000 to USD 90,000 and for Premium was USD 130,000 to USD 150,000.

Global jack-up demand is expected to remain relatively flat from 2025 through 2026.

In a promising development for the market, ONGC, QatarEnergy, and KJO have recently issued new long-term tenders for jack-up rigs. In recent months, the Company has identified and bid on several international tenders which could constitute a number of good opportunities to reposition and activate the suspended rigs and prove the effectiveness of the recently signed alliance with Shelf Drilling.

Over the next several years, the jack-up fleet is likely to undergo a general shift towards newer, higher-spec jack-ups, even in regions where standard jack-ups have traditionally been used. This transition could result in improved utilization in the long-term.

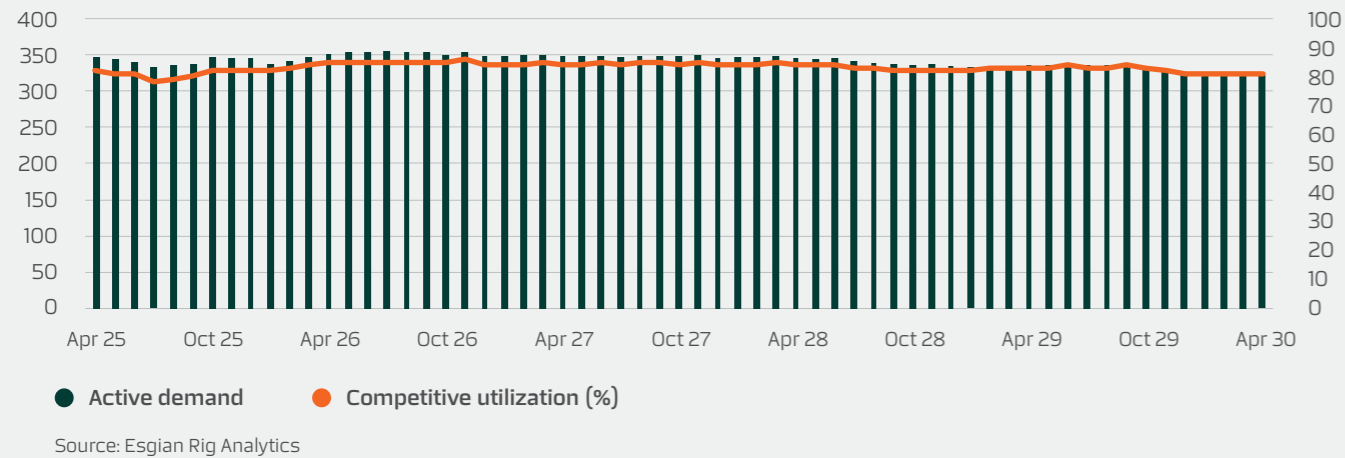
Historical Jack-up Demand and Utilization



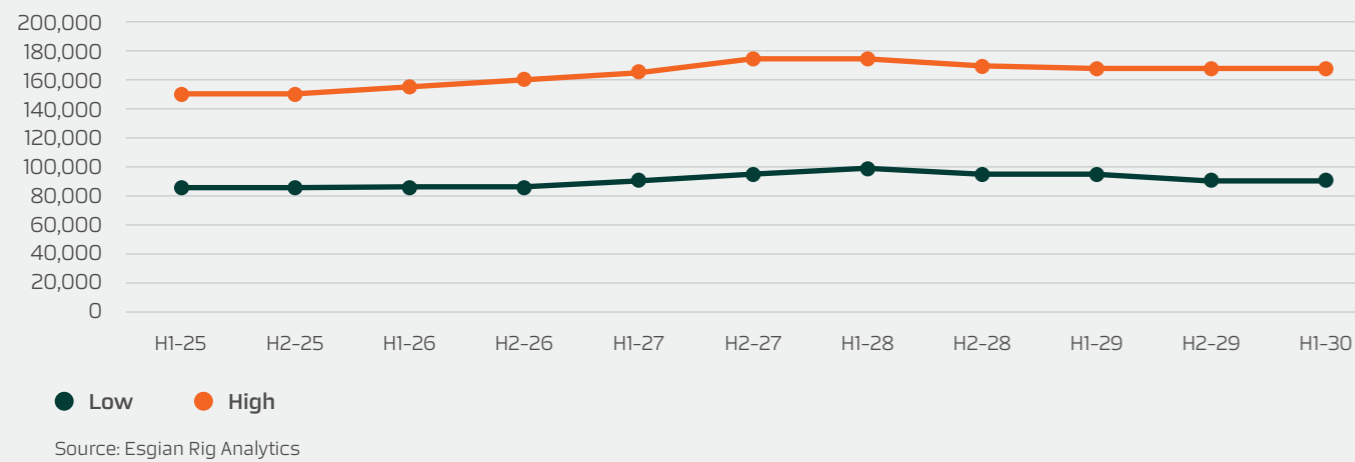
Source: Esgian Analytics

MARKET OVERVIEW (continued)

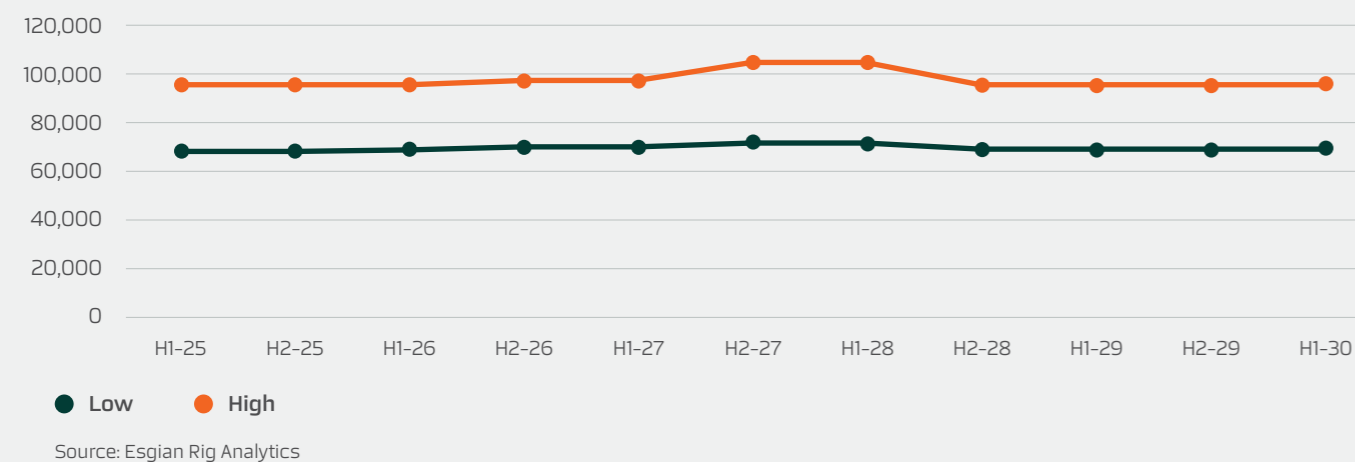
Forecast Jack-up Global Demand



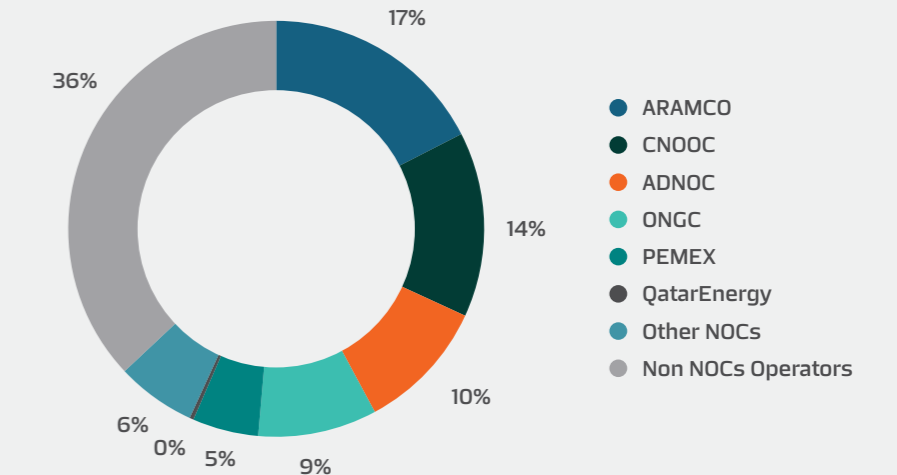
Forecast Premium Jack-up Global Day Rate (USD)



Forecast Standard Jack-up Global Day Rate (USD)



Jack-up by Current Operators



Source: Esgian Rig Analytics

Currently, National Oil Companies (NOCs) account for approximately 64% of the global jack-up rig operators. Aramco is the largest operator, followed by CNOOC (China), ADNOC (UAE), ONGC (India), and PEMEX (Mexico).

Working with NOCs offers benefits such as consistent demand from long-term contracts and the opportunity to establish long-standing relationships. However, demand can be influenced by political decisions and economic issues beyond commodity prices, as observed in Saudi Arabia.

The dominance of NOCs as primary jack-up operators is unlikely to change, as these state-owned companies control most of the shallow water areas in the Middle East, China, India, and Mexico. In the long run, NOCs are expected to continue their oil and gas drilling activities.

Land Market

The key story in 2024 was the addition and deployment of 13 new land rigs for the development of the unconventional gas rigs, which has strengthened the Company's footprint in the growing gas drilling arena. With a total of 49 land rigs in its fleet as of 31 December, Arabian Drilling is one of the largest land drilling contractors in Saudi Arabia. Our market share is approximately 21% over a total fleet size in Saudi Arabia of 236 land rigs.

As of year-end 2024, our utilization rate in the land segment was 88% with 43 rigs operating over a total fleet of 49. We believe that the land rig count in 2025 will maintain its 2024 level with possibly a shift from oil to gas land rigs. Aramco has previously announced its ambition to capture higher in-kingdom gas demand by increasing its sale gas production capacity by more than 60% in 2023, compared to 2021.

The Company possesses 22 land rigs with contracts set to expire in 2025 of which 11 are contracted with SLB for the Gas Lumpsum Turnkey (LSTK) project, with a 1 year extension option. Considering the significance of gas drilling, in supporting Saudi Arabia's transition toward increased usage of gas for electricity generation, it is anticipated that the extension option for all 11 rigs will be exercised. The remaining rigs, primarily gas rigs, are directly contracted with Aramco and are currently under negotiation for renewal.

On the international front, for offshore, the Company expects to bid for tenders in the Middle East, Far East, and West Africa regions. On land, apart from bidding for work in Saudi Arabia, the Company expects to bid on work in Kuwait, Oman, and Türkiye for some high-end 3,000 and 2,000 horsepower rigs.

CHIEF FINANCIAL OFFICER'S REVIEW

Arabian Drilling posted a revenue growth of 4% in 2024 and maintained its strong margin profile, showing a highly resilient financial performance, defying adverse market trends set by multiple rig suspensions. This was largely due to the swift and effective deployment in 2024 of 11 out of the 13 unconventional gas rigs, which were pivotal in contributing revenue of ₪ 230 million.

Despite the suspensions, we effectively closed FY 2024 with a solid EBITDA margin of 41.7%, which is 1 percentage point below that of 2023. With our offshore revenue being highly accretive to EBITDA, we realized only a slight drop in our margin profile. The impact of suspensions was partially offset by the successful deployment and

operation of unconventional land rigs in addition to the implementation of rigorous cost optimization initiatives. The revenue contribution generated by the new unconventional rigs recorded ₪ 230 million in 2024 and is projected to reach close to ₪ 800 million on an annual basis, with the full contribution of all 13 rigs.

was offset by the commencement of 3 new offshore rigs that were fully utilized in 2024. Overall, the offshore segment revenue was stable year-on-year at ₪ 1.48 billion.

Revenue for 2024 represents the highest recorded to date, with a 9.3% Compounded Annual Growth Rate (CAGR) since 2021 while maintaining a strong EBITDA margin above 40%, reflecting positive financial results.

closing 2024 with revenues of ₪ 2.14 billion, reflecting a 7% year-on-year increase. In Q4 2024, the Company also announced the extension of 2 long-term contracts by Saudi Aramco. One extension of 5 years and the other of 10 years have an associated estimated backlog of ₪ 730 million.

At the end of 2024, from a fleet of 49 land rigs, 41 were operational, with 6 rigs under temporary suspension by Aramco or without a contract, and another 2 unconventional rigs were in the final acceptance test phase prior to starting their new contracts. Once again, the Company's land segment

reinforced its capability and reliability with a Rig Efficiency Index (REI) score of 95.1% and Non-Productive Time (NPT) of just 1.7%.

Offshore Awards, Investments, and Alliances

The Company was awarded a 2-year contract for 1 of its existing offshore jack-up service vessels, as well as a commitment to award an additional offshore jack-up service vessel for another 2-year contract in the Arabian Gulf. The estimated backlog for the scope of work of the existing offshore jack-up service vessel is expected to be more than ₪ 100 million.

₪ million	FY'24	FY'23	Change
Revenue	3,619	3,477	+4.1%
EBITDA	1,508	1,485	+1.5%
EBITDA Margin	41.7%	42.7%	-100bps
Adjusted Operational Profit	671	801	-16.2%
Adjusted Net Profit	426	605	-29.6%
Net Profit	321	605	-46.9%
EPS (₪)	3.61	6.79	-46.9%
Capital Expenditure ¹	1,910	1,847	+3.4%
CF from Operating Activities	1,750	1,360	+28.7%

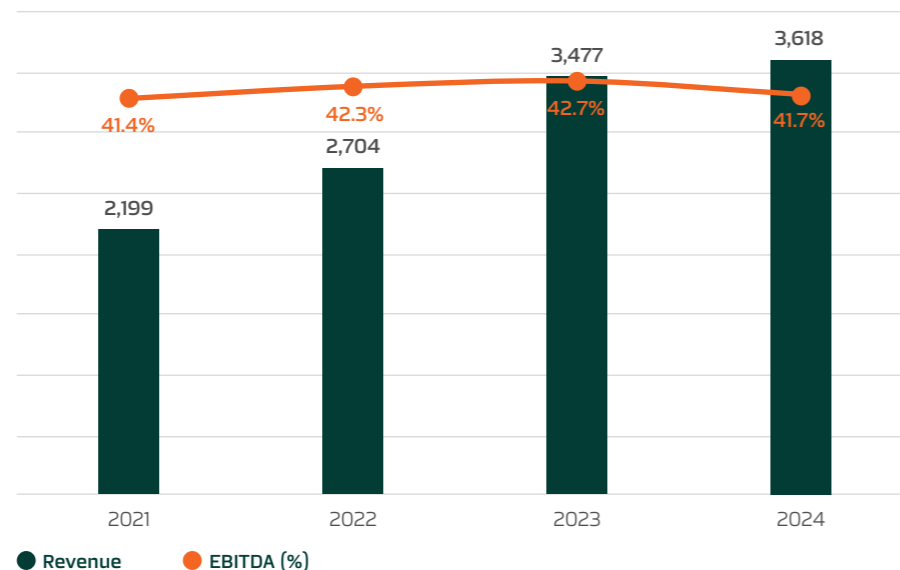
1. FY'23 includes ₪ 37 million of capitalized interest

Solid Results through Strategic Flexibility

Following the Ministry of Energy's announcement to increase oil production by 1 million barrels per day in 2022, Aramco contracted approximately 40 new rigs to meet the anticipated growth demand. However, when that policy was reversed, 30 to 35 of the Aramco offshore fleet were later released or suspended.

Despite 4 offshore rigs being released or suspended by mid-2024, with a revenue shortfall of ₪ 286 million compared to 2023, this shortage

Revenue (₪ million) and EBITDA Profile (%)



REVENUE FOR 2024 REPRESENTS THE HIGHEST RECORDED TO DATE, WITH A 9.3% COMPOUNDED ANNUAL GROWTH RATE (CAGR) SINCE 2021 WHILE MAINTAINING A STRONG EBITDA MARGIN ABOVE 40%, REFLECTING POSITIVE FINANCIAL RESULTS.

Hubert Lafeuille
Chief Financial Officer



CHIEF FINANCIAL OFFICER'S REVIEW (continued)

We recently announced our intention to award an additional offshore jack-up service support vessel, marking a new investment in our offshore fleet. We are currently in the process of finalizing the vessel acquisition and we expect to confirm the contract by the end of Q1 2025. This new addition to the offshore fleet is in line with our strategy to diversify our revenue portfolio and expand our presence into jack-up service vessel activities.

In Q1 2025, Arabian Drilling announced a strategic alliance with Shelf Drilling to collaborate on international rig deployment, reinforcing our commitment to expanding global operations. Under this partnership, Arabian Drilling will provide access to its premium offshore rigs, while Shelf Drilling will leverage its extensive international footprint to source new contracts. By combining our state-of-the-art, high-specification jack-up rigs with Shelf Drilling's global reach and customer network, this alliance brings together the best of the 2 companies to enhance our market presence, optimize asset utilization, and unlock new growth opportunities.

CAPEX and Operational Efficiency

The Company's 2024 EBITDA was further supported by the implementation of a Company-wide plan of cost saving initiatives, contributing approximately to ₪ 175 million in operational savings (OpEx) and ₪ 207 million in CAPEX with a mix of one-of and recurring benefits. Overall, at Company level, we have generated more than 800 cost saving ideas and initiatives, of which 241 have gone through a selective gate process and have been implemented.

Company-wide digitalization has contributed to efficiency improvements. From ERP systems and health and safety to supply chains and maintenance, all operations have been remodeled, upgraded, and integrated through our SAP system.

Furthermore, many of these initiatives will have recurring benefits into 2025 and beyond.

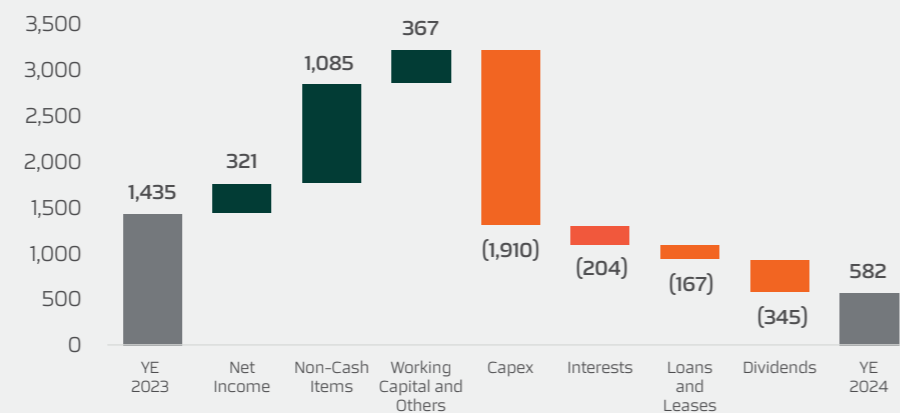
Debt and Leverage

While 2022 and 2023 focused heavily on offshore expansion, our strategic shift towards the delivery of unconventional rigs drove CAPEX to its highest level in recent years,

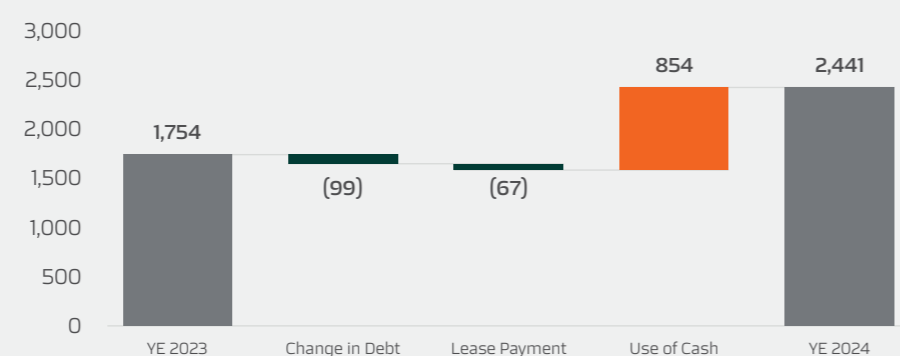
reaching ₪ 1.9 billion in 2024, typically 3 times higher than during a steady state year. As a result, our debt and leverage ratios were also peaking, as expected.

However, we remain moderately leveraged with a net debt to EBITDA ratio of 1.6 times, a healthy position compared to many of our competitors, and we anticipate a much-reduced CAPEX level, returning to a more normalized year as the unconventional rigs come fully online. We are financially disciplined, and cashflow and liquidity are paramount, particularly in challenging business environments.

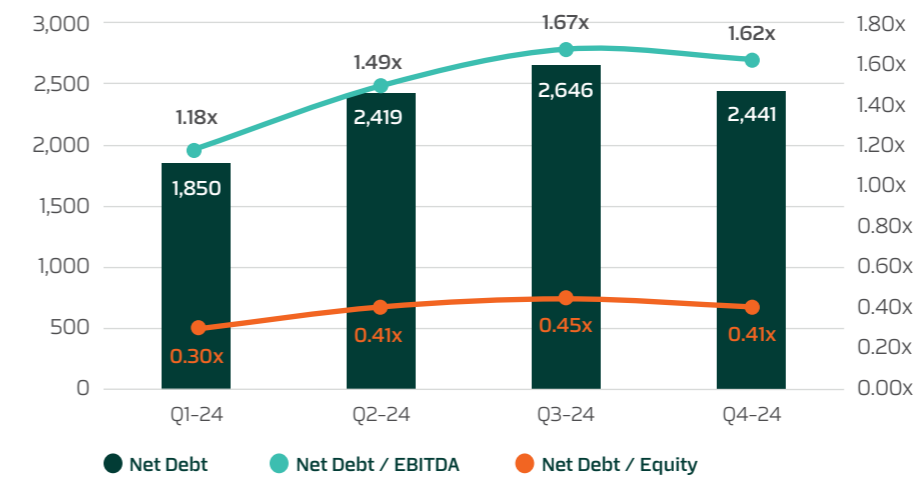
Cash Flow Bridging YE 2023 - YE 2024 (₪ million)



Net Debt Bridging YE 2023 - YE 2024 (₪ million)



Net Debt (₪ million)



Bottom line net profit was impacted predominantly by increased non-cash depreciation expenses, as a result of a larger asset base and additional rigs. This combined with net financial expenses, which increased through a higher debt level, was driven by financing the unconventional rigs. Moreover, in 2023, a portion of the interest expenses of approximately ₪ 37 million was capitalized as part of the CAPEX program for the offshore fleet expansion, which was not repeated in 2024.

As a result, the culmination of increased debt and the absence of capitalized interest expenses caused a significant increase in net financial expenses for 2024.

In terms of financing, we have excellent, long-established relationships with the banks, which are available to provide financing at extremely competitive rates, giving us more opportunity to further strengthen our balance sheet and support strategic initiatives.

Milestone Expansion Targets

While the suspension of the Company's offshore rigs has impacted short-term results, we have accelerated our expansion strategies as we seek to redeploy and explore new international markets for the first time in our history. Diversifying the Company's client portfolio and operating beyond Saudi Arabia has been a key focus. Our successful land drilling qualification in Kuwait, as well as the strategic alliance with Shelf Drilling, has initiated a clear path for regional expansion.

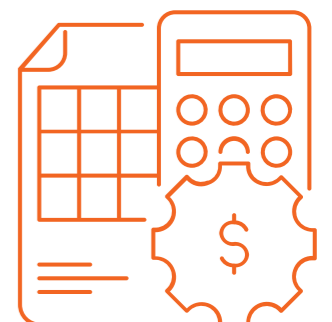
In terms of vertical integration, we continue to seek opportunities to broaden our scope. In 2024, we amended our commercial registration to provide training services, including the Arabian

Drilling Learning Academy, offering courses to third parties. We are also looking at a number of other business opportunities adjacent to the drilling services through partnerships with other players.

Stability and Growth in 2025

Resilience, agility, and evolution form the bedrock of Arabian Drilling's 60 years of success and in 2024 the Company reaffirmed its strength in the market and its insight in the industry. The returns from unconventional gas offset the turbulence of the suspended offshore rigs and, more importantly, continued our growth, resisting the pressure of a negative trend.

We expect 2025 to feature a strong uptick in rig tendering activity. We aim to meet an anticipated growth in gas – both conventional and unconventional – as well as expand our footprint in both land and offshore projects. While last year was highly challenging for all contractors in the Kingdom, our horizons have broadened for the future as we expand into other territories.



CHIEF FINANCIAL OFFICER'S REVIEW (continued)

CASE STUDY

A COMPANY-WIDE COMMITMENT TO COST EFFICIENCY

At Arabian Drilling, cost efficiency is more than just a financial goal – it is a mindset that drives continuous improvement, innovation, and long-term success. We recognized an opportunity to elevate our operational model by embedding a culture of cost-conscious decision-making across the organization. The challenge was not just to reduce costs but to also to engage employees at every level, ensuring that every idea contributed meaningfully to

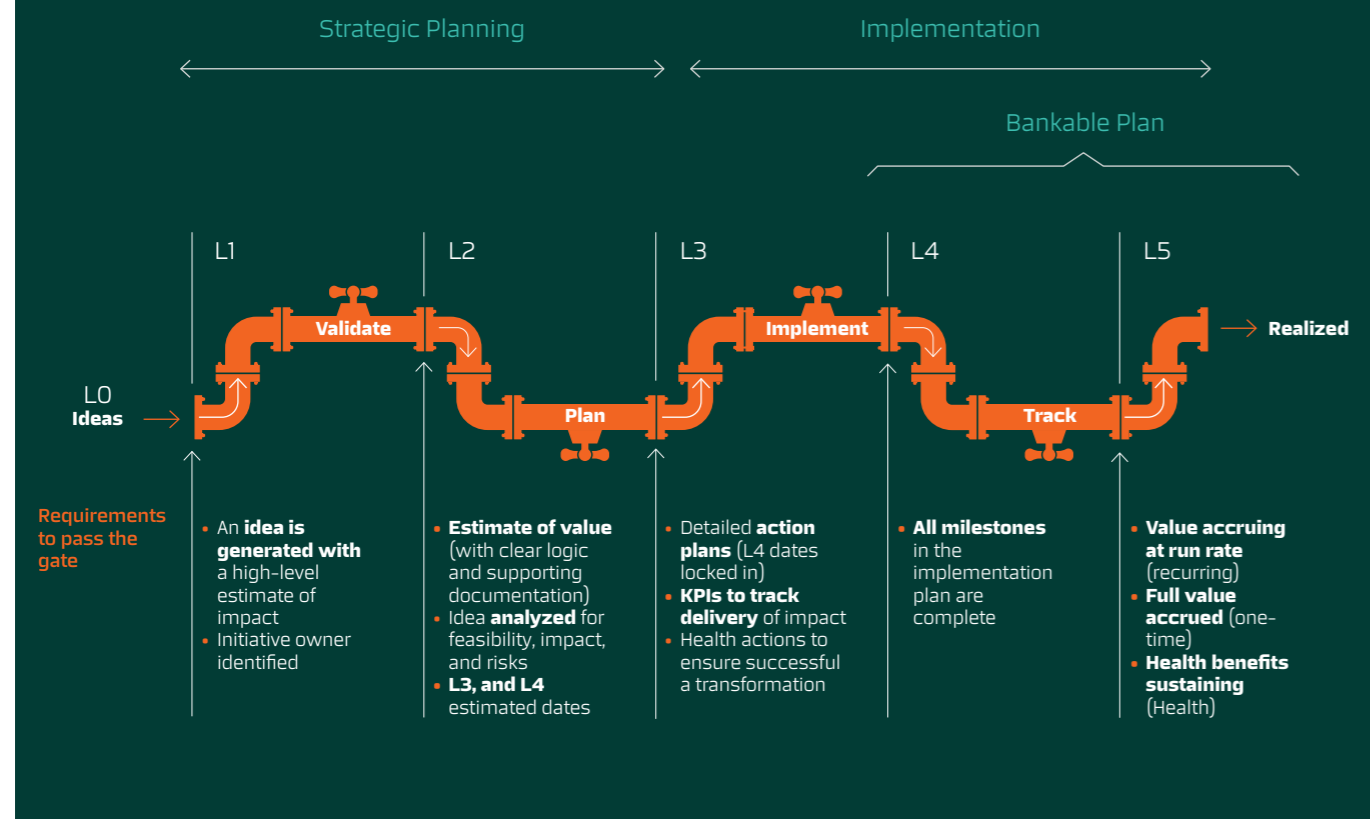
our transformation. To succeed, we needed to generate broad participation, evaluate ideas for feasibility, and ensure tangible savings were realized without compromising service quality.

A Structured Approach to Unlocking Value

To turn this vision into reality, we launched a company-wide cost optimization initiative designed to harness collective intelligence and drive meaningful impact. A dedicated Strategy Department was

established to oversee and manage the process, ensuring alignment with operational objectives. Collaboration was at the core of our approach, with departments including Operations, Asset, Supply Chain, IT, and Finance working together to develop and evaluate cost-saving opportunities. By implementing a structured framework for assessing initiatives based on feasibility, implementation difficulty, and expected savings, we prioritized high-impact solutions that delivered measurable results.

Several prerequisites exist, and approvals are needed to pass an initiative from one gate to another



Outstanding Initiatives and Impact

This systemic process generated a range of high-impact initiatives that delivered substantial cost savings and improved operational efficiency.

Employee Hotel: Long-Term Contract with Supplier / Alternate Supplier	Optimization of Operational Maintenance Days	VAT Recovery
<ul style="list-style-type: none"> Lack of long-term contracts and reliance on premium hotels increased costs. No alternative accommodations considered, limiting cost-saving opportunities. 	<p>The 2024 maintenance days budget had discrepancies including:</p> <ul style="list-style-type: none"> Unbudgeted maintenance leading to unforeseen costs. Excessive days allocation beyond actual requirements. Unnecessary shipyard days impacting efficiency. 	<p>The Company was not routinely recovering the VAT on certain service types:</p> <ul style="list-style-type: none"> Medical Insurance. Air tickets and accommodation. Onboarding costs.
<p>Approach and Solution:</p> <ul style="list-style-type: none"> Conducted market benchmarking for cost-effective accommodations. Negotiated long-term contracts with suppliers to secure better rates. Identified alternative suppliers such as 3-star hotels and guest houses. Transitioned crew accommodation to guest houses where feasible. 	<p>Approach and Solution:</p> <ul style="list-style-type: none"> Conducted a detailed review of maintenance planning. Identified redundant maintenance days and optimized scheduling. Aligned planned and unplanned maintenance activities. Enhanced coordination to improve asset utilization. 	<p>Approach and Solution:</p> <ul style="list-style-type: none"> Conduct a thorough review of what types of services are eligible for VAT recovery. Confirmed the tax position with tax advisors. Amended the VAT return to recover VAT from previously paid.
<p>Results and Impact:</p> <ul style="list-style-type: none"> Achieved ₪ 9.7 million in savings. Secured cost-efficient, sustainable accommodation solutions. Improved financial efficiency in crew logistics. 	<p>Results and Impact:</p> <ul style="list-style-type: none"> Achieved ₪ 30.072 million in savings. Improved operational efficiency and cost control. Optimized asset deployment. 	<p>Results and Impact:</p> <ul style="list-style-type: none"> Achieved ₪ 38.8 million in cash savings in VAT recoveries.

A Culture of Ownership and Operational Excellence

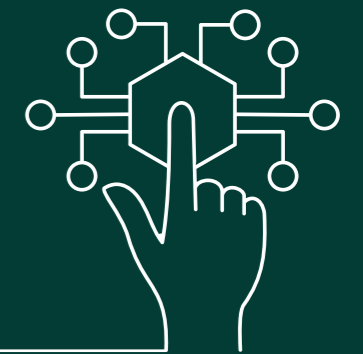
Overall, the initiative exceeded expectations, generating 833 cost-saving ideas, with 768 employees actively participating. Of these, 241 ideas were successfully implemented, contributing to ₪ 207 million in Capex savings and ₪ 175 million in Opex reductions. Beyond financial gains, the program enhanced service quality, improved operational efficiency, and reinforced a sense of ownership among employees. Shareholders, employees, and customers alike benefited from a more agile and financially resilient organization, positioning us for sustained growth and long-term competitiveness.

“Harnessing the collective power of our people, we delivered ₪ 382 million in savings while enhancing efficiency and service quality. With 833 ideas generated and 768 employees engaged, we proved that transformation is driven from within – one idea at a time.”

TECHNOLOGY AND INNOVATION

At Arabian Drilling, our unwavering commitment to continuous technological advancement drives efficiency, sustainability, and innovation across our operations. By strategically investing in cutting-edge solutions, we enhance performance, reduce environmental impact, and ensure operational excellence. These efforts are integral to our mission to lead the industry in sustainable energy practices and align with evolving market demands and national priorities.

Our investments in cutting-edge technology position us as leaders in innovation and sustainability.

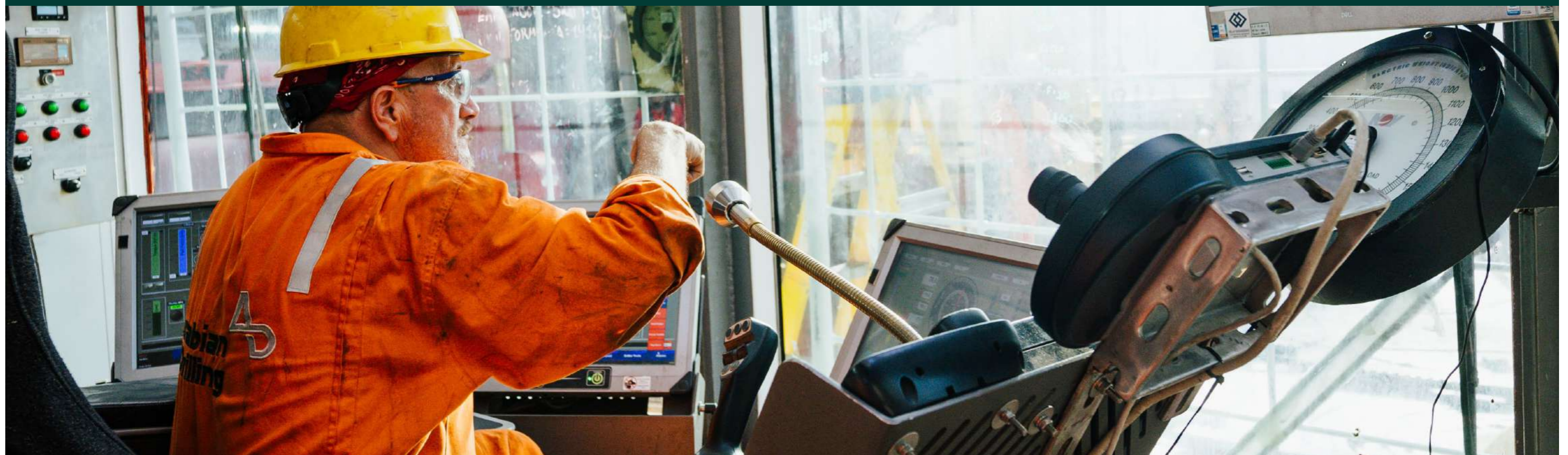


Our commitment to enhancing sustainability in energy production includes reducing our carbon footprint and improving efficiency through the implementation of solar panels, battery systems, and fuel monitoring technology. On our AD-36 rig, a 50 kW solar panel system achieved significant efficiency of 80%, demonstrating the potential to eliminate reliance on the camp engine. Similarly, initiatives on AD-66 and AD-14 aim to deploy battery energy storage systems capable of replacing an engine, targeting reductions of 14% in fuel consumption, 16% in emissions, and 35% in engine running hours.

We invest significantly in advanced drilling techniques that elevate performance and safety standards. Our AD-14 rig features state-of-the-art technology, including the OPERA intelligent drilling system, which automates rig equipment and activities through a combination of smart apps and an automation platform. Other enhancements include an automated pipe-handling system that replaces the derrickman's role at the racking board, a hydraulic catwalk for lifting drill pipes and collars without human intervention, and a drill cyber chair that empowers operators with fingertip control through advanced systems and technologies.

Digital transformation is a driver of operational efficiency and productivity. The Infinity Innovation Lab serves as a hub for optimizing drilling performance, predictive maintenance, data transparency, and continuous improvement, enabling greater operational efficiency across our rigs. Complementing this is our Behavior Empowerment Center (BEC), a rig surveillance facility designed to improve safety outcomes through proactive interventions, enhanced accountability, and data-driven safety enhancements. Together, these initiatives ensure that our operations remain at the cutting-edge of technological progress.

Collaboration and knowledge sharing are integral to our strategy. By actively engaging in industry symposiums such as the Drilling Innovation Technical Symposium & Exhibition, we contribute to developing innovative solutions and fostering partnerships across the sector. Recent initiatives, including the integration of SAP to enhance operational efficiency, further reflect our commitment to aligning with Saudi Arabia's Vision 2030 and reinforcing our position as a leader in innovation and sustainability.



RISK MANAGEMENT

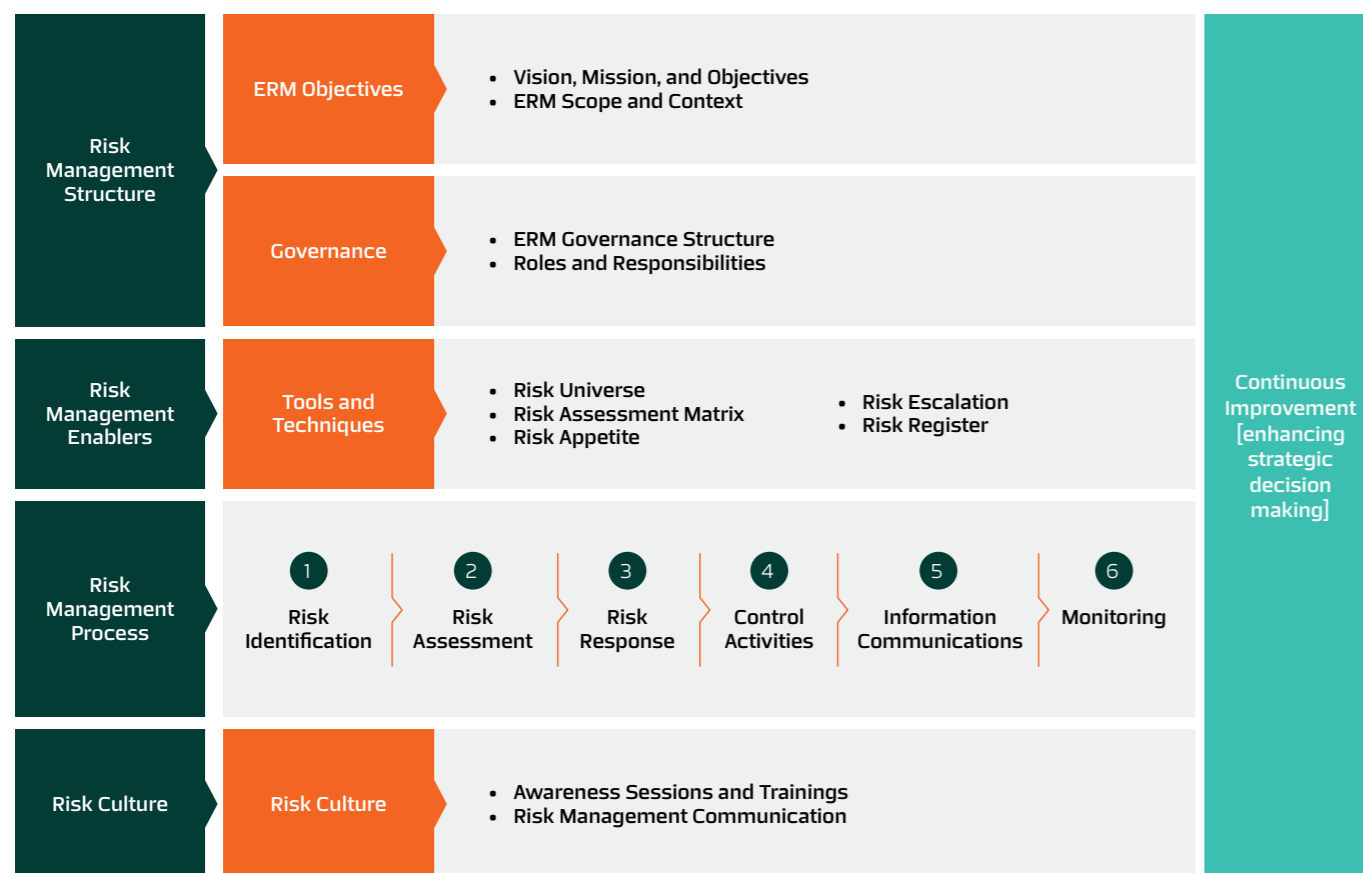
At Arabian Drilling, we have a robust Risk Management function designed to protect the interests of all our key stakeholders, including shareholders, customers, employees, and suppliers, by managing risk in a manner that advances our strategy and safeguards our business. We have designed and deployed a comprehensive system to identify actual and potential threats that may affect our assets and operations locally and globally, and to manage them proactively and continuously.

The primary objective of our risk management function is to identify and assess all risks that may impact the achievement of Arabian Drilling's business objectives and to embed risk management practices into Arabian Drilling's decision-making process.

Risk Management Framework

Our robust Enterprise Risk Management (ERM) process has been developed based on the best practices, guidelines and principles of 2017 Committee of Sponsoring

Organizations (COSO) Framework. The ERM System plans, identifies, assesses, mitigates, monitors, and reports the risks that may limit the Company's ability to achieve its objectives.



Continuous Improvement Strategy

Our Risk Management Function adopts a dynamic approach for continuous improvement in the risk management process. The 3 pillars represent key areas of importance - People, Processes, and Technology - as we continue to evolve our risk management initiatives.

People 	Process 	Technology
<p>Arabian Drilling is committed to delivering consistent ERM training and awareness sessions for all departments and levels of employees. This approach ensures that a comprehensive understanding of ERM principles is ingrained throughout the Company, fostering a culture of effective risk management</p>	<p>Arabian Drilling is focused on strengthening ERM practices through multiple approaches. This involves conducting ERM training for risk and response owners across departments, benchmarking ERM practices with industry leaders, and integrating risk assessments into the Company's annual strategy and business objectives. These measures underscore Arabian Drilling's dedication to robust risk management and strategic alignment.</p>	<p>Arabian Drilling is implementing an automation system for effective risk management across all functions of the Company. This system will enhance our ability to schedule, identify, assess, mitigate risks, ensuring a proactive approach to risk management and enhancing the capabilities of risk assessment on real time basis.</p>

Risk Management Highlights in 2024

At Arabian Drilling, we have made significant strides in advancing and automating our Risk Management and Compliance processes throughout 2024 to continue reinforcing its commitment to operational excellence, strategic foresight, and sustainable growth.

SAP-GRC (AUTOMATION)

One of our core objectives in enhancing enterprise Governance, Risk, and Compliance has been achieving digitization. Through the implementation of the SAP-GRC Risk Management Module, we have transformed our risk assessment process from manual methods to a fully automated system. This structured, proactive, and continuous approach enables us to better understand the risk landscape and make intelligent, data-driven decisions to effectively capitalize

on opportunities. The scope of our Enterprise Risk Management includes centralized risk scheduling and assessment, standardized workflows, integration with process control and audit management, continuous insights through Key Risk Indicators (KRI), and the ability to apply both qualitative and quantitative analyses through "what-if" scenarios.

RISK TRAINING AND AWARENESS

Our Risk Management Team has taken a proactive role in leading organizational change management efforts, which include training and knowledge transition initiatives. These efforts encompass a detailed communication plan, business readiness activities for go-live, and the design and roll-out of end-user training sessions. To ensure a smooth knowledge transfer, we internally developed all training materials. By year-end 2024, we achieved an




end-user attendance rate of 71% for these sessions, with expectations for continued growth in the quarters to follow.

RISK MANAGEMENT PROCEDURES AND PROCESSES DEVELOPMENT

Recognizing the critical need for comprehensive documentation, our Risk Management Team initiated the development of detailed risk management procedures and processes. This comprehensive document outlines our risk management framework, governance structure, roles and responsibilities, risk assessment matrix, risk appetite, heat map, mitigation strategies, risk escalation methodology, and overall risk management processes. These developments ensure a robust foundation for a structured and consistent approach to managing risks across the organization.

RISK MANAGEMENT (continued)

Principal Risks

Risk	Description
Business Continuity Risk 	Risks Related to Contracts Being Subject to Suspension, Early Termination or Variance: A number of the Company's contracts may be subject to suspension, early termination or variation, and if such variation provisions are exercised, the Company's utilization and backlog levels may decrease, and the levels of revenue to be received by the Company may be reduced. In general, the initial term of the Company's contract typically ranges from 3 to 5 years with an option for the customer to extend the contract at its discretion for an additional year, exercisable once or twice. The contracts typically include an early termination fee for the benefit of the Company if the customer opts to terminate the contract for convenience during the principal term. In addition, customers may also have early termination rights upon default or non-performance by the Company. In such circumstances, the Company may or may not have the right to receive compensation in respect of such early termination, and the Company may not be able to fully eliminate costs associated with the contract.
Environmental, Social and Governance (ESG) and Sustainability Risk 	Risks Related ESG Matters and Climate Change: The increasing focus on "ESG" practices and disclosures related to greenhouse gases and climate change, in the energy industry in particular. As a result, the Company may face increasing pressure regarding its ESG disclosures and practices, regardless of the underlying disclosure requirements. Additionally, the Company's ESG sustainability performance will be monitored regularly. In order to achieve targets, the Company has developed, and will continue to develop and set, goals, targets, and other objectives related to sustainability matters, including its commitment to reduce its greenhouse gas emissions.
Health, Safety and Environmental (HSE) Regulations Risk 	Risks Related to Compliance with Health, Safety, and Environmental Laws and Regulations: The Company has adopted safety standards to comply with applicable laws and regulations in the Kingdom. Safety requirements are also contractually agreed with its customers. The Company's operations are affected by laws and regulations relating to the oil and gas industry. The legal framework in the Kingdom and the wider MENA region for environmental protection, health, and safety compliance is continuously changing. There can be no assurance that stricter regulations, restrictions, or requirements will not be introduced in future, such as regulations on discharges into air and water, the handling and disposal of solid and hazardous waste, land use, and reclamation and remediation of contamination. Amendments to existing laws and regulations relating to health, safety, and environmental standards may impose heavy requirements on the Company. The Company's compliance with such laws or regulations may necessitate further capital expenditure or subject it to other obligations or liabilities. Any failure to comply with such increased obligations or responsibilities may result in reputational damage to the Company, administrative and civil penalties, suspension, or termination of the Company's operations.

Risk	Description
Cybersecurity Risk 	Risks Related to Impact of Cyber Attacks on Security and Reliability of Technology Systems: The Company depends heavily on technologies, systems, and networks that are managed by the third-party service and equipment vendors to conduct their business and operations. Cybersecurity risks and threats to such systems continue to grow in sophisticated ways and may be increasingly difficult to anticipate, detect, prevent, or mitigate. If any of the security systems used by the Company for detecting and protecting against cybersecurity threats proves to be insufficient, the Company's business and financial systems could be compromised, confidential or proprietary information in the Company's possession could be altered, lost or stolen, or its customers business operations or safety procedures could be disrupted, degraded, or damaged.
Liquidity/Cash Flow Risk 	The Company's Ability to Generate Sufficient Cash to Service its Debt Obligations and Operations Depends on Many Factors Beyond its Control: The Company's ability to meet its debt service obligations or to refinance debt or to fund working capital and capital expenditures, depends on its future operating and financial performance, which will be affected by its ability to successfully implement its business strategy as well as general economic, financial, competitive, regulatory, and other factors beyond its control. If insufficient cash is generated or if future cash flows from other capital resources (including existing borrowings) are insufficient to meet the Company's obligations as they mature or fund its liquidity needs, the Company may, among other things, be required to restructure or refinance all or a portion of its debt, obtain additional financing, delay planned capital expenditures or investments, or sell material assets, which will have a material adverse effect on the Company's business, financial position, results of operations and prospects.
Geopolitical Risk 	Risks Related to Political Instability and Security Concerns in the Middle East Region: The Company's assets, operations, and customer base are situated in the Kingdom. The wider Middle East region is subject to several geopolitical and security risks that may impact the geographies in which the Company operates. Moreover, as the political, economic and social environments in the Middle East region remain subject to continuing developments, investments in the Middle East region are characterized by uncertainty. Any unexpected changes in the political, social, economic, or other conditions in the Middle East region may have a material adverse effect on the markets in which the Company operates.
Safe Operations Execution Risk 	Risks Related to Accidents on any of the Company's Rigs Causing Severe Damage or Injuries: Oil and natural gas extraction on the Company's rigs are dangerous operations, subject to the hazards and risks normally associated with the exploration and extraction of natural resources. Any occurrence of such incidents could result in extraction shortfalls or damage to persons or property. The principal hazards and risks associated with the Company's extraction operations include: <ul style="list-style-type: none"> • Unusual or unexpected geological conditions. • Various industrial accidents, including well blowouts, well collapses, falls from height, light vehicle accidents, electrocutions, incidents involving equipment, fires, explosions, and emissions of harmful gases or chemicals often odorless and toxic (such as Hydrogen Sulphur). • Natural disasters such as flooding, typhoons, and fires. • Spills, discharges, or other releases of oil and hazardous substances into the environment.

RISK MANAGEMENT (continued)

Risk	Description
Rig Move, Maintenance and Projects Risk 	<p>Risks Related to Rig Move, Upgrade, Repair, Refurbishment, and Construction Projects: The Company often incurs upgrade and refurbishment expenditures for its rig fleet to comply with contractual requirements, international standards, quality management, preventative maintenance, and periodic certification requirements. Furthermore, the Company may incur substantial capital expenditure for the maintenance of its rigs, especially as its rig fleet gets older, as well as construction or acquisition of additional rigs. Rig move, upgrade, repair, refurbishment, and construction projects often involve complex design and engineering services and are especially vulnerable to the risks of delay and cost overrun, which, among other factors, can result from the following:</p> <ul style="list-style-type: none"> • Shortages of material or skilled labor. • Failure or delay with third-party service providers and suppliers. • Increased cost of, and/or delays with, shipping of material. • Work stoppages. • Commodity price increases, including steel. • Adverse weather conditions. • Long lead time for manufactured rig components.
Human Resources Risk 	<p>Risks Related to the Company's ability to Recruit and Retain Skilled Personnel: The Company relies on the efforts, diligence, skill, network of business contacts, close supervision of its Executive Management team, and other key personnel for the implementation of its strategy and its day-to-day operations. Competition for appropriately qualified personnel and skilled labor with relevant expertise has intensified due to the increased global demand for oil rigs. If one or more members of the Executive Management team or key personnel were to resign, the loss of such personnel could result in, among other things, a disruption in organizational focus, poor execution of operations, and a failure or delay to achieve some or all of its business strategies and may require the diversion of management resources. In addition, its future success as it expands its scope of operations will depend, in part, on its ability to attract, retain, and motivate qualified personnel. The loss of services of an Executive Management member or key personnel could prevent or delay the implementation and completion of its strategic objectives and divert the management's attention to seek qualified replacements. However, during periods of high utilization, it is more difficult and costly to recruit and retain qualified employees.</p>
Supply Chain Risk 	<p>Risks Related to Dependence on Third Parties, Distributors, Manufacturers and Strategic Partners: The Company has a network of different suppliers with which it deals. The reliance on third-party suppliers, equipment manufacturers, sub-contractors and service providers to secure parts, components and subsystems used in its operations exposes the Company to volatility in the quality, prices, and availability of such items. Certain critical parts and equipment that the Company uses in its operations are available only from a small number of suppliers, manufacturers, or service providers. However, there can be no assurance that the Company will not be exposed to delays in deliveries from such third-party suppliers, manufacturers or service providers, production constraints, price increases, quality issues, recalls on defective parts from the relevant authorities, or other decreased availability of parts and equipment. As a result, the failure of a sub-contractor or manufacturer to deliver such services, equipment, or materials on time or at all could adversely affect the Company's business.</p>

Risk Mitigation Strategy

Arabian Drilling implements a robust and comprehensive risk mitigation strategy grounded in the 4Ts framework: Treat, Tolerate, Transfer, and Terminate.



In conjunction with the 4Ts, Arabian Drilling adheres to an internal risk escalation matrix designed to facilitate effective risk management across the organization. Critical risks require immediate and decisive action; therefore, they are escalated directly to the Executive Committee (ExCom) for urgent review and intervention, ensuring that high-stakes issues are addressed at the highest levels of governance. Significant risks are brought to the attention of Chief Executive Officer (CEO) and Senior Management, allowing for a strategic approach to mitigation that engages senior leaders in the development of appropriate response strategies and resource allocation.

For moderate and low risks, a decentralized approach empowers individual teams to manage these risks through established routine procedures. This ensures adherence to organizational standards while promoting ownership at the risk owners' level.

Each identified risk is accompanied by a specific response plan and tailored mitigation strategy, meticulously crafted and executed by designated risk owners. This structured approach ensures that all risks are effectively monitored, evaluated, and managed at every level of the organization.

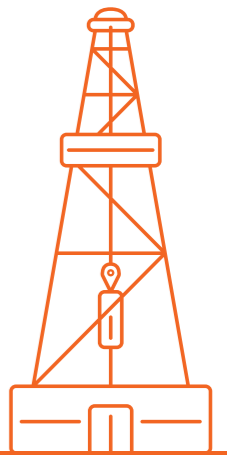
Way Forward

By fostering a culture of proactive risk management, Arabian Drilling not only protects its operational integrity but also enhances its overall resilience in an ever-evolving industry landscape. Through the diligent application of these principles, Arabian Drilling remains committed to maintaining high standards of safety, compliance, and operational excellence.

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Arabian Drilling demonstrates agility and leadership in a dynamic market by expanding into unconventional gas, growing its land fleet, enhancing offshore performance, and investing in technology and sustainability. With a strong focus on efficiency and innovation, the Company reinforces its market leadership while upholding its commitment to safety and operational excellence.



CHIEF OPERATING OFFICER'S MESSAGE

Arabian Drilling showcased exceptional operational agility in 2024, strategically shifting focus from offshore operations to the high-growth unconventional gas market. This pivot involved the construction, mobilization, and activation of 13 unconventional rigs, including 2 rigs activated in early first quarter of 2025, executed on budget and ahead of schedule. Through a seamless logistics chain, including rig construction in China and efficient local transportation, and the onboarding and training of over 1,000 employees, we rapidly delivered results that underscored our ability to adapt and lead in dynamic market conditions.

The success of our land segment was further reinforced by 2 long-term contracts extended by Saudi Aramco, spanning 15 years and adding an estimated ₪ 730 million to our backlog.

Our offshore segment delivered a robust performance, with clear performance improvements demonstrating a phase of sustainable operational excellence following the 2023 ramp up phase.

Al-Khafji Joint Operations (KJO) also awarded Arabian Drilling offshore a 2-year contract for one of our existing offshore jack-up service vessels, as well as an intention to award a further contract for the same duration.

Investments in technology and innovation remained integral to our performance. The launch of the Infinity Innovation Lab, a cutting-edge digital intelligence hub, and upgrades to the Behavior Empowerment Center have enhanced operational efficiency, data-driven decision-making, and workforce safety. These advancements position Arabian Drilling at the forefront of technological innovation in the industry.

Aligned with our commitment to sustainability, initiatives such as solar panel deployment and the Crown Light Project on AD34 and AD36 reduced the equivalent of nearly 180 tons of CO₂. Coupled with emissions reduction efforts across our land and offshore operations, we remain dedicated to driving sustainable practices while meeting the energy needs of today and tomorrow.

Arabian Drilling's ability to navigate market challenges while delivering exceptional operational performance highlights our strength as a reliable industry leader. As we continue to stabilize our unconventional rigs and leverage advanced digital solutions, we are positioned to drive sustained growth, enhance safety, and deliver value to our stakeholders well into the future.



OUR ABILITY TO NAVIGATE MARKET CHALLENGES WHILE DELIVERING EXCEPTIONAL OPERATIONAL PERFORMANCE HIGHLIGHTS OUR STRENGTH AS A RELIABLE INDUSTRY LEADER.

Stephane Moynet
Chief Operating Officer



LAND SEGMENT

Arabian Drilling ramped up its outstanding progress in the unconventional gas sector in 2024, underscoring the Company's resilience and versatility, with the delivery and deployment of 13 new land rigs in record time. Staunchly supporting Saudi Arabia's sustainability goals for electricity production, switching from oil to gas, and in line with the Company's strategic focus on expansion, the land segment achieved exceptional growth and rig penetration into the unconventional gas market. The land fleet, which now stands at 49 rigs – a 32% rise over 2023 – lays a clear path for regional development. Following the suspension of 3 offshore rig contracts, Arabian Drilling's land segment was instrumental in continuing the Company's growth.



Unconventional Gas Dominates Energy Transition

The increasing significance of unconventional gas in the Kingdom's evolution towards decarbonization has had a profound impact on Arabian Drilling's land segment, substantially expanding both its presence and share of the market. In awarding the Company 13 out of a total 23 contracts, Aramco reinforced its confidence in Arabian Drilling to deliver beyond expectations.

Accordingly, Arabian Drilling completed the assembly of the 13 rigs on location, passed client acceptance tests, and began drilling operations, in record time, underscoring the Company's impressive logistic and procurement efficiencies.

This mass scale start-up project has entailed hiring and onboarding more than 1,000 new crew members with continuous communication, collaboration, and consolidation, a substantial achievement reinforcing the unconventional land rigs program as the cornerstone of Arabian Drilling's growth.

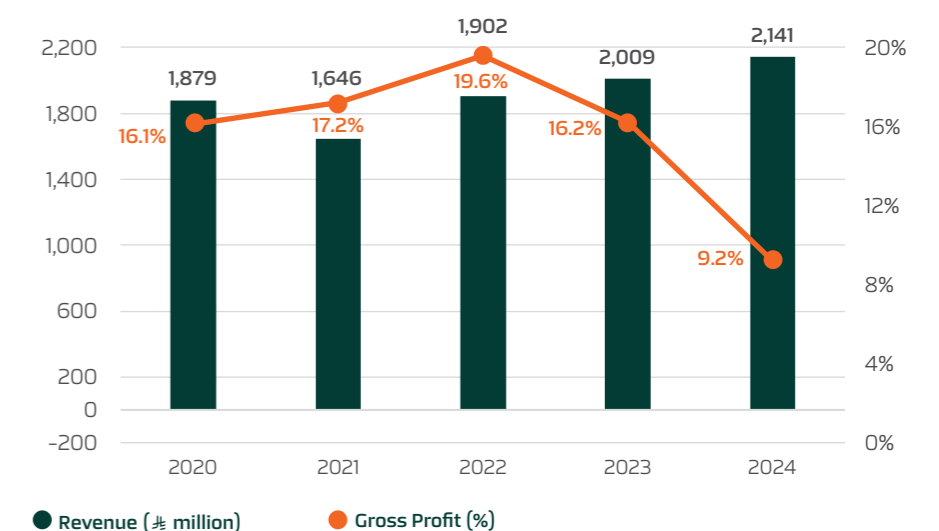
Rapid expansion and operational efficiencies, including record delivery times, are proven major contributing factors in the year-on-year revenue growth of 6.6%, from ₪ 2,009 billion to ₪ 2,141 billion. The revenue contribution of the brand new unconventional rigs is expected to be close to ₪ 800 million per year, accretive to the overall margin profile of the land segment.

In addition to the new rigs, and as a reflection of Arabian Drilling's Rig Efficiency Index (REI) score of 95.1% for land rigs, Saudi Aramco has also extended 2 long-term contracts. This amounts to a total of 15 years rig time, and an associated estimated backlog of ₪ 730 million.

Fleet Expansion, Utilization, and Efficiency

The Arabian Drilling fleet increased by 13 rigs in 2024, a 32% rise compared to the previous year, mainly as a result of the new unconventional gas rigs. At the time of printing, out of a total available fleet of 49 land rigs, 43 were active, 3 were under temporary suspension from Aramco and are expected to resume operations in 2025, and 3 were open for contractual engagements. In 2024, we realized a total of 160 rigs moves, with average net savings of 0.81 days per rig move compared to Aramco's KPI of 8.05, which translates to an additional 129.6 days of rig operating time, significantly boosting productivity.

Land Segment Revenue and Gross Profit



LAND SEGMENT (continued)

OFSAT achieved a top-line revenue of ₪ 236.8 million, a 12% increase compared to 2023, underscoring the strength and demand for its services. Due to continued growth of the operations, net income was reduced year-on-year by 19% which was in line with initial budgetary expectations.

Large Scale Growth and Innovation

With a focus on strategic expansion, OFSAT continued to increase its CAPEX, adding approximately 50 trucks to its fleet, which now includes over 500 specialized heavy oilfield winch trucks, cranes, forklifts, and other machinery, supporting its ability to handle complex rig moves efficiently and safely.

Combined with OFSAT's increased integrated technological innovations, including real-time tracking and predictive maintenance tools, the growth will support reducing downtime and improving overall operational efficiency. In line with its ongoing investment into additional assets and ambitious expansion targets, OFSAT also began bidding for rig moves with third parties in 2024.

OFSAT has once again applied technology to ensure the safety of its people and improve driver safety by deploying over 300 real-time AI cameras that are monitored in the Journey Management Center. Furthermore, OFSAT will initiate a proof of concept gamification

platform to improve driver behavior and engagement and deploy crane and driving simulators to enhance operator competency.

OFSAT Goals for 2025

In line with its expansion aspirations, over the next year OFSAT will continue to drive its digitization program, with the integration of AI and machine learning on a wider platform for predictive maintenance and real-time data analytics.

In terms of sustainability and in line with Vision 2030, carbon reduction remains a key factor in OFSAT's environmental responsibilities.

Accelerating Land Segment Technology

Innovation continues to play an ever-increasing role in all aspects of Arabian Drilling's operations, with the introduction of cutting-edge technology aimed at critical objectives, including enhancing efficiency, safety, and performance.

The Company initiated its new Infinity Innovation Lab last year, streaming essential real-time data to the central operations center, displaying the performance of the rigs, the crews working on them, and team dynamics. The system anticipates challenges and failures, optimizing performance and maintenance requirements, while providing 24/7 support ensuring performance optimization, operational synergy, delivery excellence, and continuous improvement.

The Company's application of artificial intelligence has grown exponentially, including enhancing the Behavior Empowerment Center, the proactive monitoring center, with the primary goal of developing improved organizational behavior and operational safety.

In addition, the upgrade and automation of one of the Company's earliest rigs, AD14, introduced the latest mechanization technologies and digital solutions to the drilling industry in Saudi Arabia.

2025 and Beyond

Our achievements in 2024 are a testament to Arabian Drilling's strategic agility and logistical capabilities. The Company will continue its expansion and penetration into the unconventional

gas market, underscoring its position as the cornerstone of growth, while ensuring timely and safe delivery.

We are committed to adopting cutting-edge innovation and technology which will remain pivotal to our operation. As Arabian Drilling focuses on next generation artificial intelligence and digital solutions, we aim to connect our entire fleet to both the upgraded Behavior Empowerment Center and the Infinity Innovation Lab. As ever, employee welfare is the Company's first priority, and through investing in digitization, our teams will continue to work in a more secure environment than ever.

160

Rig moves

55.8 km

Average rig move distance

0.81

Average days saved

129.6

Additional rig operating days

1.2 million

Kilometers driven per month



LAND SEGMENT (continued)

CASE STUDY

UNCONVENTIONAL DRILLING: A NEW CHAPTER OF GROWTH

Arabian Drilling faced a significant challenge during 2024, when Saudi Aramco suspended several offshore rigs, resulting in a 44% reduction in offshore activity with Aramco. This impacted our high-margin offshore revenue streams and created financial pressure for the Company. Additionally, temporary suspensions in the land rig market compounded the operational challenges. The opportunity emerged in the unconventional segment, offering a chance to offset revenue losses and sustain growth despite the downturn.

Pioneering a Rapid and Resilient Response

We acted decisively by pivoting to the unconventional sector, deploying the new land rigs with unprecedented swiftness. From rig delivery to the seaport, mobilization to the first well location, on-site assembly, and commissioning, each rig took an average of 45 days—an industry-leading achievement. By the end of 2024, 11 rigs were operational, with the remaining 2 starting in early first quarter of 2025.

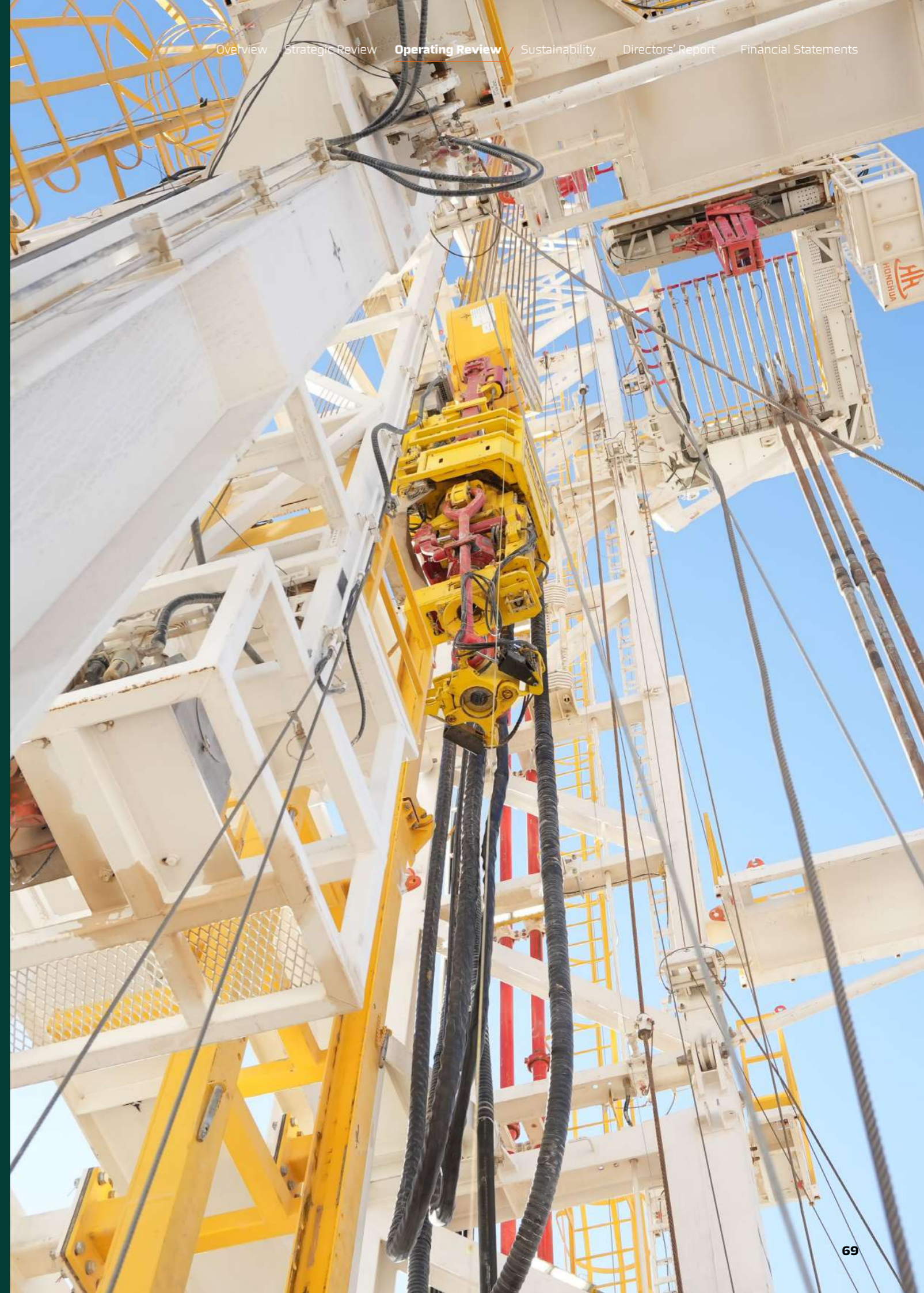
Our teams worked tirelessly to ensure seamless execution, collaborating with Aramco and port authorities to address logistical bottlenecks and expedite rig delivery. Leveraging cross-functional expertise, we guaranteed technical excellence and operational readiness, showcasing our adaptability and alignment with strategic priorities.

Delivering Transformative Impact

This shift to unconventional operations yielded remarkable results, driving ₪ 3.6 billion in revenue despite offshore setbacks. We cemented our position as a market leader in the unconventional segment, with our rigs achieving industry-leading performance metrics in record time.

Operational savings of ₪ 100 million and maintaining a 40% EBITDA margin underscored our financial resilience and ability to innovate under pressure. These outcomes went beyond offsetting our offshore losses - supporting business continuity and strengthening our long-term growth trajectory.

Deploying 13 unconventional rigs in less than one year, a feat unmatched in the industry, demonstrates our agility and commitment to delivering value. Despite significant challenges, we achieved ₪ 3.6 billion in revenue, reflecting the strength of our strategy and resilience of our operations.



OFFSHORE SEGMENT

While Arabian Drilling's offshore segment was heavily affected by Saudi Aramco's 12-month suspension of 3 rigs and the non-renewal of another, the Company viewed the challenge as a positive opportunity to expand into new territories for the first time in its history. Reaffirming the Company's trademark resilience, adaptability, and market insight, the suspended rigs are minimizing operational costs while actively being marketed for international contracts.

Proactive and Prepared for Expansion

The Ministry of Energy's decision to revoke the target to increase oil production by 1 million barrels per day has impacted all contractors operating in the Kingdom. However, Arabian Drilling's strategic realignment for the offshore segment was both rapid in its direction and effective in its execution. In order to optimize resource allocation

and manage costs effectively, its 3 suspended rigs are being warm-stacked with a skeleton crew, while undergoing planned maintenance in preparation for immediate deployment.

Rig Efficiency Remains Strong

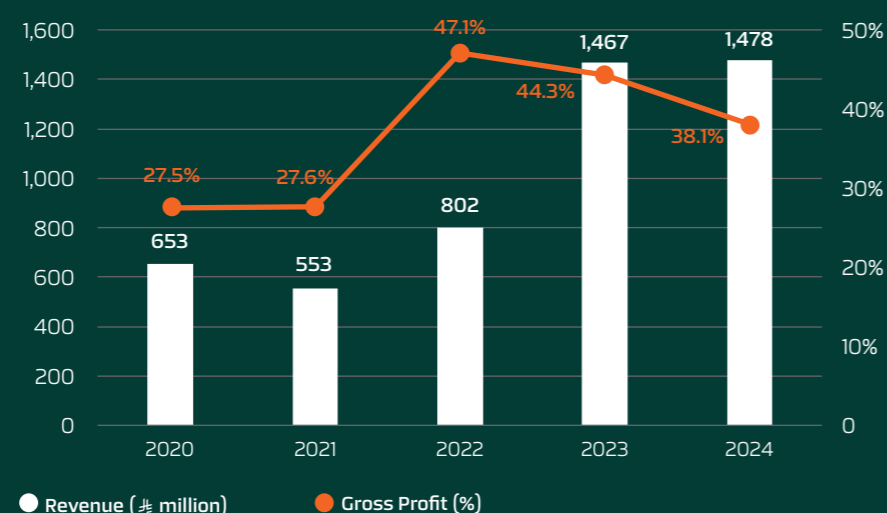
While REI for the offshore segment remained high above 90%, following the non-renewal and suspension of contracts, rig utilization dropped to

8 out of 12, which is reflected in the year-end figures. The direct impact on revenue for the offshore segment resulted in ₪ 1.48 billion in revenue for 2024, compared to ₪ 1.47 billion the previous year, gross profit fell by 13% to ₪ 563.4 million.

Despite its rig suspensions, the Arabian Drilling offshore segment maintained its position as the Kingdom's third largest contractor.



Offshore Segment Revenue and Gross Profit



Adopting Technology to Develop Sustainability

In alignment with Saudi Vision 2030 and its own steadfast commitment to the environment, Arabian Drilling continues to focus on sustainability and innovation in its offshore operations, including implementing eco-friendly practices and integrating advanced technologies to enhance efficiency and reduce its carbon footprint.

Drilling and well testing operations improved significantly, particularly in flaring management, with no environmental incidents throughout 2024. In addition, power systems productivity improved, and CO₂ emissions decreased by integrating advanced Preventive Maintenance System. Subsequent baseline data will act as a critical reference point for future improvements and continued environmental performance tracking.

In a new field of operations, the Company was selected by Aramco to pioneer the drilling of Shallow gas Wells, followed by its first execution of Managed Pressure Drilling (MPD) wells, an advanced process which contains blowouts and leaks, supporting sustainability goals and lowering environmental footprints.

Further reflecting the Company's commitment to green policies, Arabian Drilling was awarded the contract to drill 2 offshore production wastewater disposal wells for the Khafji Field, underscoring its expertise in managing water disposal in the oil industry, while ensuring compliance with stringent environmental standards.

Maintaining Leadership in Contractor Innovation

Arabian Drilling's offshore segment continued to inspire and innovate with the introduction of several new products and technologies aimed at enhancing efficiency, safety, and performance. Arabian Drilling's Infinity Innovation Lab has become an essential tool in providing real time data, focusing on heightened performance, delivery excellence, and team safety.

The Company's cutting-edge Behavior Empowerment Center is constantly reviewed and upgraded to ensure optimum rig efficiency and HSE within the offshore segment and in 2024 its capabilities were significantly strengthened through the integration of AI.

The Future for Arabian Drilling Offshore

There will be a renewed focus on technology and innovation in 2025 and beyond for the offshore segment. As technology in the drilling industry continues to evolve at such a meteoric pace, the scope and capabilities of integrated AI and machine learning plays a vital role in providing maximum efficiency and superior safety. In readiness for international expansion and contracts with new partners, the existing fleet will be fitted with state-of-the-art systems and automation capabilities to be among the most sophisticated and efficient in the Kingdom.

There has been a keen focus on international expansion since Arabian Drilling's IPO, which has been substantially accelerated in light of the rig suspensions. In ramping up its exploration for new contracts and strategic partners in 2025, particularly in emerging markets, the offshore segment will begin international operations for the first time since Arabian Drilling was founded 60 years ago.

As the offshore segment continues to combine its innovation capabilities with its sustainability goals, 2025 will see the implementation of carbon capture and storage technology to reduce the carbon footprint of offshore operations. In addition, adopting eco-friendly practices such as optimizing fuel consumption and reducing emissions from offshore rigs, underscores its commitment to the environment and its vision for a greener future.

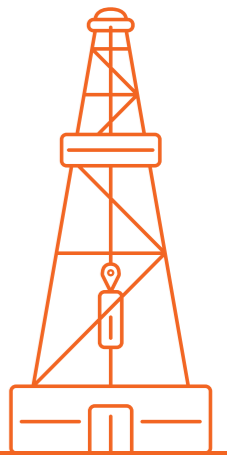
Safety has always been a non-negotiable priority for Arabian Drilling and in 2025 the Company will continue to build on its exceptional record by investing in comprehensive training programs for offshore personnel. It will also introduce new safety technologies and protocols to minimize risks and create a safer, more secure working environment.



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Arabian Drilling is committed to integrating sustainability into its core operational strategy. The Company prioritizes responsible growth and long-term value creation through innovative and ethical practices, solidifying its commitment to a sustainable future.



SUSTAINABILITY JOURNEY

Accelerating Our Sustainability Journey and Impact

At Arabian Drilling, sustainability is embedded in our operations, guiding how we conduct business and deliver long-term value. We are committed to the highest standards of safety, accountability, and technological efficiency, ensuring that our practices align with the evolving needs of our customers, investors, employees, and suppliers.

We take pride in transparently sharing our sustainability journey, providing a clear and accurate account of our progress. Open dialogue and collaboration with stakeholders are essential to fostering trust, strengthening engagement, and

driving meaningful impact across our value chain.

Throughout 2024, we strengthened our sustainability efforts with tangible initiatives that drive long-term impact, including expanding our use

of renewable energy and deploying several sustainable projects. In line with our commitment to reducing our environmental footprint, we published our Sustainability Policy and developed our Decarbonization Roadmap 2050, setting a clear path toward a more sustainable future.



ESG Ratings

ESG Invest Rating:

60
(2023: 49)

Achillies Sustainability Score:

58

Carbon Disclosure Project (CDP):

D
(2023: D-)



OUR SUSTAINABILITY POLICY

At Arabian Drilling, sustainability is integral to our business strategy, guiding our commitment to environmentally responsible operations and services. We recognize the evolving climate landscape, regulatory shifts, and the vital role drilling activities play in reducing the carbon footprint of the oil and gas industry. To address these challenges, we continuously assess climate risks and implement proactive mitigation measures to ensure long-term environmental sustainability.

Our leadership is dedicated to driving meaningful progress by allocating financial, infrastructural, and human resources to enhance environmental performance. By aligning our sustainability initiatives with the Paris Agreement and working towards a low-carbon economy, we have set a clear pathway for a sustainable future.

Sustainability Principles

Arabian Drilling's Sustainability Policy is built on fundamental environmental, social, and economic principles. We prioritize energy conservation, pollution prevention, responsible resource consumption, and the protection of natural ecosystems. Our approach extends to our employees, contractors, suppliers, and all stakeholders operating on our behalf, ensuring that sustainability remains a shared responsibility across our value chain.

Energy Conservation and Emission Reduction

We are committed to integrating the latest energy-efficient technologies and continuously reducing greenhouse gas emissions across our operations. By implementing next-generation technologies and alternative fuels for power generation and rig mobilization, we actively minimize our environmental impact. Through operational controls, efficiency measures, and the gradual adoption of renewable and clean energy sources, we strive to optimize energy use and support the industry's transition toward sustainability.

Water Management

Water conservation is a key priority in our environmental strategy. Arabian Drilling implements efficient site management practices and industry-leading conservation techniques to minimize water usage while maintaining operational excellence. We have developed a water management framework to monitor and optimize the water consumption from all our operations, including all the facilities we own across the Kingdom.

Waste Management

We are dedicated to reducing waste generation, maximizing recycling and reuse efforts, and ensuring the responsible disposal of solid and liquid waste. By adhering to strict environmental regulations, we actively prevent pollution and mitigate the impact of our operations on surrounding ecosystems. We have developed a robust waste management framework that will help us identify and reduce the waste we generate from our operations by clearly monitoring each individual rig and setting clear targets to help protect the environment.

Social Responsibility

Our sustainability commitment extends beyond our operations to the communities in which we operate. We engage employees in environmental awareness programs and support community development through job creation and local contract opportunities. By prioritizing social well-being, we contribute to the long-term prosperity of society while fostering a culture of environmental stewardship.

OUR SUSTAINABILITY POLICY (continued)

Strengthening Sustainability Governance: **Establishing Our Sustainability Steering Committee**

Arabian Drilling remains committed to leading sustainable drilling services by integrating the highest safety, technological, and operational standards while minimizing environmental impact.

To reinforce this commitment, we established a Sustainability Steering Committee (SSC) to support Executive Management in staying informed on global sustainability policies and best practices. The Committee also monitors national ESG regulations, including those set by the KSA, Aramco, Saudi Tadawul, and other relevant authorities, ensuring compliance and alignment with evolving industry standards.

The SSC operates under a structured charter that defines the roles and responsibilities of its members while setting a focused agenda for sustainability initiatives. Through regular meetings, workshops, and focus groups, the Committee captures key insights that shape Arabian Drilling's sustainability roadmap and policies. This structured approach ensures that our business remains at the forefront of responsible and sustainable operations while driving long-term economic performance.



OUR SUSTAINABILITY FRAMEWORK

Arabian Drilling's sustainability framework is built on 3 core focus areas – People and Society, Climate Actions, and Corporate Governance and Operations Excellence – ensuring a balanced approach to responsible business practices.

These pillars support a structured set of 15 essential elements that guide our commitment to labor best practices, environmental stewardship, and ethical governance. By integrating sustainability into every aspect of our operations, we uphold the highest standards in employee well-being, emissions reduction, water and waste management, risk mitigation, and corporate responsibility. Through continuous innovation, accountability, and stakeholder engagement, we are making meaningful progress toward a more sustainable and resilient future.



Human Capital Development

Upholding best practices in human resources and workplace management, including recruitment, promotion, education, training, and career development, while fostering a culture that nurtures the growth and retention of top talent.

A Thriving Economy: Enhancing skills and education drives economic development.

UN SDG Alignment:  **Prioritization:** Very important

Occupational Health and Safety

Providing a healthy and safe environment for all employees, reducing risks and hazards, preventing injuries, and promoting overall health, safety, and well-being.

A Vibrant Society: Prioritizing health and safety aligns with societal well-being.

UN SDG Alignment:   **Prioritization:** Extremely important

1 People and Society

Arabian Drilling recognizes that engaging with and supporting our employees, stakeholders, and the communities in which we operate is essential to building a successful and sustainable business.

Our People and Society pillar encompasses these critical aspects, including occupational health and safety, human capital development, diversity, inclusion, and equal opportunities, as well as social impact, community development, and human rights.

Diversity, Inclusion, and Equal Opportunities

Cultivating a culture that welcomes, respects, and values individuals from all backgrounds, identities, and experiences. We ensure that everyone can fully participate and contribute within our workplace, and is free from discrimination based on race, color, age, religion, national origin, gender, or physical or mental disability.

A Vibrant Society: Promoting social inclusion and diversity enriches the community.

A Thriving Economy: Diverse workplace perspectives boost economic innovation.

UN SDG Alignment:    **Prioritization:** Extremely important

Human Rights

Ensuring ethical labor practices, fair treatment, and respect for fundamental human rights across business operations.

A Vibrant Society: Social equity, inclusivity, and the protection of rights to create a thriving and fair society.

UN SDG Alignment:   **Prioritization:** Very important

Social Impact and Community Development

Embedding social responsibility into our business operations and stakeholder interactions, while actively engaging in and positively contributing to the development of the communities where we operate.

A Vibrant Society: CSR and community initiatives enhance societal welfare.

UN SDG Alignment:   **Prioritization:** Important

Decarbonization and Renewable Energy Transition

Reducing our carbon footprint by transforming how we engage in activities that generate greenhouse gas emissions. We are progressively implementing decarbonization technologies and developing plans to integrate renewable energy adoption and alternative fuel use.

A Thriving Economy: Reducing GHG emissions aligns with the Kingdom's sustainable, diversified economic goals.

UN SDG Alignment:   **Prioritization:** Extremely important

Energy Efficiency and Conservation Management

Continuously enhancing our energy management practices for optimal efficiency, with a focus on optimizing energy usage, minimizing waste, and improving overall system efficiency.

A Thriving Economy: Optimizing energy use bolsters market competitiveness.

UN SDG Alignment:   **Prioritization:** Extremely important

Waste Management and Circular Economy Practices

Monitoring waste management processes to reduce waste generation and implementing sustainable disposal and recycling strategies to minimize environmental impact and enhance resource efficiency.

A Thriving Economy: Strategic waste management supports economic efficiency.

UN SDG Alignment:   **Prioritization:** Very important

Spill Prevention and Response

Taking proactive measures to prevent and manage hazardous spills, we safeguard ecosystems, public health, and operational safety.

A Thriving Economy: Spill prevention safeguards economic resources.

UN SDG Alignment:   **Prioritization:** Extremely important

Water and Wastewater Management

Adopting an "every drop counts" approach to managing water consumption and maximizing efficiency, while ensuring responsible water use, treatment, and disposal to minimize environmental impact and ensure regulatory compliance.

An Ambitious Nation: Responsible water use aligns with environmental conservation goals.

A Thriving Economy: Water efficiency contributes to economic sustainability.

UN SDG Alignment:   **Prioritization:** Very important

Preservation of Natural and Cultural Sites

Taking proactive measures to protect, conserve, and support the health and diversity of natural systems and ecosystems that sustain all life.

A Vibrant Society: Protecting natural habitats enhances community living environments.

UN SDG Alignment:   **Prioritization:** Important

Business Ethics and Compliance

Setting the foundation for our business, the Code of Conduct defines our operational principles, core values, ethical behavior, corporate culture, and commitment to transparency and integrity, while ensuring compliance with all applicable laws and regulations.

An Ambitious Nation: Upholding ethical standards promotes transparency, and compliance with laws underscores regulatory adherence.

UN SDG Alignment:  **Prioritization:** Extremely important

3 Corporate Governance and Operational Excellence


Arabian Drilling is committed to upholding the highest standards of ethics and business practices, while driving operational excellence through innovation and technology. Strong corporate governance enhances risk management, transparency, and accountability, optimizing performance, strengthening stakeholder trust, and supporting long-term economic growth

Our Corporate Governance and Operational Excellence pillar ensures the application of rigorous and robust standards and controls in areas such as business ethics and compliance, risk management, artificial intelligence (AI), innovation and digital transformation, and supply chain management.

Supply Chain Management

Optimizing procurement and supplier relationships to promote sustainable business practices, enhance efficiency, and ensure business continuity.

A Thriving Economy: Fostering strong partnerships to enhance resilience and sustainability in the business ecosystem.

UN SDG Alignment:  **Prioritization:** Important

Risk Management

Identifying, assessing, and mitigating business risks to strengthen resilience and ensure long-term stability. This includes monitoring and managing a wide range of organizational risks - operational, financial, legal, strategic, and security risks - such as financial uncertainty, legal liabilities, strategic errors, accidents, and natural disasters.

An Ambitious Nation: Strategic risk management ensures preparedness.

A Thriving Economy: Risk mitigation secures economic assets.

UN SDG Alignment:      **Prioritization:** Extremely important

Artificial Intelligence (AI), Innovation, and Digital Transformation

Leveraging technology and innovation to improve efficiency, drive competitiveness, and strengthen economic performance. By integrating AI and digital solutions, we optimize resource utilization, improve decision-making, and create sustainable value, strengthening our economic performance in a dynamic and evolving market.

A Thriving Economy: Technological advancement, and increased competitiveness to drive sustainable growth and global leadership.

UN SDG Alignment:  **Prioritization:** Very important

ENVIRONMENTAL MANAGEMENT APPROACH

Arabian Drilling's Environmental Management Plan (EMP) provides a structured framework for achieving our environmental performance goals and upholding our commitment to responsible operations. This plan addresses key areas of environmental impact, including water and waste management, oil spill control, hazardous materials handling, emissions reduction, and noise control. Through a strategic and disciplined approach, we ensure that environmental stewardship remains central to our operations.

Our EMP is built on 5 key pillars: systematic evaluation of activities with potential environmental impact, setting SMART targets to drive measurable progress, implementing operational controls to enhance efficiency and minimize waste, continuous monitoring and data-driven performance measurement, and regular audits to ensure ongoing improvements. By integrating these principles into our business, we drive sustainable innovation and strengthen our environmental performance.

Our Environmental Commitment

Energy Consumption

Reducing energy consumption is a critical part of our sustainability strategy as we expand our operations. By optimizing fuel efficiency, integrating renewable energy solutions, and enhancing operational controls, we are actively working to minimize our environmental impact while maintaining high-performance standards.

GHG Emissions

As our operations grow and our drilling fleet expands, reducing carbon emissions and improving energy efficiency remain key priorities. Balancing operational growth with environmental responsibility requires a strategic approach, integrating innovative solutions and sustainable technologies to minimize our carbon footprint while maintaining industry-leading performance.

Water Management

Arabian Drilling remains committed to responsible water stewardship through proactive management, engineering controls, and HSE policies to optimize consumption and minimize effluent discharge. To further strengthen our sustainability efforts, we have recently introduced a Water Management Framework that provides a structured approach to conservation, efficiency, and compliance with Saudi Vision 2030 regulations and Water Law 2020.

Waste Management

Arabian Drilling is committed to responsible waste management through a strategic approach emphasizing waste reduction, recycling, and compliance with environmental standards. As part of our continuous improvement, we have formalized a Waste Management Framework that aligns with Saudi Waste Management Law (2021) and MARPOL regulations. This framework ensures systematic quantification, segregation, and control of waste disposal.



PEOPLE AND SOCIETY

Our People

Developing and Engaging our Workforce

At Arabian Drilling, our people are at the heart of our success. We are committed to developing a high-performing, engaged, and future-ready workforce through strategic initiatives that enhance skills, foster innovation, and promote career growth. By integrating human capital development into our broader business strategy, we ensure that every employee is equipped to contribute to our long-term success while advancing the Kingdom's economic and social goals.

Our focus on talent acquisition, training, digital transformation, and Saudization reflects our dedication to building a dynamic and diverse workforce that thrives in a rapidly evolving industry. Through continuous investment in our people, we are strengthening our position as an employer of choice and reinforcing our role as a leader in workforce development.

Employee Headcount

	2021	2022	2023	2024
Total Headcount	3,913	4,547	5,279	5,184
Male Employees	3,873	4,478	5,201	5,098
Female Employees	50	69	78	86

New Hires and Turnover

	2021	2022	2023	2024
Employees Hired	539	1,167	1,565	775
Employees Who Left the Organization *	476	556	834	870
Employee Turnover (%)	12.2%	12.2%	15.8%	16.78%

*Includes termination, resignation, retirement, death, and redundancy.

Saudization

	2021	2022	2023	2024
Total Employees	77.4%	74.4%	66.3%	68%



Our Human Capital Strategic Framework

We have developed a Human Capital Operating Model and a Core Competency framework aligned with our values, vision, and mission. This approach strengthens our workforce capabilities, supports our long-term objectives, and enhances

the overall employee experience through an optimized Human Capital Management system.

Our HR strategic framework focuses on talent acquisition, employee development, rewards, and organizational effectiveness, driven by governance, leadership,

engagement, learning, technology, and data-driven decision-making. Through transformation programs, we continue to enhance policies, employee experience, and digital HR services, fostering a culture of excellence, innovation, and collaboration.



HR Mission

To empower Arabian Drilling's workforce by fostering a culture of excellence, innovation, and collaboration.



HR Vision

To create a collaborative and efficient work environment where HR initiatives drive success and support employee growth.



HR Objectives

- Manage the HR Function
- Recruit Employees
- Develop Employees
- Reward Employees
- Shape the Employee Experience
- Drive Organizational Effectiveness



HR Strategic Enablers

- Strong Governance and Compliance
- Leadership Commitment
- Employee Engagement
- Continuous Learning and Development
- Effective Communication Channels
- HR Technology and Automation
- Data-Driven Decision Making



Transformation Programs

- Policy and Procedure Transformation
- Employee Experience Integration
- Advanced Digital HR Services



PEOPLE AND SOCIETY (continued)

Our People (continued)

Transforming Human Resources for Strategic Impact

We have realigned our HR strategy to integrate seamlessly with Arabian Drilling's business objectives, positioning HR as a strategic business partner to drive efficiency and enhance workforce capabilities. With a strong focus on upskilling and retaining local talent, we are committed to building a resilient, high-performing workforce that supports long-term growth and operational excellence.

To achieve this, we launched the Arabian Drilling HR Transformation initiative, a 3-year roadmap identifying

141 HR business capabilities, 145 key challenges, and 170 strategic objectives to guide workforce development. A major milestone was the establishment of a centralized HR Services Center, improving process efficiency, data accuracy, and employee access to HR services.

We also adopted advanced digital solutions and redesigned our HR portal, streamlining processes, enhancing communication, and improving accessibility. A major achievement in our diversity efforts was hiring our first-ever female rig manager, reinforcing our commitment to inclusion, operational excellence, and sustainability.

Arabian Drilling Learning Academy

The Arabian Drilling Learning Academy (ADLA) experienced a milestone year, delivering a comprehensive training program that reinforced technical expertise, safety standards, and professional development. With over 1,100 courses conducted and nearly 24,000 attendees, ADLA provided more than 117,000 training man-hours across 42 specialized programs in Technical, HSE, and Soft Skills training. This extensive curriculum reflects our commitment to continuous learning and the development of a highly skilled workforce that meets the evolving demands of the industry.

ADLA's reputation for excellence is reinforced by prestigious accreditations from leading international bodies, including ISO (9001 and 29993), the International Well Control Forum (IWCF), the International Association of Drilling Contractors (IADC) WellSharp, IADC Drilling Industry Training Programs, and the Health and Safety Institute. These recognitions affirm the academy's dedication to delivering world-class training that meets the highest industry standards.

Innovation remains at the core of our training approach, with cutting-edge technology playing a pivotal role in skill development. We have introduced virtual reality-based fire safety training in conjunction with a firefighting simulator, providing immersive, hands-on learning experiences. Our Offshore Crane Operations simulator and Drilling and Well Control simulator further enhance technical competency, offering realistic downhole operations training. Beyond internal training, we are actively contributing to safety awareness in the broader community, including partnerships with local schools where children engage in firefighting simulation exercises.

Driving National Talent Development

We are strengthening our commitment to Saudization by expanding opportunities for local talent and increasing workforce localization in key positions. Through strategic partnerships and targeted initiatives, we are actively developing the next generation of Saudi professionals to support the Kingdom's energy sector. Our collaboration with the Saudi Arabian Drilling Academy (SADA) ensures young Saudis receive world-class training, while our participation in local recruitment drives and university campaigns helps attract top talent. Additionally, our involvement in government employment programs such as Tawteen, Mowaamah, and Tamheer reinforces our role in shaping a skilled and competitive Saudi workforce.

Our dedication to national talent development was recognized with the Best in Saudization (Services) Award for our contribution to Aramco's IKTVA program. By maximizing local resources, we are driving economic growth and enhancing Saudi Arabia's global competitiveness, fully aligning with Saudi Vision 2030.


Total Trainees:
23,465

Total No. of Training Courses Completed:
1,133


Total No. of Training Courses Offered:
42

Total Training Hours:
117,052

Established:
1993



Arabian Drilling Attendees:
23,465



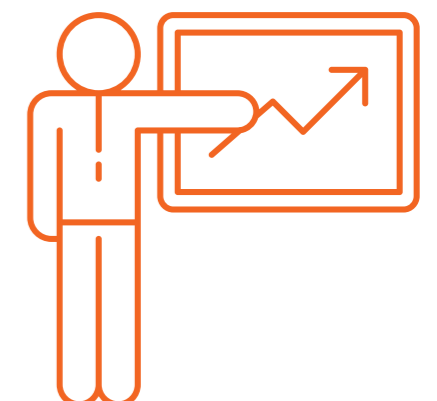
Certified:
ISO 9001 and 29993, IADC, and DIT




Offshore Crane Simulator



Drilling and Well Control Simulator



PEOPLE AND SOCIETY (continued)

Our CSR and Community Development

Elevating our Communities and Nation

As Saudi Arabia's leading drilling company, we recognize our responsibility to contribute meaningfully to the communities where we operate. Our approach to corporate social responsibility is built on 2 key pillars: empowering Saudi youth and supporting initiatives that drive lasting social impact. Through education, environmental stewardship, and community engagement, we strive to create opportunities that foster growth, awareness, and sustainable development.

In 2024, we reinforced this commitment by actively participating in initiatives that align with our values and the Kingdom's broader vision. Our environmental efforts included multiple beach clean-up campaigns under the Saudi Green Initiative, including projects in Khafji and with KJO, reflecting our dedication to preserving natural ecosystems. We also played a pivotal role in promoting safety and environmental awareness, from serving as a Diamond Sponsor at the Aramco Southern Area Oil and Gas Drilling Department Environmental Forum to supporting the KJO Safety and Traffic Campaign and Aramco Abqaiq School's HSE Awareness program.

Investing in the Future of Saudi Talent

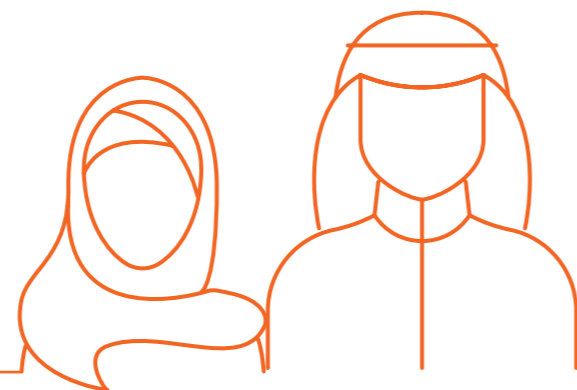
We are dedicated to empowering the next generation by providing industry-leading training and development opportunities. Our initiatives bridge the gap between theoretical learning and hands-on experience, ensuring young professionals are fully prepared for technical and operational roles.

Through the Saudi Arabian Drilling Academy (SADA), we offer a comprehensive training experience, combining classroom education and practical rig site learning. Additionally, our partnership with the Saudi Petroleum Services Polytechnic (SPSP) provides specialized training, equipping participants with the skills needed to advance in the drilling industry.

We continue to expand our training programs, delivering thousands of hours of instruction across various courses. By investing in local talent, we strengthen both our business and the Kingdom's vision of a skilled and capable workforce, driving long-term economic prosperity and industry excellence.

We also actively engage in career development initiatives, such as participating in the Imam Abdulrahman University Job Fair, providing students with insights into the energy sector and career opportunities at Arabian Drilling. Our HSE team led awareness campaigns at Haradh School, emphasizing health, safety, and environmental responsibility. Additionally, we supported local sports and community initiatives, including a 100,000 contribution to the Al Sharqiya International Race, promoting active lifestyles and regional engagement.

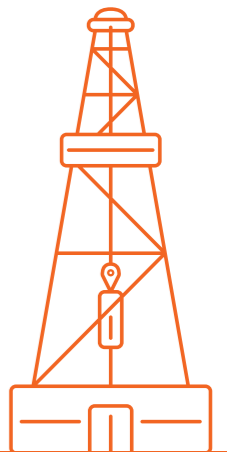
Through these initiatives, we continue to drive positive change, reinforcing our role as a responsible corporate citizen and creating lasting value for our communities.



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At Arabian Drilling, we uphold the highest standards of integrity, accountability, and transparency to safeguard stakeholder interests and drive long-term success. Through robust policies, risk management frameworks, and a culture of continuous improvement, we reinforce trust, stability, and operational excellence across all levels of the organization.



ABOUT THE COMPANY

Founded in 1964, Arabian Drilling (AD) is a Saudi Joint Stock Company publicly listed on the Saudi Exchange Market (Tadawul) under ticket "2381". The Company shareholder structure is as below:

- 35.7% ownership with TAQA (also known as the Industrialization and Energy Services Company). TAQA is a leading provider of products and services to the energy industry in Saudi Arabia and globally.
- 34.3% ownership with SLB (ex-Schlumberger). SLB is the largest oilfield services company that provides a wide range of technical services and products to the energy industry globally.
- 30% of Arabian Drilling's shares are publicly listed.

Arabian Drilling has a well-established presence and unique leadership position within the oil and gas sector, enabling it to create value in safety and operational efficiency in drilling crude oil and natural gas wells in water and on land. It is one of the best land and offshore drilling contractors in the Kingdom, receiving many awards over the years, with the latest awards being:

- IKTVA Excellence Award from Saudi Aramco for "Best in Saudization (Services)" in January 2025.
- Award for "Leading Corporate for Investor Relations in Saudi Arabia (third place)" from Middle East Investors Relations Association (MEIRA) in December 2024.

Arabian Drilling is engaged in oil and natural gas well drilling in addition to services related to oil and natural gas extraction (excluding survey services), test drilling related to mineral exploration and precious metals, and drilling of tubular and manual water wells. Arabian Drilling is a prominent regional player in this sector, and it owns a fleet of 61 rigs in Saudi Arabia and the neutral zone between the Kingdom and Kuwait, at the time of printing this report.

Arabian Drilling's client base includes prominent companies, including Saudi Aramco, SLB, Khafji Joint Operations, and Baker Hughes. The Company's fleet consists of high-specification land and offshore drilling rigs and operational capability, which enables it to conduct complex drilling operations in harsh environments such as in the Middle East.

Arabian Drilling has established itself to meet the changing needs of the industry and the world, integrate sustainable practices into all aspects of its work, and contribute to responding to global energy demand in a sustainable manner. The Arabian Drilling Sustainability Roadmap aligns with the United Nations Sustainable Development Goals and Saudi Vision 2030 and adopts numerous initiatives and practices that empower employees, local suppliers, and the communities and economies through which the Company operates and serves, while responsibly managing the growing business impacts on the environment.

Company Lines of Business

The Company's core lines of business consist of 2 sectors: land and offshore sectors - offering drilling and related services through drilling rigs.

Land drilling is a mechanical process where a well is drilled on land through underlying bedrock utilizing a stationary land rig to explore for and extract oil or natural gas. The Company's land fleet ranges from medium to ultra-heavy drilling rigs, which can perform complex horizontal drilling operations and operate in harsh environments in the Middle East. The Company also provides drilling rig transportation, establishment, relaying, and fueling, in addition to workforce and other services related to this sector.

The offshore sector includes offerings of drilling and related services through offshore drilling rigs. The Company's offshore drilling services include heavy-duty rigs equipped with high-specification equipment, where it can drill at a depth of up to 375 feet (115 meters). The Company's operations in the offshore sector are focused offshore on the Eastern coast of the Kingdom and the neutral zone between the Kingdom and Kuwait. The Company also operates a self-propelled multi-purpose service vessel (MPSV), enabling it to provide well intervention and well testing services for its customers.

Subsidiary Core Lines of Business

Subsidiaries	Core Line of Business	Capital	Arabian Drilling Ownership Ratio
OFSAT Arabia LLC	The Company provides services for the operations, maintenance, and relay of oil well drilling machines and logistics works. OFSAT Arabia is a Limited Liability Company (LLC) with its operational headquarters in Al Khobar City in the Kingdom of Saudi Arabia. According to its main commercial registration certificate, the Company's activities include services related to oil extraction (excluding surveying services), services related to natural gas extraction (excluding surveying services), rental of passenger cars (without drivers), rental of trucks, utility trailers, ride-hailing vehicles (without drivers), rental of buses (without drivers), repair and maintenance of machinery for mining, construction, oil and gas field machinery, and the rental of motor equipment.	¥ 125.9 million	100%

MARKET HIGHLIGHTS

Transformation and Adaptation

Overall, 2024 was a year of transformation and adaptation for the oil and gas industry, balancing between traditional energy demands and a strong push with the imperative for sustainability and innovation and characterized by several key trends and dynamics:

1. In 2024, global oil demand was 104.6 mb/d with a global supply of 103.9 mb/d.
2. Energy Transition: There was a significant push towards cleaner energy sources, with increased investments in hydrogen, carbon capture and storage (CCS), and biofuels.
3. Technological Innovations: Advances in technology (e.g. digitalization, automation, and the use of artificial intelligence) continued to transform operations, improving efficiency, and reducing costs.
4. Geopolitical Tensions and Market Volatility: Geopolitical factors continued to influence market stability, with tensions affecting supply chains and pricing.
5. Renewed Focus on Gas: Natural gas was increasingly viewed as a transition fuel, bridging the gap between fossil fuels and renewable energy.
6. Decarbonization Efforts and ESG Commitments: There was a strong emphasis on decarbonizing upstream activities, with companies committing to reducing emissions and enhancing sustainability. Also Environmental, Social, and Governance (ESG) commitments drove investments, with companies focusing on sustainable practices and transparent reporting.
7. Role of National Oil Companies (NOCs): NOCs, which account for about 50% of the world's oil and gas production, played an increasingly prominent role in the market, by leveraging their control over competitive reserves to influence global supply and pricing. Their strategic decisions on production levels and investments had a significant impact on market stability and pricing.

Production Management

As of January 2025, OPEC+ has decided to extend its current production management strategy until the end of 2026. This includes maintaining the overall required production level of 39.7 million barrels per day (mb/d). The voluntary cuts of 1.65 mb/d agreed upon in April 2023 will be extended until December 2026. The additional voluntary cuts of 2.2 million b/d, agreed by a few OPEC+ countries in November 2023, were extended until the end of March 2025 with a plan to phase out the production cut gradually until the end of September 2026, while retaining the flexibility to pause or reverse the monthly increases depending on market conditions.

Also, despite the deteriorating geopolitical context and the very uncertain macro environment, oil price volatility has been historically low with the daily Brent crude oil distribution showing prices confined within the USD 75/b and USD 85/b range for most of the year, the tightest price band in years. Achieving oil market stability is one of OPEC+ key objectives.

Upstream Investment

- Global upstream investment surpassed USD 600 billion for the first time in a decade. Upstream investment in 2024 is expected to be more than double 2020's low of USD 300 billion, with most of the growth coming from North America and Latin America.
- Future projections are indicating annual upstream investment needs to increase by USD 135 billion to reach USD 738 billion by 2030 to ensure adequate supplies.
- From 2019 to 2023, Aramco's annual CAPEX spending averaged approximately USD 36 million, with a CAGR of 8.6%.
- Recent rig suspensions suggest a strategic shift in Saudi Arabia's production strategy, moving from aggressive capacity expansion to more conservative management of existing fields, towards optimizing and maintaining existing oil fields in response to market conditions and OPEC+ decisions. This change is expected to reduce rig demand, the number of wells drilled, and capital expenditures on exploration and development.

COMPANY PLANS, KEY EVENTS, AND REGULATORY DISCLOSURES

Description of the Company's Important Plans, Decisions, Key Events, and Prospects for the Company's Operations

Subject	Details
	<p>1. Rig Suspensions</p> <p>During 2024, Aramco decided to suspend some of the offshore rig contracts following the decision of the Ministry of Energy to abandon the plan to increase the Maximum Sustainable Capacity (MSC) by 1 mb/d by 2027. As a result, 4 of the Company's offshore rigs were released or suspended from their current contract. At the time of writing, these 4 rigs were idle in a shipyard facility in Saudi Arabia:</p> <ul style="list-style-type: none"> • The 3 suspended rigs were actively being bid for, for other contract opportunities through various tender opportunities. • The 1 released rig was in the process of being sold. <p>The terms of the suspension is up for 1 year, however, it also allows Aramco to terminate the contract at any time. Management's view is that the suspended offshore rigs are unlikely to be called back by Aramco to resume their contracts.</p>
Plans	<p>In addition, the Company also received in Q4'24 suspension notices for 3 land rigs. Unlike the offshore rig suspensions, Management view is that the land rig suspensions are more of a temporary nature and expect that some of the land rigs should be called back to work during 2025.</p> <p>2. Start-up Unconventional Rigs</p> <p>During 2024, the Company successfully built, deployed, commissioned, and started-up the 13 Unconventional Land Rigs that were awarded in 2023 and 2024. As of 31 December 2024, 11 of out of the 13 rigs were operational and the remaining 2 started operations in early Q1'25, ahead of schedule. All 13 rigs will fully contribute to the revenue in 2025.</p> <p>3. New Offshore Supply Vessel</p> <p>In Q4'24, the Company announced having received an intention to award an additional offshore jack-up service vessel, in line with the strategy to diversify the revenue portfolio.</p>

Subject	Details
Decisions	<ul style="list-style-type: none"> On 8 February 2024, the Company announced that contracts had been signed for 3 land drilling rigs for unconventional gas. On 11 March 2024, the Company announced that it intends to announce the annual financial results and the fourth quarter results of 2023. On 18 March 2024, the annual financial results ending on 31 December 2023 were announced. On 18 March 2024, the Company announced that the Board of Directors decided to approve the distribution of cash dividends to shareholders for the second half of 2023. On 4 April 2024, the Company announced that it is discussing its options with Aramco regarding contracts for 3 offshore drilling rigs. On 6 May 2024, the Company announced that it intends to release the financial results for the first quarter of 2024. On 13 May 2024, the preliminary financial results for the period ending 31 March 2024 (3 months) were announced. On 27 May 2024, the Board of Directors of the Arabian Drilling Company announced the invitation to shareholders to attend the Extraordinary General Assembly Meeting (first meeting). On 4 June 2024, an update was announced regarding offshore drilling rig contracts and the start of the operation of unconventional gas drilling rigs, and confirmation of the indicative revenue expectations for the year 2024. On 25 June 2024, the results of the Extraordinary General Assembly Meeting (first meeting) were announced. On 29 July 2024, the Company announced that it intends to release the financial results for the second quarter of 2024. On 5 August 2024, the preliminary financial results for the period ending 30 June 2024 (6 months) were announced. On 5 August 2024, the Board of Directors' decision to approve the distribution of cash dividends to shareholders for the first half of 2024 was announced. On 12 September 2024, the Board of Directors of the Arabian Drilling Company announced the invitation to shareholders to attend the Extraordinary General Assembly meeting (first meeting). On 17 October 2024, the results of the Extraordinary General Assembly meeting (first meeting) were announced. On 31 October 2024, the Company announced that it intends to release the financial results for the third quarter of 2024 was announced. On 5 November 2024, the first 10 unconventional land drilling rigs were successfully commissioned. On 6 November 2024, the preliminary financial results for the period ending 30 September 2024 (9 months) were announced. On 11 November 2024, a substantial addition to the Company's backlog was announced by extending a long-term contract for a drilling rig. On 13 November 2024, another substantial addition to the Company's backlog was announced by extending a long-term contract for a drilling rig.
	<p>1. Strategic Alliance with Shelf Drilling</p> <p>In Q1'25, the Company will signing a non-binding Memorandum of Understanding (MoU) with Shelf Drilling to establish a strategic alliance which aims to deploy certain of Arabian Drilling's premium jack-up rigs internationally and expand the reach and capabilities of both companies.</p> <p>The Alliance will provide significant benefits to both parties by combining complementary capabilities. Arabian Drilling will gain access to Shelf Drilling's extensive international operating platform and diverse customer relationships. Shelf Drilling will gain access to Arabian Drilling's state-of-the-art, high-specification jack-up rigs.</p> <p>2. Uncertain Business Outlook</p> <p>At the time of writing, it is still unclear whether there will be more rig suspensions or demands for day rate discounts, or both in 2025. We expect 2025 to be another challenging year before activity rebounds in 2026. As a reminder, during our pre-IPO roadshow, the Company presented a 5-year objective plan that forecasted a 65-70 fleet size by the end of 2026, which we are still on track for the Company's growth trajectory remains unchanged.</p>

Future Events and Forecasts for the Company's Business

Disclosure According to Regulations

Corporate Governance Regulations

What provisions of the Corporate Governance Regulations have been implemented and what has not been implemented, and the reasons for that:

The Company acknowledges the application of all provisions contained in the Corporate Governance Regulations except for the following:

Article Number	Article Text/Paragraph	Application Status	Notes
Article 41: Valuation	e) The Board of Directors shall make the necessary arrangements to obtain an evaluation of its performance by a competent external body every 3 years.	Not Applied	Indicative Article - Non-binding
Article 67	Formation of the Risk Management Committee: A committee called the Risk Management Committee shall be formed by a decision of the Company's Board of Directors, whose Chairman and the majority of its members shall be Non-Executive Members of the Board of Directors. Its members must have an appropriate level of knowledge of risk management and financial affairs.	Not Applied	Indicative Article - Non-binding
Article 68	Formation of the Risk Management Committee.	Not Applied	Indicative Article - Non-binding
Article 69	Risk Management Committee meetings.	Not Applied	Indicative Article - Non-binding
Article 82	Motivating employees: The Company develops programs to motivate the participation and performance of the Company's employees, including programs to grant employees shares in the Company or a share of the profits it achieves, retirement programs, and establishing an independent fund to spend on these programs.	Not Applied	Indicative Article - Non-binding
Article 92	Formation of the Corporate Governance Committee.	Not Applied	Indicative Article - Non-binding
Article 87: Social Work Initiatives	The Ordinary General Assembly shall establish - based on a proposal from the Board of Directors - a policy that ensures a balance between its objectives and the objectives that society aspires to achieve, with the aim of developing the social and economic conditions of society.	Not Applied	Indicative Article - Non-binding

Company Social Contributions

	Social Contribution	Entity	Breakdown of Contribution
1.	Aramco School Visit	Saudi Aramco	USD 2,640 for giveaways
2.	Al Sharqiya International Race	Saudi Racing	Sponsoring the Eastern Province International Race, where the Company contributed 100,000
3.	Aramco Environmental Forum	Saudi Aramco	1. Sponsoring the Aramco Environmental Forum with USD 10,000 as a Diamond Sponsor 2. Providing USD 3,720 for gifts

BOARD OF DIRECTORS

Measures taken by the Board of Directors to inform its Members, especially Non-Executives, of the Shareholders' Proposals and Observations regarding the Company and its Performance

The Company has a specialized Investor Relations Department responsible for answering all inquiries, complaints, opinions, or suggestions from shareholders via phone or email. In addition, the Board is kept informed of the shareholders' communications and observations

through the submission of periodic reports that include information related to shareholders' affairs, inquiries raised, and actions taken to answer their inquiries in a satisfactory and appropriate manner. Through these measures, all of the Board Members, especially Non-Executives, are informed of shareholders' proposals and observations regarding the Company and its performance.

Board Composition

	Name	Role	Membership Status		
			Independent	Non-Executive	Executive
1.	Khalid Mohammad Nouh	Chairman of the Board		✓	
2.	Tarek Rizk	Vice Chairman		✓	
3.	Waleed Abdullah Al-Mulhim	Board Member		✓	
4.	Vijay Kasibhatla	Board Member		✓	
5.	Samir Seth	Board Member		✓	
6.	Jesus Lamas Rios	Board Member		✓	
7.	Khlood Abdulaziz Aldukheil	Board Member	✓		
8.	Adnan Ghabris	Board Member	✓		
9.	Michael Eric Mannering	Board Member	✓		

Meetings of the Board of Directors

The Board of Directors held 5 meetings during 2024, and attendance was as follows:

	Name	First	Second	Third	Fourth	Fifth
		14 March 2024	07 May 2024	01 Aug 2024	21 Oct 2024	16 Dec 2024
1.	Khalid Mohammad Nouh	Attended	Attended	Attended	Attended	Attended
2.	Tarek Rizk	Attended	Attended	Attended	Attended	Attended
3.	Waleed Abdullah Al-Mulhim	Attended	Attended	Attended	Attended	Attended
4.	Vijay Kasibhatla	Attended	Attended	Attended	Attended	Attended
5.	Samir Seth	Attended	Attended	Attended	Attended	Attended
6.	Jesus Lamas Rios	Attended	Attended	Attended	Attended	Attended
7.	Khlood Abdulaziz Aldukheil	Attended	Attended	Attended	Attended	Attended
8.	Adnan Ghabris	Attended	Attended	Attended	Attended	Attended
9.	Michael Eric Mannering	Attended	Attended	Attended	Attended	Attended

Shareholding and Securities Disclosures

A description of any interest in the class of voting shares belonging to persons (other than members of the Company's Board of Directors, Senior Executives, and their relatives) who have notified the Company of these rights in accordance with Article 85 of the Rules for Offering Securities and Continuing Obligations, and any change in these rights during the last fiscal year.

There is no description of any interest in the class of voting shares belonging to persons (other than members of the Company's Board of Directors, Senior Executives, and their relatives) who have notified the Company of these rights in accordance with Article 85 of the Rules for Offering Securities and Continuing Obligations, and any change in these rights during the last fiscal year.

A description of any interest, contractual securities, and subscription rights of the Company's Board Members, Senior Executives and their relatives in the Company's shares, or debt instruments, or any of its subsidiaries, and any change in such interest or rights during the last fiscal year.

There is no description of any interest, contractual securities, and subscription rights of the Company's Board Members, Senior Executives, and their relatives in the Company's shares, or debt instruments, or any of its subsidiaries, and any change in such interest or rights during the last fiscal year.

A description of the categories and numbers of any convertible debt instruments and any contractual securities or subscription rights notes or similar rights issued or granted by the Company during the fiscal year, with an explanation of any compensation received by the Company in return.

There is no description of the categories and numbers of any convertible debt instruments and any contractual securities or subscription rights notes or similar rights issued or granted by the Company during the fiscal year, with an explanation of any compensation received by the Company in return.

A description of any conversion or subscription rights under convertible debt instruments, contractual securities, or subscription rights notes, or similar rights issued or granted by the Company.

There is no description of any conversion or subscription rights under convertible debt instruments, contractual securities, or subscription rights notes, or similar rights issued or granted by the Company.

A description of any redemption, purchase or cancellation by the Company of any redeemable debt instruments, and the value of the remaining securities, distinguishing between listed securities purchased by the Company and those purchased by its subsidiaries.

There is no description of any redemption, purchase or cancellation by the Company of any redeemable debt instruments, and the value of the remaining securities, distinguishing between listed securities purchased by the Company and those purchased by its subsidiaries.

BOARD COMMITTEES

Audit Committee's Attendance Log

The Audit Committee held 6 meetings during the year 2024, and attendance was as follows:

	Name	Position	First	Second	Third	Fourth	Fifth	Sixth
			30 Jan 2024	07 Mar 2024	06 May 2024	29 Jul 2024	28 Oct 2024	10 Dec 2024
1.	Khlood Abdulaziz Aldukheil	Chairwoman	Attended	Attended	Attended	Attended	Attended	Attended
2.	Vijay Kasibhatla	Member	Attended	Attended	Attended	Attended	Attended	Did not Attend
3.	Moustafa Abdullatif	Member	Attended	Attended	Attended	Attended	Attended	Attended

2024 Annual Audit Committee Report for the Financial Year Ended 31 December 2024

This report deals with the work carried out by the Audit Committee during the year 2024 according to the duties and responsibilities mentioned in the Company's Audit Committee Charter, which was prepared in accordance with the requirements of the Companies Law and the Corporate Governance Regulations issued by the Board of the Capital Market Authority.

During the fiscal year 2024, the Audit Committee observed the Company's business, verified the integrity of annual and preliminary reports and financial statements, and ensured the adequacy and effectiveness of the internal control system in the Company.

The Audit Committee:

- Reviewed the interim and annual consolidated financial statements for the year 2024 to verify their fairness and transparency in light of the presentation and disclosure of the information contained in the financial statements in accordance with the generally accepted and approved international accounting standards in the Kingdom of Saudi Arabia before they are published on the Company's page at "Tadawul" on the date specified by the Capital Market Authority, in addition to submitting a recommendation to the Board of Directors for approval of the annual consolidated financial statements in preparation for submission to the General Assembly for approval.

- Reviewed the reports and notes submitted by the external Auditor and met with them to consider the financial statements before endorsing them to verify their independence, objectivity, and effectiveness of the audit work, as well as answer their inquiries and ensure that there are no obstacles that may affect the progress of their work.
- Recommended to the Board of Directors the appointment of the external Auditor and reviewed their plan and actions.
- Reviewed the reports and notes submitted by the internal Auditor and met with the Executive Management to discuss the departments' work plans to address the risks resulting from these reports to reach a tight and effective control environment.

Considering the Audit Committee's mandate, the Internal Auditor's reports and follow-up, and the discussions with the external Auditor and Executive Management during 2024, the Audit Committee did not find any material weakness within the internal control environment.

Respectfully submitted
Audit Committee Chairwoman

Audit Committee's Main Responsibilities

The Committee's primary role is to assist the Board of Directors in overseeing:

- The integrity and accuracy of the Company's financial statements, reports, and the effectiveness of the internal control systems.
- The Company's compliance with legal and regulatory requirements, and Code of Conduct rules.
- The qualifications and independence of the Company's external Auditor.
- The performance of the Company's Internal Audit and external Auditor's duties.

The responsibilities of the Audit Committee include:

1. Financial Statements and Reports:

- Reviewing significant issues related to accounting affairs, reporting matters, critical discretionary areas, and new professional and organizational announcements, and evaluating their impact on the financial statements.
- Reviewing important or unusual issues included in the Company's financial statements and reports and reviewing issues raised by the Company's Chief Financial Officer (or his/her delegate), Compliance Officer, or external Auditor.
- Reviewing the results of the external audit, along with the Management and the external Auditor, including any difficulties encountered.
- Examining the Company's interim and annual financial statements, expressing an opinion thereon, and making recommendations to the Board in this regard, prior to their submission to the Board, to ensure the validity, integrity, and transparency thereof, and considering whether they are complete and consistent with the information known to the members and whether they reflect appropriate accounting principles and policies.
- Reviewing other sections of the Annual Report and related regulatory filings before they are issued and considering the accuracy and completeness of the information.
- Reviewing all matters required to be referred to the Committee in light of the generally accepted auditing standards, in cooperation with the Management and the external Auditor.

- Considering the Company's accounting policies, expressing an opinion thereon, and making recommendations to the Board.
- Identifying how the Financial Management Team develops preliminary financial information, and the nature and extent of involvement of the Internal Audit Department and the external Auditor.
- At the request of the Board, providing a technical opinion regarding whether the Board's report and Company's financial statements are fair, balanced, and understandable and contain information that enables the shareholders and investors to assess the Company's financial position, performance, business model, and strategy.
- Verifying accounting estimates regarding significant matters contained in the Company's financial statements and reports.

2. Internal Control:

- Consider and review the Company's internal and financial control and risk management systems, and their effectiveness, including information technology, security, and controls.
- Understand the scope of the internal audit of financial reports by the Internal Audit Department and obtain reports including important findings and recommendations, and Management's observations and comments.

3. Internal Audit:

- Reviewing the performance and activities of the Chief Internal Audit Officer and ensure that there are no unjustified restrictions on his activities and making recommendations to the Board with respect to his appointment, dismissal, annual remuneration, and salary.
- Overseeing and supervising the performance and activities of the Company's Internal Audit Department to verify the availability of the necessary resources and its effectiveness in performing its duties in accordance with appropriate professional standards.
- Approving the annual audit plan and all changes thereto and reviewing the performance and activities of the Internal Audit Department compared to the plan set for it.
- Working with the Chief Internal Audit Officer to review the Internal Audit budget, resource plan, activities, and organizational structure for the Internal Audit duties.

- Reviewing the Company's Internal Audit procedures.
- Reviewing Internal Audit reports and monitoring the implementation of corrective measures with regard to the observations contained therein.
- Holding separate meetings with the Chief Internal Audit Officer on a regular basis to discuss any matters that the Committee or Internal Audit officials deem necessary to be discussed in separate sessions.

4. External Audit:

- Reviewing the external Auditors' proposed audit scope, approach, and plan, and providing an opinion thereon, including coordinating audit efforts with Internal Audit activities.
- Recommending to the Board to nominate, dismiss, and determine the fees of the external Auditor and reviewing the scope of the work thereof and the terms of contract with the same, provided that the recommendation considers the independence of the external Auditor.
- Reviewing the external Auditor's performance, supervising their activities, and approving any activity outside the scope of audit work assigned thereto during the performance of his/her duties.
- Studying the external Auditor's report, observations and reservations on the Company's financial statements and following up on the relevant actions.
- Verifying the independence, objectivity and fairness of the external Auditor, and the effectiveness of auditing, taking into account the relevant rules and standards and making recommendations to the Board in this regard.
- Verifying that the external Auditor is not providing technical or management services outside the scope of the audit work and make recommendations to the Board in this regard.
- Holding separate meetings with the external Auditor on a regular basis to discuss any matters that the Committee or auditor deem necessary to be discussed in separate sessions.
- Responding to the inquiries of the external Auditor.
- Settling any disputes that may arise between the Management and the external Auditor regarding financial reporting.

5. Compliance:

- Verifying and monitoring the Company's compliance with relevant laws, regulations, and policies.
- Reviewing the effectiveness of the control system, ensuring compliance with the applicable laws, reviewing results of investigations conducted by Management, and following up on any non-compliance (including taking disciplinary actions).
- Reviewing reports and results of investigations conducted by competent regulatory or supervisory entities, in addition to any remarks given by the external or internal Auditor and verifying that the Company is taking the required relevant measures.
- Reviewing the process of communicating code of conduct rules to the Company's employees and ensuring compliance with the same.
- Reviewing contracts and proposed transactions that the Company plans to conduct with any related party and making recommendations to the Board in this regard.
- Ensuring that appropriate mechanisms and arrangements are in place to allow the Company's employees to submit confidential and anonymous opinions or concerns regarding any financial, accounting, or auditing matters, or any cases of non-compliance.
- Obtaining regular updates from the Company's Management and Legal Advisor regarding compliance issues.

6. Reporting:

- Submitting periodic reports to the Board regarding the Committee's activities and issues identified and providing recommendations to the Board that it deems appropriate on any matter within its competencies.
- Providing an open avenue of communication amongst the Internal Audit Management, the external Auditor, and the Board.
- Providing an Annual Report to shareholders describing the Committee's formation, duties, and performance of such duties in addition to other information as may be required by applicable rules, including approving services outside the auditing scope.
- Reviewing any other reports issued by the Company concerning the Committee's responsibilities.
- Preparing an annual written report assessing the efficiency and effectiveness of the Company's internal

control, financial, and risk management systems - including information technology security and controls - and its recommendations in this regard, in addition to any other work performed within the scope of the Committee's responsibility. Copies of the report shall be made available for collection by the Company's shareholders at the Company's head office and published on the Company's corporate website as well as the Saudi Stock Exchange, while the invitation is published to convene the relevant Annual General Assembly Meeting. The report shall be read during the meeting.

- Preparing a written report for the Board regarding the Company's Internal Audit activities and the Committee's recommendations in this regard.

7. Miscellaneous:

- Performing other activities relating to the Audit Committee Charter, as requested by the Board.
- Initiating special investigations and supervising them as required.
- Reviewing and evaluating the adequacy and appropriateness of the Audit Committee Charter annually, providing recommendations to the Board in this regard, and guaranteeing that necessary disclosures are made as required by related laws and regulations.
- Confirming, on an annual basis, that all responsibilities set forth in the Audit Committee Charter have been performed.
- Regularly evaluating the performance of the Committee and every member thereof.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee held 4 meetings in 2024, and attendance was as follows:

	Name	Capacity	First	Second	Third	Fourth
			06 Mar 2024	30 Apr 2024	27 Jul 2024	10 Dec 2024
1.	Adnan Ghabris	Committee Chairman, Independent Board Member	Attended	Attended	Attended	Attended
2.	Jesus Lamas Rios	Committee Member, Board Member, Non-Executive	Attended	Attended	Attended	Did not Attend
3.	Moutaz Mohammed Othman Mashhour	Committee Member, External Board Member, Non-Executive	Attended	Attended	Attended	Attended

Nomination and Remuneration Committee Functions

The Nomination and Remuneration Committee is responsible for nominating Directors and determining the remunerations of Directors and Senior Executives of the Company. The Committee's main responsibilities and duties are as follows:

1. Leading the process of nominating and evaluating the Directors, Senior Executives, and employees of the Company.
2. Ensuring the effectiveness and integrity of the Board of Directors (the Board) and Executive Management structures, and the relevant internal policies and procedures.

3. Assisting the Board in the reviewing and determining the remuneration of Directors, members of the Board Committees, Senior Executives, and employees of the Company.

In addition, the Nomination and Remuneration Committee shall perform the following responsibilities:

Nominations:

- Preparing policies and standards related to the nomination and appointment of Board Members and Senior Management of the Company, proposing them to the Board, and overseeing their implementation.
- Ensuring that all necessary and appropriate inquiries are made concerning such candidates' qualifications before recommending their nomination to the Board.
- Recommending candidates for nomination (and re-nomination) to the Board in accordance with the applicable law and the Nomination and Remuneration Committee Charter.
- Reviewing, evaluating, and providing recommendations to the Board on the capabilities, qualifications, and experiences required for Board membership and the Company's Executive Management on an annual basis. This includes determining the time required for such membership and preparing job descriptions for Executive, Non-Executive, Independent Directors, and the Company's Executive Management.
- Verifying the independence of each Independent Director on an annual basis, as per the applicable regulations, and ensuring that there is no conflict of interest, in case a Director also serves as a member of the Board of another Company.
- Periodically reviewing and making recommendations to the Board concerning the succession plans for Directors and Senior Executives, considering the challenges and opportunities facing the Company, as well as the skills and expertise required in the future.
- Evaluating and recommending potential candidates to the Board for Executive Management positions in the in Company, including the Chief Executive Officer position.
- Developing, and periodically reviewing, procedures for filling vacancies on the Board or the Company's Executive Management and making recommendations to the Board regarding the selection and approval of candidates to fill such vacancies.

Review and Evaluation:

- A periodic review of the structure, size, composition, strengths, and weaknesses of the Company's Board and Senior Management (including skills, knowledge, and experience). In addition, submitting recommendations, and proposing appropriate solutions to the Board, in line with the Company's best interests.

- Developing and overseeing an orientation program for new Directors.
- Developing, recommending, and overseeing an annual self-evaluation process for the Directors and certain Senior Executives of the Company.

Remuneration:

- Preparing, recommending, and overseeing the implementation and disclosure of a policy for the remuneration of Directors, the Senior Executives, and members of the Committees of the Board (Remuneration Policy), which shall be presented before the General Assembly for approval.
- Preparing an Annual Report on the remuneration and other payments (in cash or in kind) received by Directors, Executive Management and Committee members, and the basis for the remuneration received with reference to the Remuneration Policy (including a description of any significant departures from the Remuneration Policy) (the Annual Report on Remuneration) and, submitting it to the Board for consideration.
- Regularly reviewing and evaluating the effectiveness and appropriateness of the Remuneration Policy and making recommendations to the Board in this regard.
- Recommending to the Board the remuneration for Directors, Committee members, and Senior Executives (including the nature and amount of the remuneration), in accordance with the approved Remuneration Policy.
- Reviewing the Company's incentive plans for Directors and employees, and make recommendations to the Board regarding the adoption, amendment, and termination of such plans.
- Preparing and supervising a career progression framework for the Company's employees, clarifying the general range of professional ranks and levels, salary scale, benefits, and allowances (in cash or in kind) for the relevant professional rank and level.
- Preparing the required disclosures related to remuneration, required under the policies of the Company, and systems, rules, regulations applicable to the Company, including the disclosures relating to the Remuneration Policy and the Annual Report on Remuneration.

Executive Committee

The Executive Committee held 5 meetings during 2024, and attendance was as follows:

	Name	Membership	First	Second	Third	Fourth	Fifth
			17 Jan 2024	09 Mar 2024	04 May 2024	29 Sep 2024	10 Dec 2024
1.	Khalid Mohammad Nouh	Committee Chairman	Attended	Attended	Attended	Attended	Attended
2.	Tarek Rizk	Committee Member	Attended	Did not Attend	Attended	Attended	Attended
3.	Waleed Abdullah Al-Mulhim	Committee Member	Attended	Attended	Attended	Attended	Attended
4.	Jesus Lamas Rios	Committee Member	Attended	Attended	Attended	Did not Attend	Attended
5.	Samir Seth	Committee Member	Attended	Attended	Attended	Attended	Attended

Executive Committee Functions

The Committee shall have the right to exercise all the powers delegated to it by the Board and shall complement the role of the Board within its scope in the interim period between the meetings of the Board. The exercise of such authorities by the Committee shall not diminish the authority reserved for the Board. The responsibilities of the Executive Committee include the following:

Review and Evaluation:

The Committee shall review and provide recommendations to the Board on the following matters, where applicable:

- Annual operating plans, capital expenditure budgets, and any material changes to them.
- Interim and annual declaration and distribution of dividends.

- Changes in the Company's share capital or equity.
- Approval of the Company's investor relations website framework and content (through which the Company communicates with its shareholders).
- The Company's investment plans and strategies, including those related to expansion into new business sectors or geographic areas.
- Any decision to stop operating all, or any material part, of the Company's business operations.
- Joint ventures, acquisitions, and investments, in line with the Company's long-term business, financial, and operating plans.
- Related financing agreements.
- Changes in delegation levels as specified in the Authority Matrix.

BOARD AND EXECUTIVE MANAGEMENT PROFILE

Safety, Health, Environment, and Sustainability Committee

The Safety, Health, Environment, and Sustainability Committee held 5 meetings during the year 2024, and attendance was as follows:

Name	Membership Classification	First	Second	Third	Fourth	Fifth
		19 Feb 2024	29 Apr 2024	17 Jul 2024	29 Aug 2024	26 Nov 2024
1. Michael Eric Mannering	Member of the Board of Directors – Independent	Attended	Attended	Attended	Attended	Attended
2. Fahd Saleh Al Hadyani	A member from outside the council	Attended	Attended	Attended	Attended	Attended
3. Mario Pepe*	A member from outside the council	Attended	Attended	Attended	Did not Attend	
4. Frank Alary**	A member from outside the council					Attended

*Mr. Mario Pepe resigned, and his resignation was accepted on 10 November 2024.

**Mr. Frank Alary was appointed on 17 November 2024.

Safety, Health, Environment, and Sustainability Committee Functions

- Set long-term HSE and sustainability goals with the Arabian Drilling Executive Team, assess its progress against those goals and report to the Board of Directors.
 - Advising the Executive Team on HSE issues that may affect Arabian Drilling's business, performance, or reputation.
 - Develop strategic plans to maintain and improve health, safety, environment, and sustainability creating value consistent with maintaining and enhancing the Company's long-term value.
 - Provide recommendations to the Arabian Drilling Executive Team on economically, environmentally, and socially responsible business practices that are consistent with the HSE objectives of Arabian Drilling.
 - Monitoring HSE risk processes in Arabian Drilling.
 - Oversee the construction, review the ongoing effectiveness, and ensure that the processes and systems necessary to ensure compliance with HSE policies, rules, and regulations are up-to-date.
- Where applicable, the means relied upon by the Board of Directors to evaluate its performance and the performance of the Committees and its members, the third party that carried out the evaluation and its relationship with the Company, if any.
- The Board of Directors and its Committees periodically conduct annual self-assessments by submitting reports from the Committees to the Board of Directors and discussing them at these meetings.
 - The Nomination and Remuneration Committee conducted an evaluation of the Board and its Committees, and this evaluation was presented to the Board of Directors.

Names, Current and Previous Positions, Qualifications, and Experience of the Board of Directors, Members of the Board Committees, and the Names of Companies in which a Board Member of the Company works as a Board Member, both Inside and Outside Saudi Arabia



Khalid Mohammad Nouh

Chairman of the Board and the Executive Committee

Membership Status

Non-Executive

Academic and Professional Qualifications

- Bachelor of Mechanical Engineering, King Saud University, Riyadh, 1986.

Current Positions

- Chairman of the Board of Directors of the Company.
- Chief Executive Officer, Industrialization and Energy Services Company (TAQA) (Closed Joint-Stock Company), operating in the oilfield equipment and service industry, November 2019 - now.
- Chairman of the Board of Directors, Arabian Geophysical and Surveying Company (ARGAS) (Limited Liability Company), operating in the oil and energy sector, 2020 - now.
- Board Member, OPT Petroleum Technologies Company Limited (Limited Liability Company), operating in the oilfield chemicals industry, 2020 - now.
- Board Member, TAQA Well Services Company (formerly known as TAQA Sanjel) (Single-Shareholder Limited Liability Company), operating in the oilfield equipment and service industry, 2018 - now.

Previous Professional Experience

- Chairman of the Board of Directors, TAQA Drilling Solutions, Inc (Private Company located in Canada), operating in the oilfield equipment and service industry, 2019-2021.
- Chairman of the Board of Directors, Jubail Energy Services Company (JESCO) (Closed Joint-Stock Company), operating in the oil and energy sector, 2019-2021.
- Executive Vice President, Production and Completions, Industrialization and Energy Services Company (TAQA) (Closed Joint-Stock Company), operating in the oilfield equipment and service industry, 2019.

- Chief Technology Officer, Emirates National Oil Company Limited (ENOC) (Limited Liability Company), operating in the integrated oil and gas industry, 2018.
- President of Middle East and Asia Pacific, Baker Hughes EHO Ltd (Private Corporation), operating in the oil and energy sector, 2009-2016.
- Vice President of Saudi, Bahrain, Kuwait, and Pakistan, Schlumberger Middle East S.A. (Private Joint Stock Company registered in Panama), operating in the oilfield services sector, 2004-2008.
- Director of Recruiting, Training and Development, Schlumberger N.V. (Schlumberger Limited) (Public Limited Company registered in Curaçao), operating in the oilfield services sector, 2002-2003.
- Vice President of Wireline Drilling Operations, Schlumberger Middle East S.A., UAE (Private Joint Stock Company registered in Panama), operating in the oilfield services sector, 2000.
- Product Development Engineer, Schlumberger N.V. (Schlumberger Limited) (Public Limited Company registered in Curaçao), operating in the oilfield services sector, 1998-2000.
- Engineer in Charge of Wireline Operations, Schlumberger N.V. (Schlumberger Limited) (Public Limited Company registered in Curaçao), operating in the oil services industry, 1996-1998.
- Wireline Drilling Operations Specialist Engineer, Schlumberger Middle East S.A. (Private Joint Stock Company registered in Panama), operating in the oilfield services industry, 1994-1996.
- Test and Inspection Engineer in the Industry of Manufacturing, Supply and Transport, Saudi Aramco (Public Joint Stock Company), operating in the oil and energy sector, 1989-1994.



Tarek Rizk
Vice Chairman of the Board and Member of the Executive Committee

Membership Status

Non-Executive

Academic and Professional Qualifications

- Bachelor's degree in Electrical Engineering, Alexandria University, Alexandria, Egypt, 2000.

Current Positions

- Vice Chairman of the Board of Directors of the Company.
- President of Middle East and North Africa, Schlumberger, Schlumberger Global Support Center Limited (Private Limited Company by shares, registered in Dubai), UAE, operating in the oilfield services sector, 2020 - now.

Previous Professional Experience

- President of Drilling and Measurement, Schlumberger, Schlumberger Oilfield UK Plc (Public Limited Company registered in England and Wales), UK, operating in the oilfield services sector, 2018-2020.
- Human Resources Director of Drilling Group, Schlumberger, Schlumberger Oilfield UK Plc, (Public Limited Company registered in England and Wales), UK, operating in the oilfield services sector, 2017-2018.
- Vice President of Wireline in the Middle East and Asia, Schlumberger, Schlumberger Global Support Center Limited, (Private Limited Company by shares, registered in Dubai), UAE, operating in the oilfield services sector, 2016-2017.
- Vice President of Wireline in Russia and Caspian Region, Schlumberger, Schlumberger Logelco Inc. (Private Joint Stock Company registered in Panama), operating in the oil and gas sector, 2015-2016.
- Operations Manager, Schlumberger Norway and Denmark, and Schlumberger Norge AS (Private Joint Stock Company registered in Norway), operating in the oilfield services sector, 2012-2015.



Waleed Abdullah Al-Mulhim
Board Member and Member of the Executive Committee

Membership Status

Non-Executive

Academic and Professional Qualifications

- Bachelor's degree in Petroleum Engineering, University of Southern California, California, United States of America, 1989.
- Master's degree in Petroleum Engineering, Stanford University, Stanford, California, United States of America, 1995.

Current Positions

- Member of the Board of Directors of the Company.
- Executive Director, Saudi Aramco (Public Joint Stock Company), operating in the oil and energy sector, 2021 - now.

Previous Professional Experience

- Chief Petroleum Engineer of Petroleum Engineering Development, Saudi Aramco (Public Joint Stock Company), operating in the oil and energy sector, 2018-2021.
- Manager of Upstream Development Strategy and Reserves Department, Saudi Aramco (Public Joint Stock Company), operating in the oil and energy industry, 2016-2018.
- Manager of EXPEC Advanced Research Center (EXPEC ARC), Saudi Aramco (Public Joint Stock Company), operating in the oil and energy sector, 2015-2018.



Vijay Kasibhatla
Board Member and Member of the Audit Committee

Membership Status

Non-Executive

Academic and Professional Qualifications

- Bachelor's degree in Chemical Engineering, Andhra University, Andhra Pradesh, Republic of India, 1984.
- Master's degree in Chemical Engineering, University of Kentucky, Kentucky State, United States of America, 1986.
- Master of Business Administration, London Business School, London, United Kingdom, 1995.

Current Positions

- Member of the Board of Directors of the Company.
- Director of Mergers and Acquisitions, Schlumberger N.V. (Schlumberger Limited) (Public Corporation with Limited Liability registered in Curaçao), operating in the oilfield services sector, 2013 - now.

Previous Professional Experience

- Board Member, Shearwater Geo Services Holding Company (Private Limited Liability Company in the Kingdom of Norway), operating in the geophysical services sector, 2017 - 2024.
- Financial and Commercial Director of the Production Management Department, Schlumberger N.V. (Schlumberger Limited) (Public Limited Liability Company registered in Curaçao), operating in the oilfield services sector, 2011-2012.
- Financial Controller in the Integrated Projects Division, Schlumberger N.V. (Schlumberger Limited) (Public Limited Liability Company registered in Curaçao), operating in the oilfield services sector, 2008-2011.



Jesus Lamas Ríos
Board Member, Member of the Nomination and Remuneration Committee, and Member of the Executive Committee

Membership Status

Non-Executive

Academic and Professional Qualifications

- Bachelor of Science in Mechanical Engineering, Simon Bolivar University, Miranda State, Venezuela, 1995.
- Master of Science in Oil and Gas Industry Management, Heriot-Watt University, Edinburgh, United Kingdom, 2010.

Current Positions

- Member of the Board of Directors of the Company.
- President of Well Construction Division, Schlumberger Technology Corporation (Private Company registered in Texas, USA), operating in the oil services sector, 2019 - now.

Previous Professional Experience

- GeoMarket Manager of Mexico and Central America, Schlumberger Global Resources Limited (Private Company limited by shares registered in Bermuda), operating in the oil services sector, 2016-2019.
- Vice President of Drilling and Measurements Segment for Latin and South America, Schlumberger Global Resources Limited (Private Company limited by shares registered in Bermuda), operating in the oil services sector, 2013-2016.
- Personnel Manager for Latin and South America, Schlumberger Global Resources Limited (Private Company limited by shares registered in Bermuda), operating in the oil services sector, 2012-2013.
- Operations Manager of Drilling and Measurements Segment for China, Japan, Korea, and Taiwan, Schlumberger Global Resources Limited (Private Company limited by shares registered in Bermuda), operating in the oil services sector, 2009-2011.



Samir Seth

Board Member and Member of the Executive Committee

Membership Status

Non-Executive

Academic and Professional Qualifications

- Bachelor's degree in Commerce, St. Xavier College, Kolkata, Republic of India, 1990.
- Member of the Institute of Chartered Accountants of India, Kolkata, Republic of India, 1990.

Current Positions

- Member of the Board of Directors of the Company since 2020.
- Executive Vice President of Corporate Finance and Planning, Industrialization and Energy Services Company (TAQA) (Closed Joint Stock Company), operating in the oilfield equipment and service industry, 2019 - now.
- Board Member, TAQA Drilling Solutions, Inc., (Private Company located in Canada), operating in the oilfield equipment and service industry, 2022 - now.
- Board Member, TAQA Technologies Holdings B.V (Private Limited Company registered in Netherlands), operating in the oilfield equipment and service industry, 2022 - now.
- Board Member, Tendeka B.V. (Private Limited Company registered in Netherlands), operating in the oilfield equipment and service industry, 2022 - now.
- Board Member, Fracturing and Energy Oil Service Company (Limited Liability Company), operating in the oilfield equipment and service industry, 2022 - now.

Previous Professional Experience

- Board Member, TAQA Al Rushaid for Marine Works Limited (Limited Liability Company), operating in the offshore and oil and gas facilities' manufacturing, operation, and maintenance sector, 2020-2022.
- Vice President of Companies' Development Division, Baker Hughes Ltd. (Limited Company registered in Delaware, USA), operating in the industrial services sector, 2016-2017.
- Vice President of Finance in the Middle East and North Africa, International Professional Resources Limited (a wholly owned subsidiary of Baker Hughes) (Limited Company registered at the Dubai International Financial Center, UAE), operating in the oilfield services sector, 2012-2016.
- Treasurer of Western Hemisphere, Schlumberger Technology Corporation (Limited Company registered in Texas State, USA), operating in the oilfield services sector, 2008-2012.

- Financial Controller of Pressure Products Line, Schlumberger Technology Corporation (Limited Company registered in Texas, USA), operating in the oilfield services sector, 2004-2008.
- Financial Controller of Geographic Market in Canada, Schlumberger Canada Limited (Limited Company registered in Alberta, Canada), operating in the oilfield services sector, 2003-2004.
- Financial Controller of Geographic Market in India, Schlumberger Asia Services Limited (Limited Company by shares, registered in Hong Kong), operating in the oilfield services sector, 2001-2003.
- Tax Director of Nigeria, Schlumberger (Nigeria) Limited, (Limited Company by shares, registered in Bow, Nigeria), operating in the oilfield services sector, 1999-2000.
- Business Analyst and Financial Controller, Schlumberger Middle East S.A (Private Joint Stock Company registered in Panama), operating in the oilfield services sector, 1995-1998.
- Analyst, Schlumberger Middle East S.A (Private Joint Stock Company registered in Panama), operating in the oilfield services sector, 1993-1994.
- Accountant, American Express Private Limited (Private Company registered in India), operating in the banking sector, 1992.
- Accountant, Ernst & Young Company (Professional Limited Liability Company registered in India), operating in financial and accounting consulting sector, 1988-1991.



Khlood Abdulaziz Aldukheil

Board Member and Chairman of the Audit Committee

Membership Status

Independent

Academic and Professional Qualifications

- Bachelor's degree in International Finance and Commerce, Georgetown University, Washington D.C., United States of America, 1994.
- Master's degree in Financial Business Administration, American University, Washington D.C., United States of America, 1997.
- Chartered Financial Analyst (CFA), CFA Institute, Charlottesville, Virginia, United States of America, 2003.
- General Securities Qualification Certificate (CME-1), Capital Market Authority, Riyadh, Kingdom of Saudi Arabia, 2011.
- Compliance, Anti-Money Laundering and Counter-Terrorist Financing Certificate (CME-2), Capital Market Authority, Riyadh, Kingdom of Saudi Arabia, 2012.
- Accredited Valuer Certificate (TAQEEM), the Saudi Authority for Accredited Valuers, Riyadh, Kingdom of Saudi Arabia, 2020.

Current Positions

- Member of the Board of Directors of the Company.
- Board Member, Tameed Fintech Co. (Limited Liability Company), operating in the financial services sector, 2021 - now.
- CEO, Erteqa Financial Company (Limited Liability Company), operating in the financial services sector, 2021 - now.
- Board Member, Member of Investment Committee and Chairman of Audit Committee, Riyadh Chamber of Commerce and Industry (Non-Profit Entity), Kingdom of Saudi Arabia, 2020 - now.
- Chairman of National Committee for the Financial Sector and Insurance, Federation of Saudi Chambers (Saudi Arabia government-owned enterprise), Kingdom of Saudi Arabia, 2020 - now.
- Chairman of Women Council, Federation of Saudi Chambers (Saudi Arabia government-owned enterprise), Kingdom of Saudi Arabia, 2020 - now.
- Board Member, Saudi CFA Society (Limited Liability Company), operating in the business administration sector, 2020 - now.
- Member of Audit Committee, King Salman Park (Saudi Arabia government-owned enterprise), Kingdom of Saudi Arabia, 2020 - now.
- Member of Audit Committee, Sports Boulevard (Saudi Arabia government-owned enterprise), Kingdom of Saudi Arabia, 2020 - now.

- Member of Audit Committee, Saudi Pharmaceutical Industries and Medical Appliances Corporation (SPIMACO) (Public Joint Stock Company), operating in pharmaceutical and medical appliances sector, 2019 - now.
- Board Member, Safa Industrial Company (Limited Liability Company), operating in the industrial sector, 2018 - now.
- Member of Audit Committee, Riyadh Cables Group (Closed Joint Stock Company), operating in the industrial sector, 2018 - now.

Previous Professional Experience

- Member of Audit Committee, Public Pension Agency (Saudi government agency), operating in the financial sector, 2020-2021.
- Member of Financial Institutions Committee, Capital Market Authority (Saudi government agency), 2019-2021.
- Board Member and Chairman of Audit Committee, Technical and Vocational Training Corporation (Saudi government agency), operating in the education sector, 2018-2021.
- Board Member, Saudi Credit Bureau (SIMAH) (Limited Liability Company), operating in the industrial sector, 2017-2021.
- Chairman of Audit Committee, Saudi ORIX Leasing Company (Closed Joint Stock Company), operating in the financing sector, 2016-2021.
- Member of Executive Committee and Member of Finance and Infrastructure Working Group, Business Group (B20), Kingdom of Saudi Arabia, International Business Summit, 2020.
- Chairman of National Committee for Statistics, Federation of Saudi Chambers of Commerce (Saudi government agency), 2017-2020.
- Managing Director, Aldukheil Financial Group (Closed Joint Stock Company), operating in the financial services sector, 2006-2020.
- Member of Risk Committee for Market Members, Saudi Tadawul Group (Public Joint Stock Company), operating in the financial sector, 2008.
- Associate General Manager, Samba Financial Group (merged with Saudi National Bank) (Public Joint Stock Company), operating in the banking and financial services sector, 1998-2006.
- Credit Analyst, The Saudi British Bank (SABB) (Public Joint Stock Company), operating in the banking and financial services sector, 1997-1998.
- Assistant General Manager, International Finance Corporation (a member of the World Bank Group), an international financial institution, operating in the investment advisory services sector, 1994-1995.



Adnan Ghabris
Board Member and Chairman of the Nomination and Remuneration Committee

Membership Status
Independent

Academic and Professional Qualifications

- Bachelor's degree in Chemical Engineering, Rutgers University, United States of America, 1983.
- Master's degree in Chemical Engineering, Kuwait University, Kuwait, 1988.

Current Positions

- Board Member of NIMR Well Services, Qatar, 2024 - now.
- Board Member and ExCom Chairman of AlKorayef Petroleum Services, Saudi Arabia, 2022 - now.
- Chairman of the Board of Directors and Founding Partner, Afkar Energy, UAE, 2020 - now.
- Founder and CEO, Excella MENA DMCC, UAE, 2019 - now.

Previous Professional Experience

- Board Member, Coretrax Aberdeen, representing Arab Petroleum Investment Corporation (APICORP), UK, 2021-2024.
- Board Member, Petronash FZE, UAE, 2020-2024.
- Chairman of the Middle East Operations for National Energy Services Reunited (NESR), 2018-2019.
- CEO and Managing Director, National Petroleum Services (NPS), 2008-2018.
- Vice President, SLB Arabian Region and Integrated Project Management for Middle East, North Africa, and Asia, 1988-2008.



Michael Eric Mannering
Board Member and Chairman of the Health, Safety, Environment, and Sustainability Committee

Membership Status
Independent

Academic and Professional Qualifications

- Bachelor's degree with first class honors, University of Southampton, United Kingdom, 1974.

Current Positions

- Chairman of the Board of Directors and Member of the Nomination and Remuneration Committee, Acoustic Data Co. Ltd, 2018 - now.
- Director and Founder of Avatar Company, UK, 2016 - now.

Previous Professional Experience

- President of Navitas Energy Co.; Director, Songa Offshore SE Co.; and Director, Polarcus Co., 2008-2021.
- Technical Director and Marketing Manager, Sedco Forex (Singapore); General Manager, Sedco Forex (Nigeria); Vice President, IBM Paris; Deputy CEO, Sedco Forex (Singapore); General Manager and President, Schlumberger UK; and Vice President, QHSE Global, 1985-2015.
- Drilling Engineer and Supervisor of Onshore and Offshore Activities (Netherlands), Shell International Company, 1985-1994.
- Drilling Engineer and Supervisor of Onshore and Offshore Activities (Egypt), Deminex Company, 1974-1985.



Mostafa Ahmed Abdullatif
Member of the Audit Committee

Membership Status
Independent / Non-Board

Academic and Professional Qualifications

- Bachelor's degree in Architectural Engineering and Planning, King Faisal University, Dhahran, Kingdom of Saudi Arabia, 1989.

Current Positions

- Member of the Audit Committee of the Company since 2021.
- Management Consultant of Governance, Risk and Compliance Functions, Bakhsh Trading and Finance Consulting Company (Sole Proprietorship), operating in the financial and accounting consulting sector, 2020 - now.
- Member of the Audit Committee, Allianz Saudi Fransi Company (Public Joint Stock Company), operating in the insurance sector, 2019 - now.

Previous Professional Experience

- Head of Governance in the Risk and Compliance Department, Real Estate Development Fund (Housing Bank) (Saudi government-owned agency), 2015-2019.
- Head of Compliance, Corporate Governance and Anti-Financial Crime, Bank Albilad (Public Joint Stock Company), operating in the banking sector, 2012-2015.
- Audit Program Director, Samba Financial Group (Public Joint Stock Company), operating in the banking sector, 2011-2012.
- Chief Compliance Officer, Global Investment House (Closed Joint Stock Company), operating in the investment banking sector, 2008-2011.
- Chief Compliance Officer, Banque Saudi Fransi (BSF) (Public Joint Stock Company), operating in the banking sector, 2007-2008.
- Head of Compliance - Management Investment Group, Banque Saudi Fransi (BSF) (Public Joint Stock Company), operating in the banking sector, 1998-2007.
- Chief Auditor, Banque Saudi Fransi (BSF) (Public Joint Stock Company), operating in the banking sector, 1996-1998.
- Senior Auditor, Saudi American Bank, a subsidiary of Citibank (Public Joint Stock Company), operating in the banking sector, 1994-1995.



Fahad Saleh Al Hadiani
Member of the Health, Safety, Environment, and Sustainability Committee

Membership Status
Non-Executive

Academic and Professional Qualifications

- Bachelor of Science in Mechanical Engineering from the University of Toledo, United States of America.
- Master of Science in Oil and Gas Industry Management from Heriot-Watt University, United Kingdom.

Current Positions

- Managing Director of TAQA Frack.
- Board Member of OPT Petroleum Technologies Co., Ltd., a specialized Chemicals Company for Oilfields.

Previous Professional Experience

- Mr. Fahad Al-Hadiani has more than 22 years of experience in the oil and gas industry, holding multiple positions in the management of operations, sales, marketing and supply chain activities in multiple geographies with Schlumberger.
- Mr. Al-Hadiani joined TAQA in 2017 as General Manager of TAQA Well Services, responsible for the General Management of Coiled Pipe, Cement and Fracking Operations.
- In 2020, Mr. Al-Hadiani assumed the position of Vice President of QHSSE Energy Group (Quality, Health, Safety, Security, and Environment), was responsible for the overall development and implementation of the QHSSE program for the entire group of companies, as well as the implementation of the integrated management system and the digitization of the QHSE reporting platform.
- He was a member of the Board of Directors of Air liquide Arabia W.L.L. (ALAR).



Moutaz Mohammed Othman Mashhour
Member of the Nomination and Remuneration Committee

Membership Status
Independent / Non-Board

Academic and Professional Qualifications

- Executive Education, Georgetown University, School of Foreign Affairs, Washington D.C., District of Columbia, United States of America, 2011.
- Leadership Development Forum, Executive Education, Rice University, Houston, Texas, United States of America, 2010.
- Senior Executive Leadership Program, Columbia University, New York, United States of America, 2009.
- Performance Improvement Consultant Certificate, International Society for Performance Improvement, Washington D.C., District of Columbia, United States of America, 2002.
- Human Resource Development Certificate, University of Minnesota, Saint Paul, Minnesota, United States of America, 2001.
- Master of Business Administration (MBA), King Fahd University of Petroleum and Minerals, Dhahran, Saudi Arabia, 1993.
- Bachelor's degree in Industrial Management, King Fahd University of Petroleum and Minerals, Dhahran, Saudi Arabia, 1989.

Current Positions

- Member of the Nomination and Remuneration Committee of the Company since 2022.
- Executive Vice President of Shared Services, Industrialization and Energy Services Company (TAQA) (Closed Joint Stock Company), operating in the oilfield services and equipment sector, 2020 - now.
- Secretary of Nomination and Remuneration Committee, Industrialization Energy and Services Company (TAQA) (Closed Joint Stock Company), operating in the oilfield services and equipment sector, 2020 - now.
- Member of Nomination and Remuneration Committee, Arabian Geophysical and Surveying Company (ARGAS) (Limited Liability Company), operating in the oil and energy sector, 2021 - now.
- Board Member, TAQA Drilling Solutions Inc., (Private Company registered in Canada), operating in the oilfield services and equipment sector, 2022 - now.
- Board Member, TAQA Well Services Company (formerly known as TAQA Single) (Single-Shareholder Limited Liability Company), operating in the oilfield services and equipment sector, 2022 - now.
- Board Member, Fracking Operations and Energy Co. for Oilfield Services (Sole Proprietorship Company with Limited Liability), operating in the oilfield services and equipment sector, 2022 - now.

Previous Professional Experience

- Board Member, Jubail Energy Services Company (JESCO) (Closed Joint Stock Company), operating in the oil and energy sector, 2020-2021.
- Head of Human Resources Department, Johns Hopkins Aramco Healthcare (JHAH) (Limited Liability Company), operating in the healthcare sector, 2016-2020.

- Vice President - Industrial Relations, Yanbu Aramco Sinopec Refining Company Ltd. (YASREF) (Limited Liability Company), operating in the oil and gas production sector, 2013-2016.
- Secretary of Remunerations Committee, Yanbu Aramco Sinopec Refining Company Ltd. (YASREF) (Limited Liability Company), operating in the oil and gas production sector, 2013-2016.
- Director of Industrial Relations, Aramco Services Company (ASC) (Company registered in the state of Delaware, USA), operating in the oil and gas sector, 2010-2013.
- Consultant on Human Resources Policies and to the Planning Department, Saudi Aramco (Public Joint Stock Company), operating in the oil and gas sector, 2009-2010.
- Chairman of Off-Policies Matters Committee - Human Resources Policies and Planning Department, Saudi Aramco (Public Joint Stock Company), operating in the oil and gas sector, 2009-2010.
- Director of Career Development - Training and Career Development Department, Saudi Aramco (Public Joint Stock Company), operating in the oil and gas sector, 2008-2009.
- Interim Vice President of Human Resources (seconded from Saudi Aramco), King Abdullah University of Science and Technology (KAUST), a private university and research center, 2007-2008.
- Head of Leadership Development Function (Leadership Center) - Training and Career Development Department, Saudi Aramco (Public Joint Stock Company), operating in the oil and gas sector, 2005-2007.
- Administrator, Talents Development Function in Training and Career Development Department, Saudi Aramco (Public Joint Stock Company), operating in the oil and gas sector, 2002-2005.
- Performance Improvement Consultant of Employee Relations and Training, Saudi Aramco (Public Joint Stock Company), operating in the oil and gas sector, 2000-2001.
- Supervisor of Talents Development and Consulting Unit - Training and Career Development Department, Saudi Aramco (Public Joint Stock Company), operating in the oil and gas sector, 1999-2000.
- Supervisor of Saudi Academic Unit, Aramco Services Company (Company registered in the state of Delaware, USA), operating in the oil and gas sector, 1998-1999.
- Industrial Relations Consultant, Aramco Services Company (Company registered in the state of Delaware, USA), operating in the oil and gas sector, 1996-1998.
- Career Consultant for Career Development Department, Saudi Aramco (Public Joint Stock Company), operating in the oil and gas sector, 1994-1996.
- Professor of Advanced Industrial Training Center - Academic Training Function, Saudi Aramco (Public Joint Stock Company), operating in the oil and gas sector, 1990-1994.
- Delivery Control Coordinator, Corporate Planning Department, Eastern Petrochemical Company - SHARQ (Public Joint Stock Company), operating in the oil and gas sector, 1989-1989.



Mario Pepe
Member of the Health, Safety, Environment, and Sustainability Committee

Membership Status
Non-Executive

Academic and Professional Qualifications

- Master of Civil Engineering, Polytechnic Institute of Milan, Italy, 1996.
- Thesis/Major: Project of a sewage water treatment plant.

Current Positions

- HSE Manager Middle East and North Africa, MSP, Dubai, United Arab Emirates, Quality and HSE.

Previous Professional Experience

- EME HSE Manager OFS (Abu Dhabi, United Arab Emirates) Quality and HSE, 2019-2020.
- Integrated Services Project Manager ISM (St. John's, Canada) Line and Operations Management, 2016-2019.
- Operations Integrity Global Account Manager - ExxonMobil, OFS, Quality and HSE (Houston, United States) 2013-2016.
- Alaska Operations Manager, D&M (Anchorage, United States), Line and Operations Management, 2008-2013.
- Libya Operations Manager, D&M (Tripoli, Libya) Line and Operations Management, 2007-2008.
- ECA Training, Development and Staffing Manager, D&M (Paris, France), Human Resources, 2004-2007.
- Field Service Manager for Southern Continental Europe, D&M (Ravenna, Italy), Line and Operations Management, 2001-2004.
- EIC, Directional Driller, D&M (Las Morochas, Venezuela), Operations PTEs, Engineers and Specialists, Worked as EIC and as Directional Driller (Horizontal Wells for PDVSA), 2000-2001.
- EIC for International Clients (Chevron and Philips), D&M (Maracaibo, Venezuela), Operations PTEs, Engineers and Specialists, 2000.
- MLWD Field Engineer (DSE), D&M (Las Morochas and Maracaibo, Venezuela) Operations PTEs, Engineers and Specialists, Field Engineer - MWD, LWD, 1998-2000.
- Reserve Officer (Lieutenant), Italian Engineer Corps (Rome), 1996-1997.

*Mr. Mario Pepe resigned, and his resignation was accepted on 10 November 2024.



Frank Alary
Member of the Health, Safety, and Environment Committee

Membership Status
Non-Executive

Academic and Professional Qualifications

- Diploma of Technology, Safety Engineering, Aix-Marseille III University, France, 1979.

Current Positions

- Senior HSE Consultant (Self-employed). Provides expertise in risk management, health and safety, quality, environment and sustainability, April 2014 - now.

Previous Professional Experience

- Senior Quality, Health, Safety and Environment Consultant at Schlumberger Integrated Project Management, supporting construction and production projects worldwide during the start-up and execution phases. In this role, he was directly involved in the start-up of several high-profile projects in Iraq, Australia, Argentina, Ecuador, China, Algeria, Mexico, Saudi Arabia, Russia, Canada and the USA, 2009-2014.
- Global Quality, Health, Safety and Environment Director for Schlumberger Integrated Project Management based in the UK. Supported 40 well construction and production projects worldwide, 2006-2009.
- Contractor Management Champion Schlumberger Mexico. Leading in parallel some specific HSE consulting activities for Pemex Drilling, helping them improve the maturity of their HSE systems and processes, 2003-2006.
- Quest Lead and support the development and deployment of Schlumberger's web-based Q-HSE data management system, 2001-2003.
- Quality Manager HSE at Schlumberger North Africa based in Algeria, 1999-2001.
- Q-HSE Manager at Schlumberger West Africa based in Gabon, 1998-1999.
- Q-HSE Manager Sedco-Forex (Offshore and Onshore Drilling) West Africa based in Congo, 1997-1998.
- Operations Manager Bureau Veritas Toulouse France, 1987-1997.
- Consulting, Inspection and Training in HSE APAVE- Lyon-France, 1986-1988.
- Military Firefighting Corps "Civil Security Intervention Unit" Corsica, 1980-1981.

*Mr. Frank Alary was appointed on 17 November 2024.

Executive Management



Ghassan Abdulaziz Mirdad

Academic and Professional Qualifications

- Bachelor's degree in Chemical Engineering, King Fahad University of Petroleum and Minerals, Dhahran, Kingdom of Saudi Arabia, 1996.
- Master's degree in Leadership and Strategy, London Business School, London, United Kingdom, 2016.

Appointment Date

- 24 February 2022

Current Position

- Chief Executive Officer

Previous Professional Experience

- Founder and Executive Director of AFKAR Ventures LLC (Limited Liability Company) operating in the energy and technology sector, 2020-now.
- Chief Executive Officer of Katerra Company (Limited Liability Company) operating in the construction and technology sector, 2020-2022.
- President of the Eastern Middle East Region of Schlumberger, Schlumberger N.V. (Schlumberger Limited), Abu Dhabi, United Arab Emirates (Public Corporation with Limited Liability registered in Curacao) operating in the oilfield services sector, 2017-2020.
- Director of Investment and Partnership at Schlumberger Technical Services Inc (Corporation registered in United Arab Emirates) operating in the oilfield services sector, 2017.
- Testing Vice President at Schlumberger N.V. (Schlumberger Limited), Dubai, United Arab Emirates (Public Corporation with Limited Liability registered in Curacao) operating in the oilfield services sector, 2017.
- Portfolio Manager (Merger and Acquisitions) at Schlumberger Middle East S.A., Alkhobar, the Kingdom (Private Corporation registered in Panama) operating in the oilfield services sector, 2015-2016.
- Vice President and General Manager of Schlumberger Middle East S.A., Alkhobar, the Kingdom (Private Corporation registered in Panama) operating in the oilfield services sector, 2011-2015.
- Worldwide Training Manager at Services Techniques Schlumberger SAS, Paris, France (Corporation registered in France) operating in the oilfield services sector, 2010-2011.

- Regional Operations Manager at Schlumberger Middle East S.A., Alkhobar, the Kingdom (Private Corporation registered in Panama) operating in the oilfield services sector, 2007-2009.
- Operations Manager and Testing Services at Schlumberger WTA (Malaysia) Sdn Bhd, Malaysia (Private Limited Company registered in Malaysia) operating in the oilfield services sector, 2005-2007.
- Training, Development and Staffing Manager at Schlumberger Technical Services Inc (Corporation registered in United Arab Emirates) operating in the oilfield services sector, 2003-2005.
- Field Services Manager at Schlumberger Seaco Inc., Pakistan (Private Corporation registered in Pakistan) operating in the oilfield services sector, 2002-2003.
- Field Engineer Assignments at Schlumberger Seaco Inc., Pakistan (Private Corporation registered in Pakistan) operating in the oilfield services sector, 1996-2002.



Hubert Lafeuille

Academic and Professional Qualifications

- Master's degree in Management and Finance, NEOMA Business School, France.

Appointment Date

- 2 February 2020

Current Position

- Chief Financial Officer

Previous Professional Experience

- Angola Managing Director and Regional Finance Director for Asia Pacific and Middle East at Singapore Crewing Services Pte Ltd (Subsea 7 Group Company - Private Limited Company) operating in the construction and services sector, 2015 - 2019.
- Vice President of Finance and Accounting at Ocean Rig UDW Inc. (Grand Cayman registered Company) operating in the oil services sector, 2014-2015.
- Project Finance Manager at Singapore Crewing Services Pte Ltd (Subsea 7 Group Company - Private Limited Company) operating in the construction and services sector, 2013-2014.
- Senior Manager of Compensation and Benefits at Transocean North Sea Limited (Transocean Group Company - Private Limited Company) operating in the oil services sector, 2011-2013.
- Regional Finance Manager at Transocean International Resources Limited, Barbados (Transocean Group Company - Private Limited Company) operating in the oil services sector, 2003-2011.
- Senior Analyst of Corporate Planning and Business Development at Transocean Offshore Deepwater Drilling Inc (Transocean Group Company -US-registered Company) operating in the oil services sector, 2001-2003.
- Regional Financial Director at Transocean do Brasil Limited (Transocean Group Company - Private Limited Company) operating in the oil services sector, 2000-2001.
- Business Analyst at Schlumberger Servicios Pretroliferos Limited, Brazil (Company of the Schlumberger Group - Private Limited Company) operating in the oil services sector, 1997-2000.

- Internal Auditor at Schlumberger Limited (Company of the Schlumberger Group - Private Company registered in the Netherlands Antilles) operating in the oil services sector, 1995-1997.
- Senior Auditor at Arthur Andersen & Co. (French Public Limited Company) operating in the financial consulting sector, 1992-1995.
- Naval Officer in the French Navy, the naval arm of the French Armed Forces, 1991-1992.



Stephane Jerome Moynet

Academic and Professional Qualifications

- Master of Science in Engineering, Ecole Nationale Supérieure des Arts et Métiers (ENSAM), Paris, France, 1997.
- Master of Business and Administration (MBA), Rotterdam School of Management, Rotterdam, Netherlands, 2006.

Appointment Date

- 14 February 2022

Current Position

- Chief Operating Officer

Previous Professional Experience

- Technical Managing Director at Arabian Drilling, 2021-2022.
- Business Manager of Rig Management Services at Schlumberger Technology Corporation (Private Stock Corporation registered in Texas, United States) operating in the oilfield services sector, 2019-2021.
- Vice President of Schlumberger Land Rigs Technology Lifecycle Management at Schlumberger Technology Corporation (Private Stock Corporation registered in Texas, United States) operating in the oilfield services sector, 2017-2019.
- Vice President of Schlumberger Land Rigs Latin America, Europe and Africa at Schlumberger Technology Corporation (Private Stock Corporation registered in Texas, United States) operating in the oilfield services sector, 2016-2017.
- Vice President of Saxon Western Hemisphere at Schlumberger Technology Corporation (Private Stock Corporation registered in Texas, United States) operating in the oilfield services sector, 2015-2016.
- Regional Director of Saxon Australasia at Saxon Energy Services Pty Ltd (Australian Private Company, registered with the Australian Securities and Investments Commission) operating in the oilfield services sector, 2013-2015.
- Geomarket Manager for Integrated Project Management Ecuador at Schlumberger Global Resources Limited (Private Company limited by shares registered in Bermuda) operating in the oilfield services sector, 2013.
- Operations Manager for Integrated Project Management Venezuela at Schlumberger Global Resources Limited (Private Company limited by shares registered in Bermuda) operating in the oilfield services sector, 2011-2012.
- Business Development Manager for Rig Management Group Headquarters at Services Techniques Schlumberger S.A.S., Paris, France (Corporation registered in France) operating in the oilfield services sector, 2008-2010.
- Project Manager for Integrated Project Management Mexico at Schlumberger Global Resources Limited (Private Company limited by shares registered in Bermuda) operating in the oilfield services sector, 2007-2008.

- Project Manager for Integrated Project Management Algeria at Schlumberger Global Resources Limited (Private Company limited by shares registered in Bermuda) operating in the oilfield services sector, 2006-2007.
- QHSE Manager for Integrated Project Management Venezuela at Schlumberger Global Resources Limited (Private Company limited by shares registered in Bermuda) operating in the oilfield services sector, 2005-2006.
- Rig Manager for Rig Management Group Venezuela at Schlumberger Global Resources Limited (Private Company limited by shares registered in Bermuda) operating in the oilfield services sector, 2004-2005.
- Rig Manager for Rig Management Group Oman at Schlumberger Global Resources Limited (Private Company limited by shares registered in Bermuda) operating in the oilfield services sector, 2002-2004.
- Marketing Engineer for Rig Management Group Dubai at Schlumberger Global Resources Limited (Private Company limited by shares registered in Bermuda) operating in the oilfield services sector, 2001-2002.
- Rig Manager for Rig Management Group Gabon at Schlumberger Global Resources Limited (Private Company limited by shares registered in Bermuda) operating in the oilfield services sector, 1999-2001.
- Field Engineer for Sedco-Forex Pakistan and Japan at Schlumberger Global Resources Limited (Private Company limited by shares registered in Bermuda) operating in the oilfield services sector, 1998-1999.



Salwa Helal

Academic and Professional Qualifications

- Graduate diplomas in:
 - Management
 - Supply Chain
 - MIPP
- Degree in Arts and Business Administration, American University, Cairo .
- Licensed Analyst of PI.

Appointment Date

- 20 January 2023

Current Position

- Chief Supply Chain Officer

Previous Professional Experience

- Egyptian Drilling Company "EDC", 1990-2022.
- Chief Procurement Officer.
- Procurement and Logistics Manager.
- Purchasing and Logistics Controller.
- Head of Purchasing.
- Senior Purchaser.
- Senior Purchaser at AP Moller Maersk, MSS Houston, USA.
- Purchaser and Logistics Specialist at EDC, Syria.
- Marketing Department - Sales and Contracts, 1990.
- Finance Department - Accounts Payable.



Sara Ali

Academic and Professional Qualifications

- Bachelor of Business Administration, King Faisal University, Saudi Arabia.

Appointment Date

- 21 April 2024

Current Position

- Chief Human Resources Officer

Previous Professional Experience

- Global Functions HR Head at SLB, London, 2020-2024.
- HR Services Manager at SLB, Bahrain, 2017-2020.
- Recruitment, Training and Development at SLB, Bahrain and Saudi Arabia, 2016-2017.
- Saudi Local Content and HR Manager at SLB, Bahrain, 2014-2016.
- Compensation and Benefits Analyst at SLB, Dubai, 2013-2014.
- Communications Manager for the Middle East at SLB, Dubai, 2011-2013.
- Public Relations and Internal Communications Specialist at SLB, Saudi Arabia, 2006-2009.
- Marketing Communications Officer at Olayan Group, Saudi Arabia, 2004-2006.

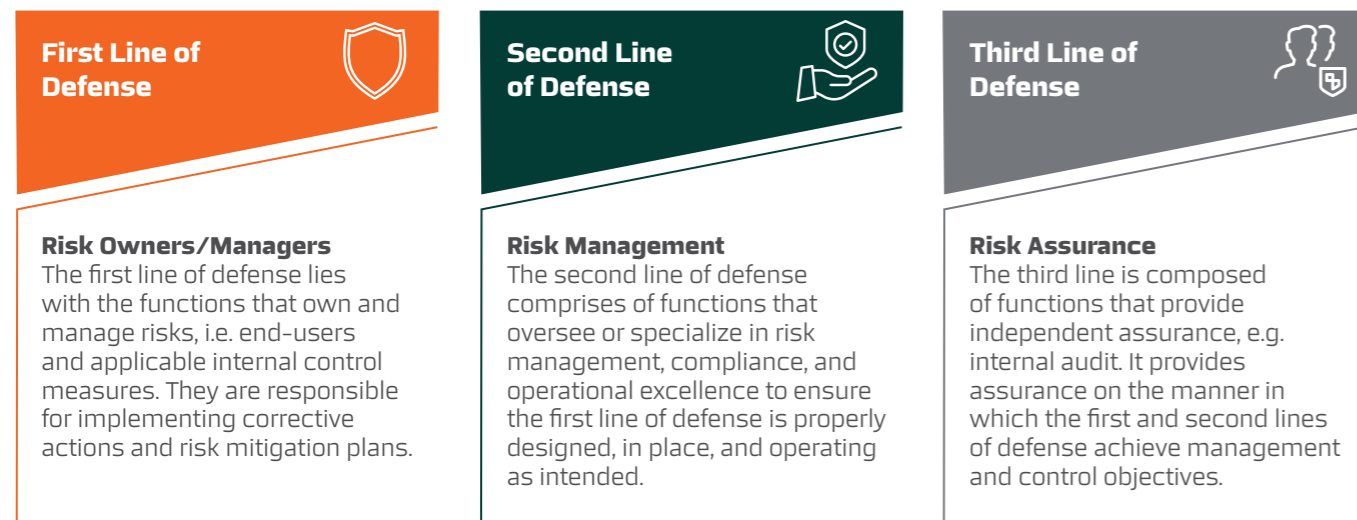
ENTERPRISE RISK MANAGEMENT

The primary objective of our Risk Management function is to identify and assess all risks that may impact the achievement of Arabian Drilling's business objectives and to embed risk management practices into Arabian Drilling's decision-making process.

Three Lines of Defense

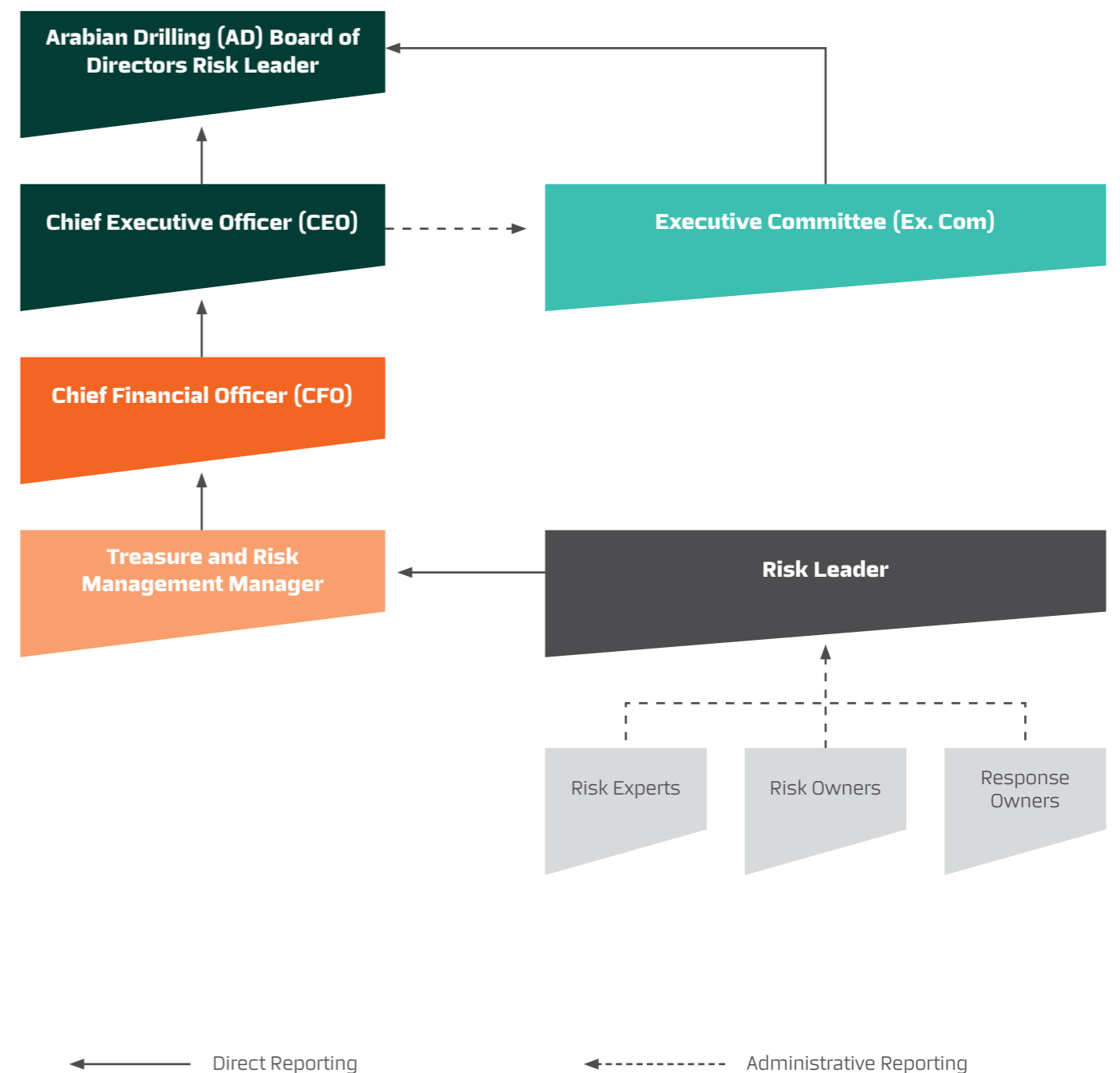
The Three Lines of Defense model distinguishes among 3 groups (or lines) involved in effective risk management. In

the Three Lines of Defense model, internal functions that own and manage risks are the first line of defense, the specialize functions those are established by Management to oversee various risks and controls are the second line of defense, and independent assurance is the third line of defense in risk management. Each of these 3 lines plays a distinct role within the organization's wider governance framework.



Governance Structure

Our ERM governance structure, roles and responsibilities of the Board of Directors, Executive Committee, and Risk Management Team are well defined in the risk management procedure.



SHAREHOLDER REGISTER AND DIVIDEND POLICY

Risk Management Framework

Our robust Enterprise Risk Management (ERM) process has been developed based on the best practices, guidelines and principles of the 2017 Committee of Sponsoring Organizations (COSO) Framework. The ERM System plans, identifies, assesses, mitigates, monitors, and reports the risks that may limit the Company's ability to achieve its objectives.

Principal Risks

Risk	Description
1. Business Continuity Risk	Risks related to contracts being subject to suspension, early termination, or variance
2. Environmental, Social, and Governance (ESG) and Sustainability Risk	Risks related to ESG matters and climate change
3. Health, Safety and Environmental (HSE) Regulations Risk	Risks related to compliance with Health, Safety, and Environmental Laws and Regulations
4. Cybersecurity Risk	Risks related to the impact of cyber-attacks on security and reliability of technology systems
5. Liquidity/Cash Flow Risk	The Company's ability to generate sufficient cash to service its debt obligations and operations depends on many factors beyond its control
6. Geopolitical Risk	Risks related to political instability and security concerns in the Middle East region
7. Safe Operations Execution Risk	Risks related to accidents on any of the Company's rigs causing severe damage or injuries
8. Rig Move, Maintenance, and Projects Risk	Risks related to rig moves, upgrades, repairs, refurbishment, and construction projects
9. Human Resources Risk	Risks related to the Company's ability to recruit and retain skilled personnel
10. Supply Chain Risk	Risks related to dependence on third parties, distributors, manufacturers, and strategic partners

Risk Mitigation Strategy

Arabian Drilling implements a robust and comprehensive risk mitigation strategy grounded in the 4Ts framework: Treat, Tolerate, Transfer, and Terminate.

- **Treat:** Implement measures such as enhanced safety protocols, technology investments, and employee training to mitigate identified risks.
- **Tolerate:** Accept risks that fall within acceptable thresholds based on thorough cost-benefit analysis.
- **Transfer:** Shift risks to third parties via insurance policies and contractual agreements.
- **Terminate:** Discontinue business activities that introduce unacceptable levels of risk.

Way Forward

By fostering a culture of proactive risk management, Arabian Drilling not only protects its operational integrity but also enhances its overall resilience in an ever-evolving industry landscape. Through the diligent application of these principles, Arabian Drilling remains committed to maintaining high standards of safety, compliance, and operational excellence.

Requests for the Shareholders' Register, and the Dates and Reasons for each

The Shareholder register was requested 10 times in 2024.

Date	Reasons
1. 11 February 2024	Company Procedures
2. 18 March 2024	Profits File
3. 02 May 2024	Company Procedures
4. 08 May 2024	Company Procedures
5. 28 May 2024	General Assembly
6. 01 July 2024	Company Procedures
7. 01 July 2024	Company Procedures
8. 06 August 2024	Profits File
9. 16 September 2024	General Assembly
10. 29 September 2024	Company Procedures

A statement of the dates of the General Assemblies of shareholders held during the last fiscal year and the names of the Board Members attending these Assemblies:

Shareholders were invited during the fiscal year ending on 31 December 2024 to 2 General Assemblies in the presence of the Board of Directors as follows:

Names of the Board of Directors' Members	Extraordinary General Assembly	Extraordinary General Assembly
	24 June 2024	16 October 2024
1. Khalid Mohammad Nouh (Chairman of the Board of Directors)	Attended	Attended
2. Tarek Rizk (Vice Chairman of the Board of Directors)	Attended	Attended
3. Waleed Abdullah Al-Mulhim	Attended	Attended
4. Samir Seth	Attended	Attended
5. Jesus Lamas Rios	Attended	Attended
6. Khlood Abdulaziz Aldukheil	Attended	Attended
7. Adnan Ghabris	Attended	Attended
8. Michael Eric Mannering	Attended	Attended
9. Vijay Kasibhatla	Attended	Attended

Description of the Company's Dividend Distribution Policy

The Dividend Distribution Policy determines the mechanism of distribution by the Company to its shareholders and payment procedures.

Dividends are distributed in accordance with the Company's Articles of Association and based on the approval of the General Assembly after the Board of Directors recommends the details of the profits and their distribution. Interim profits may be distributed to the

Company's shareholders in compliance with the regulatory requirements and internal regulations of the Company.

Proposed method of distributing profit dividends

Distributed semi-annually after verifying the regulatory requirements and internal policies of the Company.

Dividend distribution data

The percentages of profits distributed to shareholders during the different periods of the fiscal year in addition to the percentage of profits proposed to be distributed at the end of the fiscal year and the total of these profits.

Dividend distribution data for the fiscal year ending 31 December 2024.

Statement	Distributed Profit	Distribution Date	Due Date	Announcement Date	Distribution Method
Second half of 2023	ﷲ 2.53	02 Apr 2024	18 Mar 2024	18 Mar 2024	Transfer to account
First half of 2024	ﷲ 1.35	22 Aug 2024	05 Aug 2024	05 Aug 2024	Transfer to account

The total amount distributed in the fiscal year 2024 is ﷲ 3.88 per share.

The percentage of the profits proposed to be distributed at the end of the financial year and the total of these profit dividend payments.

Depend on several factors, which include the Company's expected profits and cash flows, capital requirements and available financing, and the prevailing market and economic conditions in line with the Company's Dividend Distribution Policy.

Information relating to any business that competes with the Company or any of the branches of activity it carries out and that any member of the Board of Directors carries out or was carrying out, so as to include the names of those involved in the competing business, the nature of these businesses, and their conditions.

There are no competing businesses with the Company or any of the branches of activity it carries out and that any member of the Board of Directors carries out or was carrying out.

BOARD ENTITLEMENTS AND RELATED PARTY TRANSACTIONS

Entitlement of the Board of Directors

Board of Directors	Attendance (total allowance)	Compensation	Total
Independent Members			
Khlood Abdulaziz Aldukheil	15,000	200,000	215,000
Adnan Hani Ghabris	15,000	200,000	215,000
Michael Eric Mannering	15,000	200,000	215,000
Total	45,000	600,000	645,000
Non-Executive Members			
Khalid Mohammed Nouh	15,000	400,000	415,000
Tarek Rizk	15,000	200,000	215,000
Waleed Abdullah Al-Mulhim	15,000	200,000	215,000
Samir Seth	15,000	200,000	215,000
Vijay Kasibhatla	15,000	200,000	215,000
Jesus Lamas Rios	15,000	200,000	215,000
Total	90,000	1,400,000	1,490,000

Entitlement Remuneration Statement

Audit Committee	Attendance (total allowance)	Rewards	Total
Khlood Abdulaziz Aldukheil	18,000	150,000	168,000
Vijay Kasibhatla	15,000	150,000	165,000
Mustafa Ahmed Abdel Latif	18,000	150,000	168,000
Total	51,000	450,000	501,000

Nomination and Remuneration Committee	Attendance (total allowance)	Rewards	Total
Adnan Hani Ghabris	12,000	150,000	162,000
Jesus Lamas Rios	9,000	150,000	159,000
Moataz Muhammad Mashoor	12,000	150,000	162,000
Total	33,000	450,000	483,000

Executive Committee	Attendance (total allowance)	Rewards	Total
Khalid Mohammad Nouh	15,000	150,000	165,000
Tarek Rizk	12,000	150,000	162,000
Waleed Abdullah Al-Mulhim	15,000	150,000	165,000
Jesus Lamas Rios	12,000	150,000	162,000
Samir Seth	15,000	150,000	165,000
Total	69,000	750,000	819,000

Health, Safety, Environment, and Sustainability Committee	Attendance (total allowance)	Rewards	Total
Michael Eric Mannering	15,000	150,000	165,000
Fahad Saleh Al Hadyani	15,000	150,000	165,000
Mario Pepe	9,000	129,041	138,041
Frank Larry	3,000	18,082	21,082
Total	42,000	447,123	489,123

Payment to 5 Senior Executives including Chief Executive Officer and Chief Financial Officer

Description	Rewards of the Top 5 Executives
Salaries and compensation	
Periodic and annual bonuses and incentive plan	ﷲ 11,811,703
Allowances	
Total	ﷲ 11,811,703

Relationship between the granted rewards and the rewards policy

There is no material deviation between the granted rewards and the applicable rewards policy.

A statement of any arrangements or agreements under which a member of the Company's Board of Directors or a Senior Executive has waived any rewards

There are no arrangements or agreements under which any member of the Board, members of the Board Committees or members of the Executive Management has waived any reward during the fiscal year ending on 31 December 2024.

A statement of any arrangements or agreements under which a shareholder of the Company has waived any rights to profits

There are no arrangements or agreements under which a shareholder of the Company has waived any rights to distribute profits during the fiscal year 2024.

A statement of what the Board Members received in their capacity as employees or administrators or what they received in return for technical, administrative, or consulting work

There are no financial amounts for the Board Members in their capacity as employees or administrators or what they received in return for technical, administrative, or consulting work.

Details of the policies related to remunerations and the mechanisms for determining them and the amounts and financial and in-kind benefits paid to each member of the Board of Directors in return for any executive, technical, administrative, or consulting work or positions

The Board Members may receive an additional remuneration for their positions as Senior Executives other than the remunerations they are entitled to as members of the Board of Directors. The Nominations and Remuneration Committee supervises the implementation of the Remuneration Policy, reviews its provisions periodically, and submits its recommendations regarding any amendments related to it to the Board of Directors. The remunerations shall be consistent and in line with the Company's objectives and strategy, and the size, nature, and degree of risks in the Company.

Description of Any Transaction Between the Company and a Related Party

The following is a summary of the contracts and transactions concluded with related parties, including those in which a member of the Board of Directors or a member of the Supreme or any of their relatives has a direct or indirect interest, in addition to information related to the business and contracts to which the Company is a party, and in which, or in which, there was an interest for one of the Company's Board Members or Senior Executives or any person related to any of them, to include the names of those concerned with the business or contracts, and the nature of such business or contracts and their conditions, and its duration and amount.

Counter Party to the Agreement	Name of the Directors who have Direct or Indirect Interest in Contracts	Amount of Transactions for the Year Ended 31 December 2024 in ﷲ	Letter Wordings
The Company (as the client) with Schlumberger Middle East S.A. (as the service provider)	Vijay Kasibhatla, as Director of Mergers and Acquisitions at Schlumberger N.V. (Schlumberger Limited), an affiliate of Schlumberger Middle East S.A.	5,938,596	The Master Secondment Agreement entered into between the Company and Schlumberger Middle East S.A. "Schlumberger", where Board Member, Vijay Kasibhatla has an indirect interest as an employee in Schlumberger Middle East S.A., given the value of this agreement amounts to ﷲ 5,938,596 in the financial year ended 31 December 2024.
The Company (as the client) with Schlumberger Middle East S.A. (as the service provider)	Vijay Kasibhatla, as Director of Mergers and Acquisitions at Schlumberger N.V. (Schlumberger Limited), an affiliate of Schlumberger Middle East S.A.	300,000	The transactions, on a purchase order basis, for supply of equipment and spare parts agreement entered into between the Company and Schlumberger Middle East S.A. "Schlumberger", where the Board Member, Vijay Kasibhatla has an indirect interest as an employee in Schlumberger Middle East S.A., given the value of this agreement amounts to ﷲ 300,000 in the financial year ended 31 December 2024.
The Company (as the customer) and Cameron Al Rushaid Co. Ltd. (as the supplier)	Jesus Lamas Rios, as President of the Well Construction Division, Schlumberger Technology Corporation, an affiliate of Cameron Al Rushaid Co. Ltd. Vijay Kasibhatla, as Director of Mergers and Acquisitions at Schlumberger N.V. (Schlumberger Limited), an affiliate of Cameron Al Rushaid Co. Ltd.	26,361,541	The transactions, on a purchase order basis, for supply of equipment and spare parts agreement entered into between the Company and Cameron Al Rushaid Co. Ltd., where Board Member, Vijay Kasibhatla, has an indirect interest as Director of Mergers and Acquisitions at Schlumberger N.V. (Schlumberger Limited), an affiliate of Cameron Al Rushaid Co. Ltd. and Jesus Lamas Rios, as President of the Well Construction Division, Schlumberger Technology Corporation, an affiliate of Cameron Al Rushaid Co. Ltd., given the value of this agreement amounts to ﷲ 26,361,541 in the financial year ended 31 December 2024.
The Company (as the customer) and SLB Kristiansand A.S. (as the supplier)	Vijay Kasibhatla, as Director of Mergers and Acquisitions at Schlumberger N.V. (Schlumberger Limited), an affiliate of SLB Kristiansand A.S.	422,155	The transactions, on a purchase order basis, for supply of equipment and spare parts agreement entered between the Company and SLB Kristiansand A.S., where Board Member, Vijay Kasibhatla, has an indirect interest as Director of Mergers and Acquisitions at Schlumberger N.V. (Schlumberger Limited), an affiliate of SLB Kristiansand A.S., given the value of this agreement amounts to ﷲ 422,155 in the financial year ended 31 December 2024.
The Company (as the service provider) with Schlumberger Middle East S.A. (as the customer)	Vijay Kasibhatla, as Director of Mergers and Acquisitions at Schlumberger N.V. (Schlumberger Limited), an affiliate of Schlumberger Middle East S.A.	593,189,967	The Contract for land Drilling Rig (Contract No. SLB-AD-201802 Rig AD41, 42, 43, 46, 55, 56, 59,64, 65, 66 and 67) entered into between the Company and Schlumberger Middle East S.A., where Board Member, Vijay Kasibhatla, has an indirect interest as Director of Mergers and Acquisitions at Schlumberger N.V. (Schlumberger Limited), an affiliate of Schlumberger Middle East S.A., given the value of this agreement amounts to ﷲ 593,189,967 in the financial year ended 31 December 2024.
The Company (as the service provider) and Dowell Schlumberger Saudi Arabia Ltd. (as the customer)	Vijay Kasibhatla, as Director of Mergers and Acquisitions at Schlumberger N.V. (Schlumberger Limited), an affiliate of Dowell Schlumberger Saudi Arabia Ltd.	26,739,681	The Contract for and Drilling Rig (Contract No. SLB-AD-201804 Rig AD57, 58, 62, 63 and 68) entered into between the Company and Dowell Schlumberger Saudi Arabia Ltd., where Board Member, Vijay Kasibhatla, has an indirect interest as Director of Mergers and Acquisitions at Schlumberger N.V. (Schlumberger Limited), an affiliate of Dowell Schlumberger Saudi Arabia Ltd., given the value of this agreement amounts to ﷲ 26,739,681 in the financial year ended 31 December 2024.
The Company (as the service provider) and Services Petroliers Schlumberger. (as the customer)	Vijay Kasibhatla, as Director of Mergers and Acquisitions at Schlumberger N.V. (Schlumberger Limited), an affiliate of Services Petroliers Schlumberger.	5,359,834	Funds received in financial year 2024 for Pre IPO Kuwait taxes and related fees.
The Company (as the customer) and Almansoori Petroleum Services (as the service provider)	Khalid Mohammad Nouh, as Chief Executive Officer of The Industrialization and Energy Services Company (TAQA). Samir Seth, as Executive Vice President of Corporate Finance and Planning of The Industrialization and Energy Services Company (TAQA)	9,555,240	Transactions, on a purchase order basis, for equipment inspection services and supply of equipment rental agreement entered into between the Company and Almansoori Petroleum Services, where Board Member, Khalid Mohammed Nouh, has an indirect interest as Chief Executive Officer of TAQA and Samir Seth, as Executive Vice President of Corporate Finance and Planning of TAQA, given the value of this agreement amounts to ﷲ 9,555,240 in the financial year ended 31 December 2024.

FINANCIAL PERFORMANCE AND SHARE ACTIVITIES

Comparison of Business Results

A summary in the form of a table or a graph of the Company's assets, liabilities, and business results in the last 5 financial years or since incorporation, whichever is shorter.

₹ '000s	2020 Audited	2021 Audited	2022 Audited	2023 Audited	2024 Audited
Property, plant and equipment	5,562,212	5,258,884	6,490,621	7,737,835	8,760,594
Intangible assets	11,132	5,518	-	-	50,611
Right-of-use assets	4,756	1,791	199,263	131,836	65,127
Long-term deposits	-	-	-	16,200	16,200
Mobilization cost	4,972	2,385	15,027	-	-
Derivative financial instrument	-	-	-	-	6,420
Total non-current assets	5,583,072	5,268,578	6,704,911	7,885,871	8,848,341
Inventories	157,930	143,329	172,541	279,741	308,671
Trade and other receivables	522,540	695,842	825,059	1,072,329	779,581
Income tax refundable	7,372	14,191	-	-	10,652
Mobilization cost	20,538	2,587	6,733	-	-
Derivative financial instrument	-	-	378	-	-
Short-term deposits	-	-	1,000,000	-	-
Cash and cash equivalents	639,521	411,621	832,025	1,435,421	581,807
Assets held for sale	11,037	7,793	12,402	13,111	5,789
Total current assets	1,358,938	1,275,363	2,849,138	2,800,603	1,686,500
Total assets	6,942,010	6,543,941	9,554,049	10,686,474	10,534,841
Share capital	22,580	22,580	890,000	890,000	890,000
Share premium	-	-	790,676	790,676	790,676
Additional paid-in capital	97,421	97,421	-	-	-
Statutory reserve	18,884	18,884	267,000	267,000	267,000
Cash flow hedge reserve	(15,133)	(4,441)	-	-	6,420
Retained earnings	3,788,415	4,057,325	3,642,149	4,013,746	3,984,089
Total equity	3,912,167	4,191,769	5,589,825	5,961,421	5,938,185
Long-term borrowings	1,377,434	835,618	2,481,139	2,885,626	2,672,513
Lease liabilities	1,810	-	136,014	67,892	4,114
Employee benefit obligations	252,653	250,966	273,216	304,407	326,804
Mobilization revenue	14,424	5,965	115,614	211,516	112,889
Deferred tax liability	178,227	207,377	148,799	164,135	184,297
Trade payables	38,381	15,190	-	-	-
Total non-current liabilities	1,878,062	1,319,557	3,154,782	3,633,576	3,300,618
Trade and other payables	462,537	456,551	584,811	729,393	878,013
Current portion of long-term Murabaha borrowings	639,623	545,473	46,460	168,470	282,428
Current portion of lease liabilities	3,029	1,847	63,806	67,168	63,778
Mobilization revenue	36,539	8,459	60,217	94,314	66,140
Provision for zakat and income tax	10,053	20,287	54,148	32,132	5,678
Total current liabilities	1,151,781	1,032,617	809,442	1,091,477	1,296,038
Total liabilities	3,029,843	2,352,452	3,964,224	4,725,052	4,596,656
Total equity and liabilities	6,942,010	6,543,941	9,554,049	10,686,474	10,534,841

Geographical Analysis of Company and Subsidiary Revenues (million)

Geographical Analysis of the Total Revenues of the Company and its Subsidiaries		
Province	Total Revenues	Percentage
Central	-	-
Eastern	3,619	100%
Western	-	-
Main accounts	-	-
Total	3,619	100%

Material Differences in Operating Results Compared to Last Year's Results or the Company's Announced Forecasts

	2024	2023
Revenue	3,618,818	3,476,524
Cost of revenues	(2,858,918)	(2,500,620)
Gross profit	759,900	975,904
Expected credit loss allowance	(1,156)	(620)
General and administrative expenses	(204,595)	(181,120)
Other operating income – net	11,484	7,069
Operating profit	565,533	801,233
Financial costs	(229,127)	(160,882)
Financial income	21,614	47,596
Financial costs - net	(207,513)	(113,286)
Profit before zakat and income tax	358,020	687,947
Zakat expense	(4,974)	(28,273)
Income tax expense	(31,681)	(55,060)
	(37,582)	(83,333)
Profit for the year	321,365	604,614
Other comprehensive income		
<i>Item that may be reclassified to profit or loss</i>		
Change in fair value of cash flow hedge	6,420	-
<i>Item that will not be reclassified to profit or loss</i>		
Remeasurements of employee benefit obligations	(6,652)	(8,425)
Impact of deferred tax	456	578
	(6,196)	(7,847)
Share in OCI for the year of a subsidiary	-	-
Other comprehensive income / (loss) for the year	224	(7,847)
Total comprehensive income for the year	321,589	596,767

CAPITAL, INVESTMENTS, AND EMPLOYEE RESERVES

Differences from the Accounting Standards Issued by the Saudi Organization for Certified Public Accountants (SOCPA)

As stated in the external Auditor's report, Arabian Drilling's consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS), rather than the standards endorsed in the Kingdom of Saudi Arabia. Accordingly, Arabian Drilling affirms that there is no material difference or financial impact for preparing the same according to IFRS rather than the standards issued by the Saudi Organization for Certified Public Accountants (SOCPA).

Share and Debt Instruments Activities

For the period ended on 31 December 2024, there are debt instruments issued by the Company.

(SAR '000s)	2024	2023
Murabaha borrowings	899,984,900	999,984,900
Sukuk	2,000,000,000	2,000,000,000
Add: accrued finance costs	64,780,863	68,469,771
	2,964,765,763	3,068,454,671
Less: unamortized transaction cost	(9,824,594)	(14,359,022)
	2,954,941,169	3,054,095,649
Long-term borrowings are presented as follows:		
Current maturity under current liabilities	282,427,922	168,469,771
Non-current portion	2,672,513,247	2,885,625,878
	2,954,941,169	3,054,095,649

As of 31 December 2024, the Company's gross debt position is SAR 3,023 million, including lease liabilities, which included SAR 2,968 million of principal amounts due and SAR 55 million of accrued interest costs, net of unamortized transaction costs. The SAR 2,668 million of principal due is detailed as below:

Elements	Principal (SAR million)	Name Lender	Repaid During the Year (SAR million)	Term	Outstanding Amount (SAR million)	Other Info
Sukuk	2,000	Private Placement	-	5 Years	2,000	Bullet payment due in February 2027
Bank loan	500	SNB	100	5 Years	400	Quarterly repayment
Bank loan	500	BSF	-	5 Years	500	No repayment in 2024 as 1-year grace period
Lease liabilities	N/A	Various	67	3 Years	68	Mainly relates to the charter lease for 2 offshore rigs

At the moment, the Company does not own any Treasury shares.

Share Capital, Share Premium, and Additional Paid-In Capital

As at 31 December 2024, the share capital of the Company comprised of 89,000,000 shares at a nominal value of SAR 10 per share (31 December 2023: 89,000,000 shares at a nominal value of SAR 10 per share).

A statement of the amount of statutory payments paid and those due for the payment of any Zakat, taxes, fees, or other outstanding obligations that have not been settled by the end of the financial year, along with a brief description and an explanation of the reasons for non-payment.

Item	2024		Remarks
	Paid	Current Year Charge Not Paid	
Zakat	26,418,579	5,693,809	Regulatory requirement. FY 2024 charge will be paid in April 2025
Tax	25,378,302	9,653,664	Regulatory requirement. FY 2024 charge will be paid in April 2025
GOSI	86,436,602	324,210	Regulatory requirement. Charge for December 2024 was paid in January 2025
Visa, passport, and labor fees	22,095,404	-	Regulatory requirement

Statement of the Value of Any Investments or Reserves Created for the Benefit of the Company's Employees

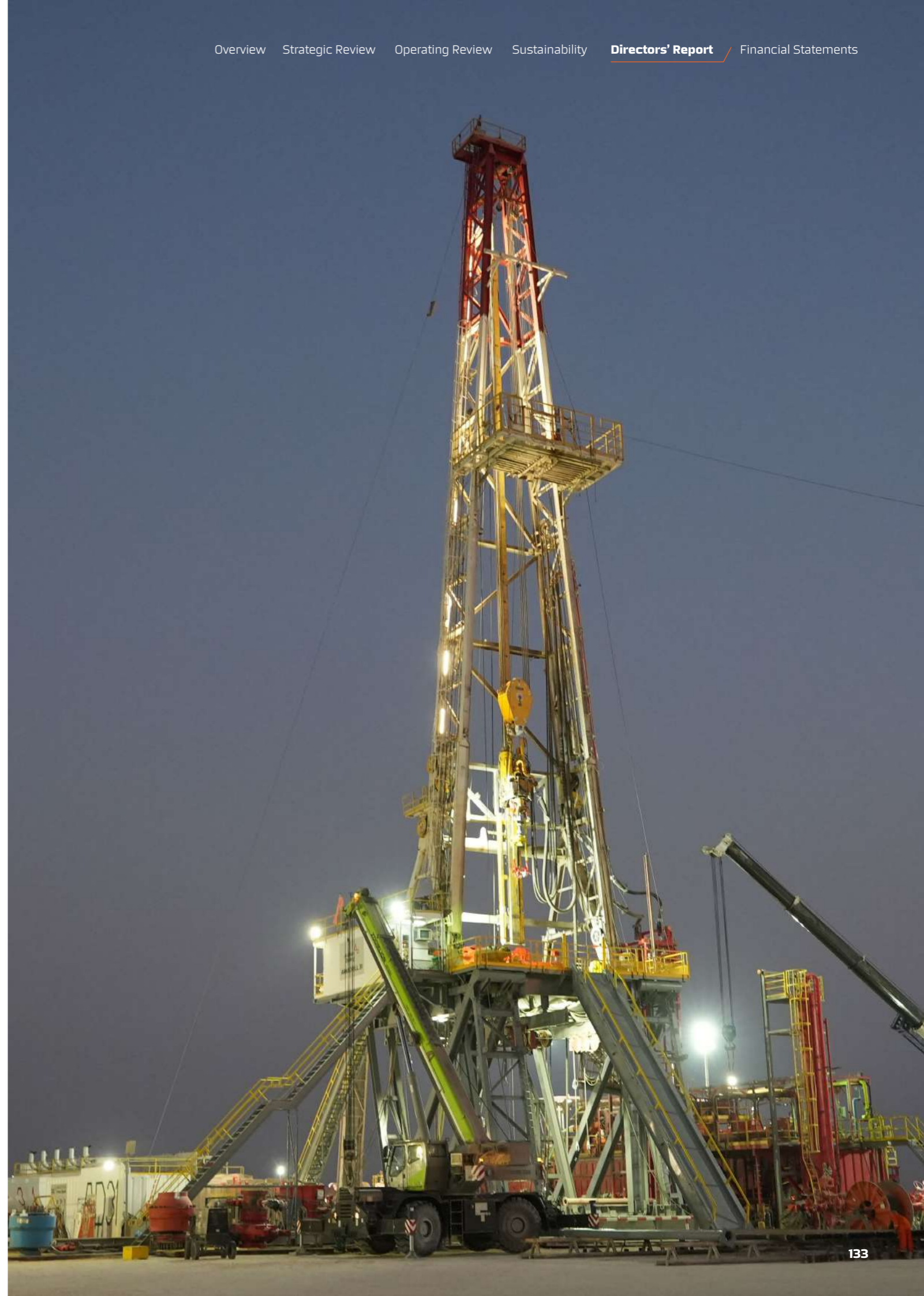
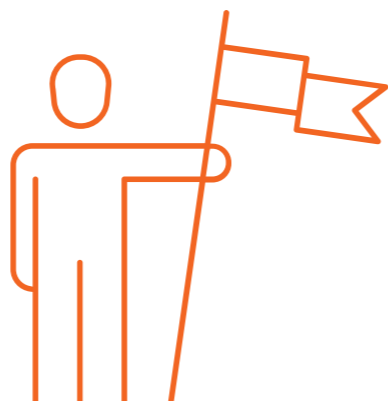
The Company does not have any employee savings schemes.



DECLARATIONS OF THE BOARD OF DIRECTORS

The Board of Directors declares the following:

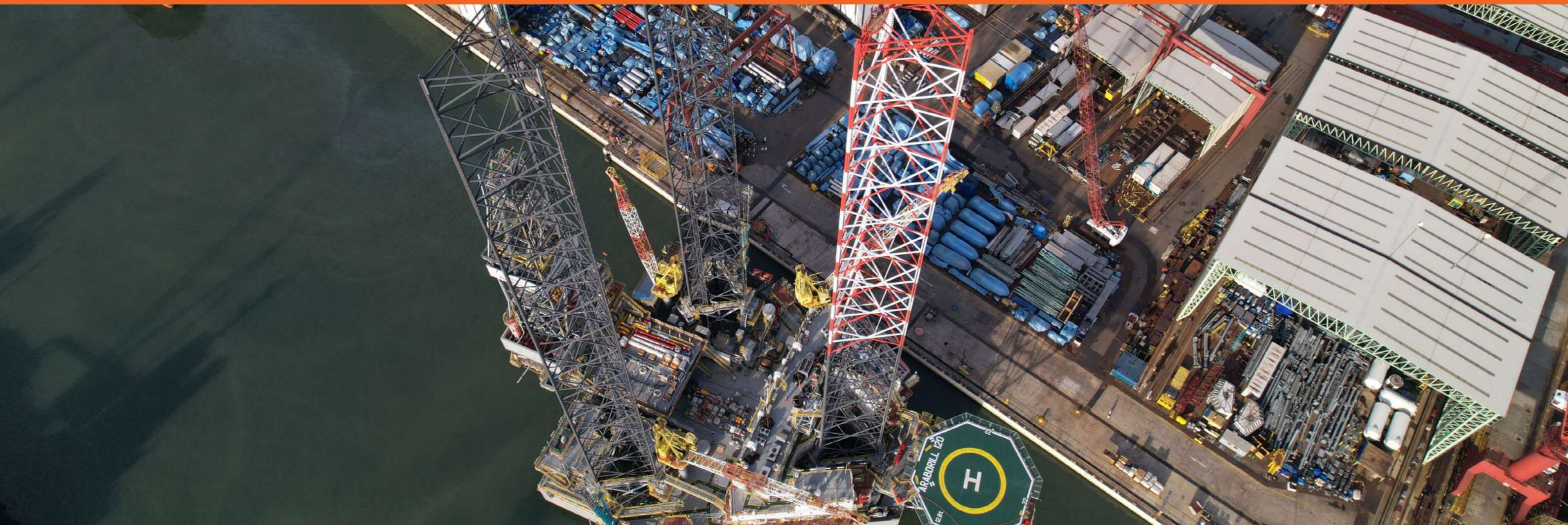
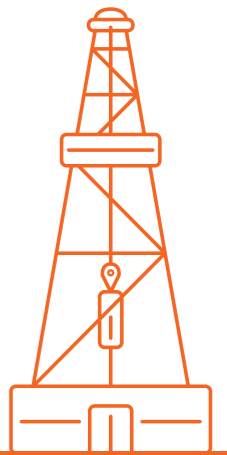
1. The account records have been properly prepared.
2. The control system was prepared on sound foundations and implemented effectively.
3. There is no significant doubt about the Company's ability to continue its activities.
4. There is no conflict between any recommendations of the Audit Committee and the decisions of the Board of Directors, and there are no recommendations of the Audit Committee that the Board refused to consider regarding the appointment and dismissal of the Company's auditor, determining their fees, evaluating their performance, or appointing the internal Auditor.
5. There are no notes in the Auditor's report that include reservations on the annual financial statements.
6. There is no penalty, fine, or precautionary legal restrictions imposed on any of the members of the Board of Directors from any judicial, supervisory, or regulatory authority in relation to the Company.
7. There are major shareholders in the Company, namely The Industrialization and Energy Services Company (TAQA), which owns 35.7% of the Company's shares, and Schlumberger, which owns 34.3% of the Company's shares.
8. The Auditor's report does not include reservations regarding the annual financial statements.



FINANCIAL STATEMENTS

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Arabian Drilling's 2024 financial performance reflects our ability to adapt, innovate, and thrive in a dynamic market. Backed by disciplined financial management and strategic investments, we continue to create sustainable value for our stakeholders.



INDEPENDENT AUDITOR'S REPORT

to the shareholders of Arabian Drilling Company

Report on the audit of the consolidated financial statements

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Arabian Drilling Company (the "Company") and its subsidiary (together the "Group") as at 31 December 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards, that are endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2024;
- the consolidated statement of profit or loss and other comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing, that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards), endorsed in the Kingdom of Saudi Arabia (the "Code"), that is relevant to our audit of the consolidated financial statements and we have fulfilled our other ethical responsibilities in accordance with the Code's requirements.

Our audit approach

Overview

Key Audit Matter

Impairment assessment of property, plant and equipment and right-of-use assets

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the Key audit matter
<p>Impairment assessment of property, plant and equipment and right-of-use assets</p> <p>As at 31 December 2024, the Group has property, plant and equipment and right-of-use assets with carrying amounts of ₪ 8.7 billion and ₪ 65.1 million, respectively, (collectively referred to as "non-current assets").</p> <p>At each reporting date, management assesses whether there are any events or changes in circumstances ("impairment indicators") which may indicate that the carrying amount of the non-current assets may not be recoverable. If any impairment indicators are identified, management performs a detailed impairment assessment. This entails (i) identifying cash generating units (CGUs) where a CGU is the smallest group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets; and (ii) calculating the recoverable amounts of the CGUs and comparing them against their carrying amounts. Management concluded that each rig constitutes a single CGU.</p> <p>During 2024, impairment indicators were identified by management with respect to certain rigs and accordingly, management performed a detailed impairment assessment for such rigs. In determining the recoverable amount of these CGUs, management estimated, based on applicable circumstances, the value-in-use or fair value less cost to sell of the CGUs, based on the business plans as approved by the Company's Board of Directors which reflect management's view of the external market conditions and certain key internal variables including the estimation of appropriate growth and discount rates.</p> <p>Management has concluded that the recoverable amounts of two CGUs tested for impairment, were lower than their carrying amounts, and accordingly, an impairment loss of ₪ 105.0 million was recorded during the year ended 31 December 2024.</p> <p>Management has concluded that the recoverable amounts of the other CGUs tested for impairment, were higher than their carrying amounts, and accordingly, there was no impairment loss on such CGUs as at 31 December 2024.</p> <p>We considered this as a key audit matter as the assessment of the recoverable amounts of the CGUs requires estimation primarily around future economic and market conditions mainly relating to the timing of resumption of suspended and terminated drilling contracts, growth and discount rates.</p> <p>Refer to Note 3.12 to the consolidated financial statements for the accounting policy relating to the impairment of non-financial assets, Note 2.2 for the disclosure of critical accounting judgments and estimates and Notes 4.1 and 4.2 for the disclosure of matters related to impairment considerations of the CGUs.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> • Evaluated the design and implementation of key manual controls over the impairment assessment process comprising of identification of the CGUs, identification of impairment indicators and estimation of the CGUs' recoverable amounts. • Assessed management's identification of impairment indicators, including the conclusions reached. • Evaluated the reasonableness of management's assumptions and estimates used to determine the recoverable amounts of the CGUs where impairment indicators have been identified. This included: <ol style="list-style-type: none"> i. Assessing the appropriateness of the methodology used by management to estimate the value-in-use or fair value less cost to sell of the CGUs; ii. For value-in-use, checking the accuracy and appropriateness of the input data used by management in the discounted cash flow model by tracing to supporting documentation, such as the approved business plans. We tested the reasonableness of the business plans by, for example, comparing them to historical results; iii. For fair value less cost to sell, checked and benchmarked the fair values against historical sales proceeds and quotations received for similar rigs; iv. Engaging our internal valuation experts to assess the reasonableness of discount rate used in the discounted cash flow model; and v. Testing the mathematical accuracy of the underlying calculations used in the discounted cash flow model. • Assessing the potential impact of a range of possible outcomes by performing sensitivity analyses over key assumptions in the discounted cash flow model. • Assessing the adequacy and appropriateness of the related disclosures in the accompanying consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT (continued)

to the shareholders of Arabian Drilling Company

Other information

The directors are responsible for the other information. The other information comprises the Group's 2024 Annual Report but does not include the consolidated financial statements and our auditor's report thereon, which is expected to be made available to us after the date of this auditor's report.

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

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

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

Responsibilities of management and those charged with governance for the consolidated financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, and the applicable requirements of the Regulations for Companies and the Company's By-laws, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, i.e. the Board of Directors, are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

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

As part of an audit in accordance with International Standards on Auditing, that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

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

PricewaterhouseCoopers


Omar M. Al Sagga
License Number 369
11 March 2025

ARABIAN DRILLING COMPANY (A SAUDI JOINT STOCK COMPANY)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(All amounts in Saudi Riyals unless otherwise stated)

	Note	As at 31 December	
		2024	2023
ASSETS			
Non-current assets			
Property, plant and equipment	4	8,709,983,089	7,737,834,883
Intangible asset	5	50,611,327	-
Long-term deposits		16,200,000	16,200,000
Right-of-use assets	6.1	65,126,615	131,835,643
Derivative financial instrument	24.1	6,419,826	-
Total non-current assets		8,848,340,857	7,885,870,526
Current assets			
Inventories	7	308,671,459	279,741,430
Trade and other receivables	8	779,580,932	1,072,329,381
Income tax refundable	20	10,651,614	-
Cash and cash equivalents	9	581,806,531	1,435,421,469
		1,680,710,536	2,787,492,280
Assets held for sale	10	5,789,201	13,111,001
Total current assets		1,686,499,737	2,800,603,281
Total assets		10,534,840,594	10,686,473,807
EQUITY AND LIABILITIES			
Equity			
Share capital	11	890,000,000	890,000,000
Share premium		790,675,825	790,675,825
Statutory reserve	12	267,000,000	267,000,000
Cash flow hedge reserve		6,419,826	-
Retained earnings		3,984,089,284	4,013,745,577
Total equity		5,938,184,935	5,961,421,402
Liabilities			
Non-current liabilities			
Long-term borrowings	13	2,672,513,247	2,885,625,878
Lease liabilities	6.2	4,114,021	67,892,228
Employees' benefit obligations	14	326,804,258	304,407,017
Mobilization revenue	16.2	112,889,224	211,515,566
Deferred tax liabilities	20	184,297,340	164,134,909
Total non-current liabilities		3,300,618,090	3,633,575,598
Current liabilities			
Trade and other payables	15	878,012,947	729,393,485
Current portion of long-term borrowings	13	282,427,922	168,469,771
Current portion of lease liabilities	6.2	63,778,335	67,167,866
Mobilization revenue	16.2	66,140,447	94,313,916
Provision for zakat and income tax	20	5,677,918	32,131,769
Total current liabilities		1,296,037,569	1,091,476,807
Total liabilities		4,596,655,659	4,725,052,405
Total equity and liabilities		10,534,840,594	10,686,473,807



Khalid Nouh
(Chairman)



Ghassan Mirdad
(Chief Executive Officer)



Hubert Lafeuille
(Chief Financial Officer)


The accompanying notes 1 through 28 form an integral part of these consolidated financial statements.

ARABIAN DRILLING COMPANY (A SAUDI JOINT STOCK COMPANY)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(All amounts in Saudi Riyals unless otherwise stated)

	Note	For the year ended 31 December	
		2024	2023
Revenue	16	3,618,817,503	3,476,523,864
Cost of revenue	17	(2,858,917,817)	(2,500,619,916)
Gross profit		759,899,686	975,903,948
Expected credit loss allowance		(1,155,730)	(619,603)
General and administrative expenses	18	(204,694,843)	(181,119,645)
Other operating income – net		11,483,783	7,068,550
		565,532,896	801,233,250
Finance cost	19	(229,126,894)	(160,882,330)
Finance income		21,613,634	47,596,014
Finance cost – net		(207,513,260)	(113,286,316)
Profit before zakat and income tax		358,019,636	687,946,934
Zakat expense	20	(4,973,767)	(28,273,103)
Income tax expense	20	(31,681,132)	(55,059,898)
Profit for the year		321,364,737	604,613,933
Other comprehensive income			
Items that may be reclassified to profit or loss			
Change in fair value of cash flow hedge	24.1	6,419,826	-
Items that will not be reclassified to profit or loss			
Remeasurements of employee benefit obligations	14	(6,652,271)	(8,425,079)
Impact of deferred tax	20	456,346	577,960
		(6,195,925)	(7,847,119)
Other comprehensive income / (loss) for the year		223,901	(7,847,119)
Total comprehensive income for the year		321,588,638	596,766,814
Earnings per share (ﷲ)			
Basic and diluted	22	3.61	6.79



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ARABIAN DRILLING COMPANY (A SAUDI JOINT STOCK COMPANY)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(All amounts in Saudi Riyals unless otherwise stated)

	Share capital	Share premium	Statutory reserve	Cash flow hedge reserve	Retained earnings	Total
As at 1 January 2023	890,000,000	790,675,825	267,000,000	-	3,642,148,763	5,589,824,588
Profit for the year	-	-	-	-	604,613,933	604,613,933
Other comprehensive loss for the year	-	-	-	-	(7,847,119)	(7,847,119)
Total comprehensive income for the year	-	-	-	-	596,766,814	596,766,814
Dividends (Note 26)	-	-	-	-	(225,170,000)	(225,170,000)
As at 31 December 2023	890,000,000	790,675,825	267,000,000	-	4,013,745,577	5,961,421,402
As at 1 January 2024	890,000,000	790,675,825	267,000,000	-	4,013,745,577	5,961,421,402
Profit for the year	-	-	-	-	321,364,737	321,364,737
Other comprehensive income for the year	-	-	-	6,419,826	(6,195,925)	223,901
Total comprehensive income for the year	-	-	-	6,419,826	315,168,812	321,588,638
Dividends (Note 26)	-	-	-	-	(344,825,105)	(344,825,105)
As at 31 December 2024	890,000,000	790,675,825	267,000,000	6,419,826	3,984,089,284	5,938,184,935

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ARABIAN DRILLING COMPANY (A SAUDI JOINT STOCK COMPANY)

CONSOLIDATED STATEMENT OF CASH FLOWS

(All amounts in Saudi Riyals unless otherwise stated)

	Note	For the year ended 31 December	
		2024	2023
Cash flows from operating activities			
Profit before zakat and income tax		358,019,636	687,946,934
Adjustment for:			
Depreciation on property, plant and equipment	4	770,875,896	617,542,414
Depreciation on right-of-use assets	6.1	66,709,028	66,527,995
Impairment of property, plant and equipment	4.2	105,000,000	-
Provision for obsolete, slow moving and damaged inventories	7	2,071,414	6,141,960
Expected credit loss allowance		1,155,730	619,603
(Reversal) / impairment on assets held for sale		(3,791,407)	8,272,443
Provision for employee benefit obligations	14	47,800,608	44,062,210
Loss on disposal of non-current assets held for sale		-	6,135,271
Amortization of mobilization cost	17.1	31,847,652	16,311,937
Amortization of mobilization revenue	16.2	(146,714,147)	(85,661,234)
Finance cost	19	229,126,894	160,882,330
Finance income		(21,613,634)	(47,596,014)
		1,440,487,670	1,481,185,849
Changes in working capital			
Inventories		(31,001,443)	(113,342,547)
Trade and other receivables		288,624,808	(267,153,042)
Trade and other payables		148,619,462	145,152,473
Mobilization cost paid	17.1	(72,932,691)	(56,407,748)
Mobilization revenue received, net	16.2	60,999,375	277,515,100
Cash generated from operations		1,834,797,181	1,466,950,085
Zakat and income tax paid	20	(53,141,586)	(85,567,091)
Employees' benefit obligation paid	14	(32,055,638)	(21,296,312)
Net cash generated from operating activities		1,749,599,957	1,360,086,682
Cash flows from investing activities			
Additions to property, plant and equipment	4	(1,859,694,479)	(1,846,746,772)
Additions to intangible asset		(50,611,327)	-
Proceeds from disposal of assets held for sale		22,783,585	4,454,679
Redemption of short-term deposits		-	1,000,000,000
Finance income received		23,911,667	53,040,775
Net cash used in investing activities		(1,863,610,554)	(789,251,318)
Cash flows from financing activities			
Proceeds from long-term borrowings	13	-	499,984,900
Repayment of long-term borrowings	13	(100,000,000)	-
Principal element of lease payments	6.2	(67,167,738)	(64,760,335)
Finance cost paid		(227,611,498)	(177,500,645)
Dividends paid	26	(344,825,105)	(225,162,529)
Net cash (used in) / generated from financing activities		(739,604,341)	32,561,391
Net change in cash and cash equivalents		(853,614,938)	603,396,755
Cash and cash equivalents at the beginning of the year		1,435,421,469	832,024,714
Cash and cash equivalents at the end of the year	9	581,806,531	1,435,421,469
Significant non-cash transactions			
Transfers from property, plant and equipment to assets held for sale	4	11,670,377	19,571,214
Borrowing cost capitalized during the year	4	-	37,580,760
Accruals against liquidated damages	16.2	61,813,125	-

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ARABIAN DRILLING COMPANY (A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 for the Year ended 31 December 2024 (continued)
 (All amounts in Saudi Riyals unless otherwise stated)

1. General information

Arabian Drilling Company (the "Company" or "ADC") and its wholly owned subsidiary, Ofsat Arabia LLC ("Ofsat"), collectively the "Group" are principally engaged in the drilling of oil and natural gas wells, operations, maintenance and hauling of rigs and related activities.

During the year the Group established a branch in the Kingdom of Saudi Arabia operating under commercial registration number 2051026089.

The Company is a Saudi Joint Stock Company licensed under foreign investment license number 2031047241 issued by the Ministry of Investment on 18 Dhu-al-Hijja 1424H (corresponding to 13 December 2003) and operating under commercial registration number 2051026089 issued in Dammam on 3 Safar 1423H (corresponding to 16 April 2002). The registered address of the Company is P.O. Box 4110, Al-Khobar 31952, Kingdom of Saudi Arabia.

The accompanying consolidated financial information includes the financial information of the Company and its wholly owned subsidiary, Ofsat. Ofsat is a limited liability company incorporated in the Kingdom of Saudi Arabia.

Shareholders and their ownership in the Company are as follows:

	Number of shares	Ownership (%)	Nominal Value
Industrialization and Energy Services Company (TAQA)	31,773,000	35.7%	317,730,000
Services Pétroliers Schlumberger S.A. (SPS)	30,527,000	34.3%	305,270,000
Free float	26,700,000	30.0%	267,000,000
Total	89,000,000	100.0%	890,000,000

2. Basis of preparation and use of judgements and estimates

2.1 Basis of preparation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization of Chartered and Professional Accountants (SOCPA). Details of the Company's material accounting policies are included in Note 3.

The consolidated financial statements have been prepared on the historical cost basis except where IFRS, that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, require another measurement basis as disclosed in the applicable accounting policies in Note 3 – Material accounting policy information.

2.2 Use of judgements and estimates

In preparing these consolidated financial statements, management has made judgments and estimates that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively. Information about judgements made in applying accounting policies that have the most significant effects on the amount recognized in the consolidated financial statements are disclosed below:

Critical judgements in applying accounting standards

(a) Leases

The Group management uses the below estimate to determine the lease where the Group acts:

As a lessee

- lease term whether the Group is reasonably certain to exercise the extension options

The Group leases warehouses, vehicles, rigs and related equipment. The leases have an option to renew the lease contracts upon expiry. Where practicable, the Company includes the extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant change in the circumstances within its control. The lease payments are discounted using the Group's incremental borrowing rate ("IBR"). Management has applied judgments and estimates to determine the IBR at the commencement of the lease.

During 2022, the Group entered into a lease contract for two offshore rigs which were subsequently deployed on drilling contracts with customers. The lease contract is for a committed period of three years, which is consistent with the related drilling contracts with the customers, and includes an extension option for additional one year, exercisable at the Group's discretion. Due to the volatile nature of the offshore market, management believes that the extension of the underlying drilling contracts with the customers is not reasonably certain and accordingly has not considered the extension options when recording the related lease liabilities and right-of-use assets.

Estimates and assumptions

(a) Employees' benefit obligations

Employees' benefits obligations represent obligations that will be settled in the future and require assumptions to project these obligations. IAS 19 requires management to make further assumptions regarding variables such as discount rates, rate of compensation increases, mortality rates, employment turnover and future healthcare costs. The Group's management uses an external actuary for performing this calculation. Changes in key assumptions can have a significant impact on the projected benefit obligation and/or periodic employees' benefits costs incurred, refer note 14.5.

(b) Depreciation of property, plant and equipment

The Group's management determines the estimated useful lives of property, plant and equipment and intangible assets for calculating depreciation and amortization respectively. This estimate is determined after considering expected usage of the assets and physical wear and tear. The management at least annually reviews the estimated useful lives and the depreciation and amortization method to ensure that the method and periods of depreciation and amortization are consistent with the expected pattern of economic benefit of the assets.

The residual value of the asset represents the estimated amount that the entity will receive from the disposal of the asset less the estimated disposal costs, if the asset is indeed of age and in the condition it is expected to be in at the end of its useful life.

ARABIAN DRILLING COMPANY (A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 for the Year ended 31 December 2024 (continued)
 (All amounts in Saudi Riyals unless otherwise stated)

The management reconsiders the residual value of the asset at least at the end of each financial year, and if expectations differ from previous estimates, this is treated as a change in accounting estimate, in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates, and Errors".

At year end, if the useful life increased / decreased by 10% against the current useful life with all other variables held constant, profit for the year would have been ₪ 77.1 million higher or lower, respectively. At year end, if the residual values increased / decreased by 10% against the current residual values with all other variables held constant, profit for the year would have been ₪ 0.4 million higher / lower, respectively.

(c) Impairment of property, plant and equipment and right-of-use assets

Management, in accordance with the accounting policy stated in 3.11.2, tests assets or CGUs for impairment whenever impairment indicators exist. Among others, the events or changes in circumstances which could indicate that an asset or CGU may be impaired mainly include the following:

- A significant decrease in the market prices of services rendered by the Group; and
- A significant change in the extent or manner in which an asset is being used or in its physical condition including a significant decrease in current and projected future cash inflows.

Management determines the recoverable amount of the assets based on value-in-use calculations or, based on applicable circumstance, fair value less cost to sell. The value-in-use calculations require the use of estimates in relation to the future cash flows and use of an appropriate discount rate applicable to the circumstances of the Group. Fair value less cost to sell is determined based on quotations received from market participants for sale of assets or CGUs being tested for impairment or other similar assets.

Future events could cause the estimates used in these value-in-use calculations or fair value less cost to sell to change adversely with a consequent effect on the future results of the Group. Management has performed a sensitivity analysis around the estimates. For details on the key assumptions and sensitivities, refer note 4.1.

(d) Provision for impairment of obsolete, slow moving and damaged inventories

Inventory is stated at cost or net realizable value, whichever is lower. The amount of write-off and any reduction in inventory to the net realizable value and inventory losses is recognized as an expense in the same period in which the write-off or expense occurred. A provision (if necessary) is made for obsolete, slow moving and damaged inventories in accordance with the Group's policy.

The Group re-assesses the provision for slow-moving inventories in each subsequent period in accordance with the Group's policy. Provision for slow-moving inventories is made considering various factors including age of the inventory items, historic usage and expected utilization in future.

At the year end, if the provisioning rates increased / decreased by 5% against the current provisioning rates, with all other variables held constant, profit for the year would have been ₪ 1.5 million lower or higher, respectively.

3. Material accounting policy information

The material accounting policies applied in the preparation of consolidated financial statements of the Group are set out below. These policies have been consistently applied to all years presented.

3.1 Basis of consolidation

(a) Subsidiary

These consolidated financial statements comprise the financial statements of the Company and its subsidiary. Subsidiary financial statements reporting period and accounting framework is aligned with the Company's reporting period and accounting framework. A subsidiary is an entity over which the Group has control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

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

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

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

Non-controlling interests are measured by their proportionate share of the identifiable net assets of the acquiree at the date of acquisition.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed-off during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the parent of the Group and to the non-controlling interests, if any. When necessary, adjustments are made to the financial statements of the subsidiary to bring its accounting policies in line with the Group's accounting policies.

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

- Derecognizes the assets and liabilities of the subsidiary;
- Recognizes the fair value of the consideration received;
- Recognizes the fair value of any investment retained;
- Recognizes any surplus or deficit in profit or loss; and

Reclassifies the parent's share of component previously recognized in other comprehensive income to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

ARABIAN DRILLING COMPANY (A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 for the Year ended 31 December 2024 (continued)
 (All amounts in Saudi Riyals unless otherwise stated)

(b) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing these consolidated financial statements. Unrealized losses, if any, are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

(c) Loss of control

When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognized in consolidated statement profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

3.2 Revenue

Revenue is measured at the fair value of the consideration received or receivable in the ordinary course of the Group's activities. Revenue from performance of services is recognized in the accounting period in which the services are rendered. The Group has concluded that it is the principal in its revenue arrangement since it is the prime obligor and is exposed to credit risk.

The Group recognizes revenue based on a five-step model as set out in IFRS 15.

IFRS 15 requires that revenue is recognized from contracts with customers based on the following five step model as follows:

- Identification of contracts with customer;
- Identification of performance obligations in the contract;
- Determination of transaction price;
- Allocation of transaction price to performance obligations in the contract; and
- Recognition of revenue when the Company satisfies the performance obligation.

The Group has following revenue streams:

(a) Drilling revenue

Revenue against drilling services is recorded over time as the customers simultaneously receive and consume the related benefit, using the output method where the customers sign the service entry sheet for the month as acknowledgement of the receipt of services. The services are billed to the customers based on the day rate specified in the contract upon acknowledgement of the receipt of services.

The Group does not expect to have any contracts where the period between the transfer of the promised services to the customer and payment by the customer exceeds one year except for contractual retentions in certain cases, and accordingly, the transaction prices are not adjusted for the time value of money. As per the contracts with the customers, there is no financing, non-cash consideration and consideration payable to customers involved in the transaction price.

Revenue from drilling activities was recognized in accordance with the rates agreed under the terms of the drilling contracts, which include approximately equal service and lease components.

The Company allocates the transaction price, based on stand-alone selling prices, related to its drilling revenue which contain both leasing and service elements. Revenue from such leasing arrangements is recorded in the consolidated statement of profit or loss and other comprehensive income on a straight-line basis over the period of the respective lease.

(b) Rig move revenue

The Group provides services to the customer relating to relocation of rigs on the customer's instructions. Revenue against such services is recorded over time as the customer simultaneously receives and consumes the related benefit, using the output method where the customer signs the service entry sheet for the month as acknowledgement of the receipt of services. Revenue is recognized upon completion of underlying performance obligation and customers' acknowledgement of the receipt of services.

(c) Mobilization revenue and costs

Mobilization revenue represents fees for initial mobilization of rigs. These activities do not constitute delivery of a separate service to the customers but are necessary to fulfill the drilling services mentioned above.

Accordingly, mobilization revenues are recognized as contract liabilities and are amortized over the term of the respective contracts with customers for drilling services.

Mobilization costs represents costs incurred for initial mobilization of rigs. Such costs are recognized as contract assets and are amortized over the term of the respective contracts with customers for drilling services.

(d) Catering and other revenue

The Group provides catering services and sub-contracts its manpower to its customers based on pre-agreed unit rates. Revenue against such services is recorded over time, as the customer simultaneously receives and consumes the related benefit, using the output method where the customer signs the time sheet for the month as acknowledgement of the receipt of services. Revenue is recognized upon customers' acknowledgement of the receipt of services.

3.3 Foreign currencies

(a) Functional and presentation currency

Items included in the consolidated financial statements of the Group are measured using the currency of the primary economic environment in which the Group operates ("functional currency"). The Group's cash flows, financing and transactions occur in more than one currency. Since a significant portion of revenue and capital expenditure is denominated in USD, management believes that USD is the currency with the most influence over the Group's operations. Accordingly, USD is considered to be the functional currency of the Group.

Management has elected to prepare these consolidated financial statements in Saudi Riyals which is the Group's presentation currency and believes that there is no translation impact on these consolidated financial statements since Saudi Riyal is pegged to USD.

(b) Transactions and balances

The USD is the functional currency of the Company and its subsidiary, other major transactions of the Company and its subsidiary are in Saudi Riyals which is pegged to USD. All other foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on translation of monetary items are recognized in the consolidated statement of profit or loss and other comprehensive income. Non-monetary items that are measured at historical cost in a foreign currency are translated using the spot exchange rates at the dates of the initial transactions.

Foreign exchange differences resulting from the translation of cash flow hedges are recognized to the extent that the hedge is effective in the consolidated statement of profit or loss and other comprehensive income.

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3.4 Current vs non-current classification

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

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

The Group classifies all other assets as non-current.

A liability is current when:

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

The Group classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

3.5 Finance income and finance costs

The Group's finance income and finance costs includes the following:

- interest income,
- interest expenses,
- the foreign currency gain or loss on financial assets and financial liabilities, and
- hedge ineffectiveness recognized in the consolidated statement of profit or loss and other comprehensive income.

The interest income or expense is recognized using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instruments to:

- the gross carrying amount of the financial assets or
- the amortized cost of the financial liability.

In calculating interest income and expenses, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortized cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

3.6 Zakat and income taxes

In accordance with the regulations of the ZATCA, the Group is subject to zakat and income tax to the extent attributable to the effective Saudi and foreign shareholding respectively within the Group. Provision for zakat and income tax is charged to profit or loss for the year. Additional amounts, if any, are accounted for when determined to be required for payment.

Zakat

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

Income tax

Income tax expense comprises of current and deferred tax. Expenses are charged to the consolidated statement of profit or loss and other comprehensive income except to that it relates to a business combination, or items recognized directly in equity or other comprehensive income.

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the taxable payable or receivable in respect of the previous years. The amount of the current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax assets and liabilities are allowed to offset only if certain criteria are met.

All shares in the Saudi-resident companies held directly or indirectly by Saudi Arabian Oil Company ("Saudi Aramco") are subject to the Saudi Arabian Income Tax Law of 2004. However, article 2(a) of the income tax law, provides an exemption from the above requirement to the Companies listed in KSA. Hence indirect shareholding of Saudi Aramco is not subject to income tax.

Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Temporary differences in relation to right-of-use assets and a lease liability for a specific lease are regarded as a net package (the lease) for the purpose of recognizing deferred tax.

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognize a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves.

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The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are offset only if certain criteria are met.

3.7 Property, plant and equipment

Recognition and measurement

Property, plant and equipment except for freehold land and asset under construction are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Asset under construction are carried at historical cost less impairment (if any) and are transferred to property, plant and equipment when ready for use as intended by management. Historical cost includes expenditure that is directly attributable to the acquisition of the items including eligible capitalized borrowing costs.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted as separate items (major components) of property, plant and equipment. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Subsequent expenditure

Subsequent expenditures are capitalized only if it is probable that future economic benefits associated with the expenditure will flow to the Group.

Depreciation

Depreciation is calculated to write-off the cost of items of property, plant and equipment less their estimated residual values using straight line method over their estimated useful lives, and depreciation expenses are charged to consolidated statement of profit or loss and other comprehensive income. Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted as appropriate.

Freehold Land is not depreciated. No depreciation is charged on assets under construction until transferred to property, plant and equipment.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of profit or loss and other comprehensive income when the asset is derecognized.

Carrying value of property, plant and equipment is written down immediately to its recoverable amounts if carrying amount is greater than its estimated recoverable amount.

3.8 Intangible asset

Intangible assets represent software cost and are amortized using straight-line method over their estimated useful life of five years.

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortized over the economic useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each annual reporting period. The amortization expense on intangible assets with finite useful lives is recognized in profit or loss in the expense category consistent with the function of the intangible asset.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and carrying amount of the asset and are recognized in profit or loss when the asset is derecognized.

3.9 Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

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

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

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The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in consolidated statement of profit or loss and other comprehensive income if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets and lease liabilities in the consolidated statement of financial position.

Short-term leases and leases of low-value assets

The Group has elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

As a lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone selling prices. When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interest in the head lease and the sub-lease separately. It assess the lease classification of a sub-lease with reference to the right-of-use assets arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

The Group provides drilling services to its customers which include both leasing and service components.

Lease revenue

The Group recognizes the lease payments received under operating leases as income on a straight line basis over the lease term as part of drilling revenue. The drilling contracts do not include any variable lease payments or escalation clauses.

3.10 Assets held for sale

Non-current assets or disposal groups comprising assets and liabilities, are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, which continued to be measured in accordance with the Group's other accounting policies. Impairment losses on initial classification as held for sale or held for distribution and subsequent gains and losses on remeasurement are recognized in the consolidated statement of profit or loss.

Once classified as held for sale, intangible assets and property, plant and equipment are no longer amortized or depreciated, and any equity-accounted investee is no longer equity accounted.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the consolidated statement of financial position.

3.11 Financial instruments**3.11.1 Financial assets****(i) Classification**

The Group's financial assets are classified and measured at amortised cost as such assets are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest.

(ii) Recognition and derecognition

At initial recognition, the Group measures financial assets at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transactions costs that are directly attributable to the acquisition of financial asset.

The Group derecognizes a financial asset when the contractual cash flows from the asset expire or it transfers its rights to receive contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognized as a separate asset or liability.

(iii) Measurement

Subsequent measurement of financial assets depends on the Group's business model for managing the assets and the cash flow characteristics of the assets. Assets that are held for collection of contractual cash flows where those cash flows represent solely payment of principal and interest are measured at amortised cost. A gain or loss on a financial instrument that is subsequently measured at amortized cost and is not part of the hedging relationship is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is calculated using the effective interest rate method.

3.11.2 Financial liabilities

All financial liabilities are recognised at the time when the Group becomes a party to the contractual provisions of the instrument. Financial liabilities are recognized initially at fair value less any directly attributable transaction cost. Subsequent to initial recognition, these are measured at amortized cost using the effective interest rate method.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognised in profit or loss.

3.11.3 Derivative financial instruments and hedge accounting

Derivatives are initially recognised at fair value on the date when a derivative contract is entered into, and they are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged. The group designates certain derivatives as hedges of a particular risk associated with the cash flows of recognised assets and liabilities (cash flow hedges).

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At inception of the hedge relationship, the group documents the economic relationship between hedging instruments and hedged items, including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The group documents its risk management objective and strategy for undertaking its hedge transactions.

The fair values of derivative financial instruments designated in hedge relationships are disclosed in note 24.1. Movements in the hedging reserve in shareholders' equity are shown in the consolidated statement of changes in equity.

(i) Cash flow hedges that qualify for hedge accounting

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the cash flow hedge reserve within equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss within 'other operating income-net'.

Amounts accumulated in equity are accounted for as follows:

The gain or loss relating to the effective portion of the interest rate swaps hedging variable rate borrowings is recognised in profit or loss within finance cost at the same time as the interest expense on the hedged borrowings.

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss and deferred costs of hedging in equity at that time remains in equity until the forecast transaction occurs. When the forecast transaction is no longer expected to occur, the cumulative gain or loss and deferred costs of hedging that were reported in equity are immediately reclassified to profit or loss.

(ii) Classification of derivatives

Derivatives are only used for economic hedging purposes and not as speculative investments. However, where derivatives do not meet the hedge accounting criteria, they are classified as 'held for trading' for accounting purposes and are accounted for at fair value through profit or loss.

The full fair value of hedging derivatives is classified as a non-current asset or liability where the remaining maturity of the hedged item is more than 12 months. It is classified as a current asset or liability where the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

Hedge effectiveness

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments, to ensure that an economic relationship exists between the hedged item and the hedging instrument.

The group enters into interest rate swaps that have similar critical terms as the hedged item, such as reference rate, reset dates, payment dates, maturities and notional amount. The group does not hedge 100% of its loans, and so the hedged item is identified as a proportion of the outstanding loans up to the notional amount of the swaps. Since all critical terms matched during the year, there is an economic relationship.

Hedge ineffectiveness for interest rate swaps might occur due to:

- the credit value/debit value adjustment on the interest rate swaps which is not matched by the loan, and
- differences in critical terms between the interest rate swaps and loans.

Hedge ineffectiveness in relation to the interest rate swaps was negligible for 2024 and 2023.

3.11.4 Offsetting financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

3.12 Impairment of financial and non-financial assets

3.12.1 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that a non-financial asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or Cash Generating Unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used.

Impairment losses of continuing operations are recognised in profit or loss in those expense categories consistent with the function of the impaired asset.

3.12.2 Impairment of financial assets

The Group assesses on a forward looking basis the expected credit losses associated with its financial assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. A significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment.

For trade receivables and contract assets, the Group applies the simplified approach as permitted by IFRS 9, which requires expected lifetime losses to be recognised from the initial recognition of the related financial assets. The amount of loss is charged to profit or loss.

The loss rates are based on probability of default assigned by reputed credit rating agencies to the relevant credit rating of the Group's customers. The loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the expected rate of increase in inflation for the upcoming year in the Kingdom of Saudi Arabia as the most relevant factor, and accordingly adjusts the loss rates based on such expected changes.

Trade receivables and contract assets are written-off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, significant decrease in credit worthiness of the customer, the failure of the customer to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than 730 days past due.

Other financial assets are considered to have low credit risk; therefore, 12 months expected loss model is used for impairment assessment.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

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3.13 Inventories

Inventories primarily represent spare parts and consumables used to provide the drilling service, which are carried at the lower of cost and net realizable value. The cost of inventories are determined using the weighted average method.

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

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

3.14 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and cash in current accounts with banks and other short-term high-liquidity investments with original maturities of three months or less (if any) available to the Group without any restrictions. Deposits with original maturities over 3 months and below 12 months is reported as short term deposits in the consolidated statement of financial position under current assets and any deposits over 12 months are included in non-current assets.

3.15 Equity

Ordinary shares are classified as equity. Incremental costs, if any, directly attributable to the issue of new shares are shown in equity as a deduction, net of tax and zakat, from the proceeds.

Share premium represents the proceeds (net of issuance cost) from issue of new shares over and above the par value.

3.16 Dividends

Provision is made for the amount of any dividend declared, being appropriately authorized and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

3.17 Trade and other payables

Trade payable and accrued liabilities are obligations to be paid for goods and services that have been acquired in the ordinary course of business from suppliers. These are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. These are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate method.

3.18 Long-term borrowings

Long-term borrowings are initially recognized at their fair value (being proceeds received, net of eligible transaction costs incurred, if any). Subsequent to initial recognition long-term borrowings are measured at amortized cost using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in the consolidated statement of profit or loss and other comprehensive income over the period of the long-term borrowings using the effective interest rate method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. General and specific borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalized during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. Other borrowing costs are expensed in the year in which they are incurred.

3.19 Employees' benefit obligations**Short-term obligations**

Short-term benefits are those amounts expected to be settled wholly within 12 months of the end of the period in which the employees render the service that gives rise to the benefits. Liabilities for wages and salaries, including non-monetary benefits and accumulating leaves and benefits-in-kind that are expected to be settled wholly within twelve months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. These liabilities are presented part of "trade and other payables" in the consolidated statement of financial position.

Post-employment obligation

The Group provides end of service benefits to its employees in accordance with the requirements of the Saudi Arabia Labor Law. The entitlement to these benefits is based upon the employees' last drawn salary and length of service, subject to the completion of a minimum service period. The expected costs of these benefits are recognized over the service period.

The employee benefits obligation plans are not funded. Accordingly, valuations of the obligations under those plans are carried out by an independent actuary based on the projected unit credit method and the liability is recorded based on an actuarial valuation.

The liability recognized in the consolidated statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

Past-service costs are recognized immediately in the consolidated statement of profit or loss.

The interest cost is calculated by applying the discount rate to the balance of the defined benefit obligation. This cost is included in employee benefit expense in the consolidated statement of profit or loss. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited in other comprehensive income in the period in which they arise.

3.20 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenue and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's Chief Operating Decision Maker ("CODM") to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

The Board of Directors ("BoD") of the Group assesses the financial performance and position of the Group and makes strategic decisions. The BoD has been identified as being the CODM.

Segment results reported to the Group's CODM represent revenue and cost of revenue and include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

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3.21 Earnings per share

Basic and diluted earnings per share is calculated by dividing the profit for the year attributable to shareholders of the Group, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the year.

3.22 Value Added Tax (VAT)

The Group is subject to a value added tax ("VAT") for providing services. The amount of VAT liability is determined by applying the applicable tax rate to the invoiced amount of services provided (output VAT) less VAT paid on purchases made / services received with the relevant supporting invoices (input VAT). The Group reports revenue net of value added tax for all the periods presented in the consolidated statement of profit or loss and other comprehensive income.

Assets and expenses are recognized net of VAT, except that when VAT incurred on a purchase of assets or services is not recoverable from the tax authority, in which case, VAT is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable. The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated statement of financial position.

3.23 Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material). When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

3.24 Contingencies

Contingent liabilities are not recognized in the consolidated financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Liabilities which are probable are recorded in the consolidated financial statement under trade and other payables. A contingent asset is not recognized in the consolidated financial statements but disclosed when an inflow of economic benefits is probable.

3.25 Withholding Tax (WHT)

The Group withholds taxes on certain transactions with non-resident parties, including dividend payments to the shareholders, as required under the Saudi Arabian Income Tax Law.

3.26 Cost of revenue

Cost of revenue includes labor cost, consumables, depreciation, mobilization costs, rig move, direct and indirect overheads related to provision of services.

3.27 General and administrative expenses

All other expenses, excluding cost of revenue, financial charges, are classified as general and administrative expenses. Allocations of common expenses between cost of revenue and general and administrative expenses, when required, are made on a consistent basis.

3.28 New standards, amendments and interpretations

(a) New and amended standards with no material effect on the consolidated financial statements

The group has applied the following standards and amendments for the first time for its annual reporting period commencing 1 January 2024:

- Amendment to IAS 1 - Non-current liabilities with covenants;
- Amendment to IFRS 16 - Leases on sale and leaseback; and
- Amendment to IAS 7 and IFRS 7 - Supplier finance arrangements

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(b) New and amended standards issued but not yet effective

Certain new accounting standards, amendments to standards and interpretations have been published by the International Accounting Standards Board ("IASB"), endorsed in the Kingdom of Saudi Arabia by SOCPA, that are not mandatory for 31 December 2024 reporting period and have not been early adopted by the Group.

The management is currently in the process of assessing the impact of the above-mentioned standards on the consolidated financial statements of the Group.

4. Property, plant and equipment

Cost	Freehold land	Buildings and portable cabins	Rig, machinery and equipment	Furniture, fixtures and office equipment	Vehicles	Assets under construction	Total
As at 1 January 2024	88,236,250	180,087,917	13,323,425,718	121,189,474	147,638,044	985,192,811	14,845,770,214
Additions	-	-	-	-	-	1,859,694,479	1,859,694,479
Transfers	-	4,725,899	2,058,182,818	8,526,298	5,252,290	(2,076,687,305)	-
Transfers to held for sale	-	(25,650)	(277,393,343)	(1,188,847)	(5,418,197)	-	(284,026,037)
As at 31 December 2024	88,236,250	184,788,166	15,104,215,193	128,526,925	147,472,137	768,199,985	16,421,438,656
Accumulated depreciation and impairment							
As at 1 January 2024	-	(23,138,957)	(6,893,258,117)	(74,709,639)	(116,828,618)	-	(7,107,935,331)
Charge for the year	-	(3,964,219)	(752,614,016)	(8,548,081)	(5,749,580)	-	(770,875,896)
Impairment loss (Note 4.2)	-	-	(105,000,000)	-	-	-	(105,000,000)
Transfers to held for sale	-	20,657	265,808,487	1,182,072	5,344,444	-	272,355,660
As at 31 December 2024	-	(27,082,519)	(7,485,063,646)	(82,075,648)	(117,233,754)	-	(7,711,455,567)
Net book value							
As at 31 December 2024	88,236,250	157,705,647	7,619,151,547	46,451,277	30,238,383	768,199,985	8,709,983,089

a) Rig, machinery and equipment represent assets used for drilling contracts to provide drilling service to its customers.

b) Assets under construction at 31 December 2024 represent certain rigs under construction which are expected to be capitalised in 2025.

c) As at 31 December 2024, assets under construction include advances for capital expenditure amounting to 93.2 million (2023: 545.7 million).

d) During 2023, finance cost of 37.6 million has been capitalized.

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Cost	Freehold land	Buildings and portable cabins	Rig, machinery and equipment	Furniture, fixtures and office equipment	Vehicles	Assets under construction	Total
As at 1 January 2023	88,236,250	99,693,269	11,292,935,114	111,475,264	142,955,769	1,363,762,350	13,099,058,016
Additions	-	-	-	-	-	1,884,327,532	1,884,327,532
Transfers	-	90,555,572	2,146,241,585	15,118,514	10,981,400	(2,262,897,071)	-
Transfers to held for sale	-	(10,160,924)	(115,750,981)	(5,404,304)	(6,299,125)	-	(137,615,334)
As at 31 December 2023	88,236,250	180,087,917	13,323,425,718	121,189,474	147,638,044	985,192,811	14,845,770,214
Accumulated depreciation and impairment							
As at 1 January 2023	-	(25,474,006)	(6,394,225,790)	(70,784,409)	(117,952,832)	-	(6,608,437,037)
Charge for the year	-	(3,293,708)	(600,824,943)	(8,424,459)	(4,999,304)	-	(617,542,414)
Transfers to held for sale	-	5,628,757	101,792,616	4,499,229	6,123,518	-	118,044,120
As at 31 December 2023	-	(23,138,957)	(6,893,258,117)	(74,709,639)	(116,828,618)	-	(7,107,935,331)
Net book value	88,236,250	156,948,960	6,430,167,601	46,479,835	30,809,426	985,192,811	7,737,834,883
As at 31 December 2023							

Depreciation charge has been allocated as follows:

	2024	2023
Costs of revenue (Note 17)	865,992,313	607,255,923
General and administrative expenses (Note 18)	9,883,583	10,286,491
	875,875,896	617,542,414

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

Class of assets	Useful lives (in years)
Building and portable cabins	10 – 33
Rig, machinery and equipment	7 – 30
Furniture, fixtures and office equipment	7
Vehicles	4 – 7

4.1 Impairment loss

During the year ended 31 December 2024, the Ministry of Energy of the Kingdom of Saudi Arabia (“MoE”) announced to curtail the expansion plans of its production capacity, which in repercussion has resulted in Saudi Arabian Oil Company (“Saudi Aramco”) adjusting the number of its required offshore and onshore contracted rigs downwards. As a result of this announcement and after several discussions with Saudi Aramco, the Company announced that Saudi Aramco decided to suspend the drilling contract for two of its offshore rigs and two of its onshore rigs, while the drilling contract related to three onshore rigs will not be renewed. Further, one drilling contract related to an offshore rig was terminated during the year.

These events were identified as impairment indicators by the Group management for the above mentioned rigs where each rig was concluded to be a single CGU. Accordingly, an impairment assessment was carried out for such CGUs as at 31 December 2024. The impairment assessment was based on value-in-use calculations which require management to estimate the future cash flows and appropriate discount and growth rates.

Key assumptions used in this analysis included:

- a pretax discount rate (weighted average cost of capital) of 10.43%;
- increase of 10% in day rates in the forecasted period after every three years;
- resumption of suspended drilling in 2026; and
- alternate plans for rigs which are out of contract.

Management concluded that the recoverable amount for such CGUs was higher than their carrying amounts. The estimated recoverable amount was based on an approved business plan. The calculation involved an in-depth review of each key element of the CGUs’ revenues and costs (including day rates, operating costs and capital expenditure) and included a review of historical results, external market and economic conditions.

The recoverable amounts of certain CGUs would equal their carrying amounts due to the following changes in certain key estimates:

	31 December 2024	
	From	To
Discount rate to increase	10.43%	11.28%
Growth in day rates to decrease	10.00%	9.00%

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated.

Management has considered and assessed reasonably possible changes for other key assumptions and has not identified any instances that could cause the carrying amount of the CGUs to exceed its recoverable amount.

4.2 Impairment loss recognized during the year ended 31 December 2024

As a result of the suspension and non-renewal of the drilling contracts of the rigs and its impact on the Group’s cash flows, the Group management decided to reassess and cancel certain planned capex spendings related to two rigs during 2024. Since this planned capex was deemed critical for the continuous marketability of these rigs, the Group management decided to impair these two rigs up upto its recoverable amounts of ₪ 2.9 million and ₪ 14.1 million, respectively, and an impairment loss of ₪ 105.0 million was recorded in cost of revenue during the year ended 31 December 2024. The recoverable amounts were based on fair values less costs of disposal for the rigs which are categorised within Level 2 of the fair value hierarchy and were determined by obtaining independent quotations from prospective buyers for the same or similar rigs.

5. Intangible asset

	2024	2023
As at 1 January	-	-
Additions	50,611,327	-
As at 31 December	50,611,327	-

The additions during the year relate to cost of SAP S/4 Hana capitalized during the year.

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6. Leases**Group as a lessee**

The Group leases vehicles, warehouse, rigs and related equipment for a period ranging from 3 to 5 years. Rental contracts are typically made for fixed periods but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants. Leased assets may not be used as security for borrowing purposes. Lease payments are renegotiated during renewal of the contract to reflect market rentals. The Group has elected not to recognize right-of-use assets and lease liabilities for the short-term and/or leases of low-value items.

Extension and termination options are included to maximize operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension options held are exercisable only by mutual agreement of the Group and the respective lessor. Information about leases for which the Group is a lessee is presented below.

6.1 Right-of-use assets

Cost	Vehicles	Warehouse	Rigs and related equipment	Total
As at 1 January 2024 and 31 December 2024	9,018,948	4,508,656	191,734,241	205,261,845
Accumulated depreciation				
As at 1 January 2024	(1,744,687)	(826,587)	(70,854,928)	(73,426,202)
Charge for the year	(2,259,367)	(450,865)	(63,998,796)	(66,709,028)
As at 31 December 2024	(4,004,054)	(1,277,452)	(134,853,724)	(140,135,230)
Net book value as at 31 December 2024	5,014,894	3,231,204	56,880,517	65,126,615

Cost	Vehicles	Warehouse	Rigs and related equipment	Total
As at 1 January 2023	9,018,948	5,489,532	191,734,241	206,242,721
Adjustment	-	(980,876)	-	(980,876)
As at 31 December 2023	9,018,948	4,508,656	191,734,241	205,261,845
Accumulated depreciation				
As at 1 January 2023	(1,189,105)	(457,460)	(5,333,381)	(6,979,946)
Charge for the year	(555,582)	(450,866)	(65,521,547)	(66,527,995)
Adjustment	-	81,739	-	81,739
As at 31 December 2023	(1,744,687)	(826,587)	(70,854,928)	(73,426,202)
Net book value as at 31 December 2023	7,274,261	3,682,069	120,879,313	131,835,643

6.2 Lease liabilities

	2024	2023
As at 1 January	135,060,094	199,820,429
Finance cost on lease liability (Note 19)	5,227,796	8,491,996
Payments during the year	(72,395,534)	(73,252,331)
As at 31 December	67,892,356	135,060,094
Non-current portion	4,114,021	67,892,228
Current portion	63,778,335	67,167,866
As at 31 December	67,892,356	135,060,094

Maturity analysis of lease liabilities are as follows:

	2024	2023
Less than one year	66,521,888	72,395,535
Two to five years	3,410,850	68,432,426
Over five years	1,205,100	1,761,300
Total undiscounted cash flow	71,137,838	142,589,261
Less: Future finance costs on lease liabilities	(3,245,482)	(7,529,167)
Carrying value of lease liabilities	67,892,356	135,060,094

Amounts recognized in the consolidated statement of profit and loss and other comprehensive income:

	2024	2023
Depreciation charge for right-of-use assets		
Cost of revenue (Note 17)	66,709,028	66,527,995
Finance cost on lease liabilities		
Finance costs on lease liability (Note 19)	5,227,796	8,491,996

Other amounts recognized in the consolidated statement of profit and loss and other comprehensive income:

Expenses relating to short term leases for the year ended 31 December 2024 amounted to ₪ 140.9 million (2023: ₪ 113.9 million) are charged to the consolidated statement of profit or loss and other comprehensive income.

Amounts presented in the consolidated statement of cash flows:

The total cash outflow for leases during the year ended 31 December 2024 amounts to ₪ 72.4 million (2023: ₪ 73.2 million).

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7. Inventories

	2024	2023
Spare parts, supplies and consumables	337,919,873	314,555,236
Less: provision for obsolete, slow moving and damaged inventories	(29,248,414)	(34,813,806)
	308,671,459	279,741,430

During the year, the Group has consumed spare parts, supplies and consumables amounting to ₪ 260.8 million (2023: ₪ 270.2 million). Movement in provision for obsolete, slow moving and damaged inventories is as follows:

	2024	2023
1 January	34,813,806	28,671,846
Charge for the year	2,071,414	6,141,960
Write offs during the year	(7,636,806)	-
31 December	29,248,414	34,813,806

8. Trade and other receivables

	2024	2023
Trade receivables:		
Third parties	163,488,017	455,939,422
Unbilled receivable	365,756,926	392,053,398
Related parties	151,181,823	159,684,752
	680,426,766	1,007,677,572
Less: allowance for ECL	(5,257,070)	(4,101,340)
	675,169,696	1,003,576,232
Other receivables:		
Prepayments	60,339,102	47,280,079
Advance to suppliers	36,710,829	12,729,208
Other	7,361,305	8,743,862
	779,580,932	1,072,329,381

	2024	2023
Movement in allowance for ECL is as follows:		
As at 1 January	4,101,340	3,481,737
Charge for the year	1,155,730	619,603
As at 31 December	5,257,070	4,101,340

Information about the Group's exposure to credit and market risks, and impairment losses for trade receivables are included in Note 24.1 (b). The aging analysis of these trade receivable is as follows:

	2024	2023
Not due	475,703,039	608,293,621
Overdue up to 90 days	151,215,492	295,104,267
Overdue for a period between 91 to 180 days	19,745,543	90,360,704
Overdue for a period between 181 to 270 days	22,343,727	12,991,087
Overdue for a period between 271 to 365 days	4,930,117	198,350
Overdue for more than 365 days	6,488,848	729,543
	680,426,766	1,007,677,572

9. Cash and cash equivalents

	2024	2023
Cash at bank	581,641,174	466,404,665
Cash in hand	165,357	266,804
Time deposits	-	968,750,000
	581,806,531	1,435,421,469

10. Assets held for sale

Assets are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use. These assets are measured at the lower of their carrying amount and fair value less costs to sell. Assets classified as held for sale primarily represent discarded vehicles, rigs and related equipment, and the Group disposes of these assets in accordance with the policy approved by the Board of Directors.

	2024	2023
As at 1 January	13,111,001	12,402,180
Transfers from property, plant and equipment	11,670,377	19,571,214
Disposals during the year	(22,783,584)	(10,589,950)
Reversal / (impairment) on assets held for sale	3,791,407	(8,272,443)
As at 31 December	5,789,201	13,111,001

11. Share capital

As at 31 December 2024, the share capital of the Company comprised of 89,000,000 shares at a nominal value of ₪ 10 per share (31 December 2023: 89,000,000 shares at a nominal value of ₪ 10 per share).

12. Statutory reserve

According to the newly enacted Companies Law and its implementing regulations effective in KSA starting 19 January 2023, the mandatory statutory reserve requirement was abolished. In pursuant to this change, the Board of Directors resolved to amend the Group's Bylaws to exclude the requirement to maintain a statutory reserve., The Group is in the process of obtaining the approval of the shareholders for the utilization of this reserve.

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13. Long term borrowings

	2024	2023
Sukuk (Note 13.3)	2,000,000,000	2,000,000,000
Murabaha borrowings (Note 13.2)	899,984,900	999,984,900
Add: accrued finance costs	64,780,863	68,469,771
	2,964,765,763	3,068,454,671
Less: unamortized transaction cost	(9,824,594)	(14,359,022)
	2,954,941,169	3,054,095,649
Long-term borrowings are presented as follows:		
Current maturity under current liabilities	282,427,922	168,469,771
Non-current portion	2,672,513,247	2,885,625,878
	2,954,941,169	3,054,095,649
Movement in unamortized transaction cost is as follows:		
As at 1 January	14,359,022	18,861,463
Less: amortization for the year	(4,534,428)	(4,502,441)
As at 31 December	9,824,594	14,359,022

13.1 The borrowings comprise of long-term financing arrangements with certain non-conventional banks and carry finance costs based on prevailing market rates plus an applicable margin.

13.2 Murabaha borrowings

During 2023, the Group had obtained a murabaha loan facility of 500.0 million from a Saudi commercial bank to finance its capital expenditure. The murabaha loan is repayable over a period of 5 years starting from December 2024 through December 2028 on a quarterly installment basis. These loans bear finance cost based on prevailing market rate which are based on Saudi Arabia Inter-Bank Offer Rates ("SAIBOR") plus an applicable margin. The covenants of this borrowing facility require the Group to maintain certain level of financial conditions and certain other requirements. As at 31 December 2024, the Group was in compliance with the covenants of the borrowing facility.

During 2022, the Group had obtained a murabaha facility of 500.0 million from a Saudi commercial bank to finance capital expenditure. The murabaha loan is repayable over a period of 5 years starting from February 2024 through November 2028 on a quarterly installment basis. These loans bear finance costs based on prevailing market rate which are based on SAIBOR plus an applicable margin. The covenants of this borrowing facility require the Group to maintain certain level of financial conditions and certain other requirements. As at 31 December 2024, the Group was in compliance with the covenants of the borrowing facility.

13.3 Sukuk

During 2022, the Group issued Sukuk amounting to 2.0 billion after obtaining necessary regulatory approvals and incurred a transaction cost of 22.3 million. In line with sukuk prospectus, the Group management utilized these proceeds towards repayment of existing murabaha borrowings and for other corporate purposes including procurement of additional rigs.

The repayment of the Sukuk is due in a single balloon payment in 2027 and it bears finance costs based on prevailing market rates which are based on SAIBOR plus an applicable margin. The covenants of the Sukuk requires the Group to maintain certain level of financial conditions and certain other requirements. As at 31 December 2024, the Group was in compliance with such covenants.

13.3 Maturity profile of principal portion of the borrowings including accrued finance costs:

	2024	2023
Year ended 31 December		
2024	-	168,469,771
2025	311,824,587	247,043,724
2026	217,647,058	217,647,058
2027	2,217,647,059	2,217,647,059
2028	217,647,059	217,647,059
	2,964,765,763	3,068,454,671

14. Employees' benefit obligations**14.1 General description of the plan**

The Group provides end of service benefits to its employees in accordance with the requirements of the Saudi Arabia Labor Law. The entitlement to these benefits is based upon the employees' last drawn salary and length of service, subject to the completion of a minimum service period. The expected costs of these benefits are recognized over the service period. The valuation of employee benefit obligations under the projected unit credit method was carried out by an independent actuary as at 31 December 2024 and 2023.

14.2 Movement in liability recognized in the consolidated statement of financial position

	2024	2023
1 January	304,407,017	273,216,040
Charge for the year	47,800,608	44,062,210
Benefits paid during the year	(32,055,638)	(21,296,312)
Remeasurement loss	6,652,271	8,425,079
31 December	326,804,258	304,407,017

14.3 Amounts recognized in the consolidated statement of profit or loss and other comprehensive income

	2024	2023
Current service cost	34,016,082	33,296,926
Interest expense	13,784,526	10,765,284
Recognized in consolidated statement of profit or loss	47,800,608	44,062,210
Remeasurement gain:		
• financial assumptions	2,239,684	(3,524,297)
• experience adjustments	4,412,587	11,949,376
Recognized in consolidated other comprehensive income	6,652,271	8,425,079

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14.4 Key actuarial assumptions used to calculate the employees' benefit obligations:

	2024	2023
Discount rate	4.96%	4.78%
Salary growth rate	3.75%	3.50%
Mortality rate	A 1949-52	A 1949-52

14.5 Sensitivity analysis for actuarial assumptions

	2024	2023
Discount rate		
1% increase	(24,871,815)	(20,908,953)
1% decrease	28,899,078	23,918,678
Salary growth rate		
1% increase	30,223,762	25,046,046
1% decrease	(26,481,731)	(22,294,097)

The sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur as changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of defined benefit obligation calculated with projected unit credit method at the end of the reporting period) has been applied when calculating the employee benefit obligations.

14.6 Expected maturity analysis

The weighted average duration of the defined benefit obligation as at reporting period is 8 years (31 December 2023: 8 years). The expected maturity analysis of undiscounted post-employment benefits is as follows:

	Less than a year	Between 1 - 2 years	Between 2 - 5 years	Over 5 years	Total
31 December 2024	36,934,501	36,150,225	113,674,895	1,048,838,610	1,235,598,231
31 December 2023	34,743,791	35,346,478	108,754,048	870,841,393	1,049,685,710

15. Trade and other payables

	2024	2023
Trade payable	194,364,705	242,648,398
Accrued expenses	669,318,680	455,422,737
Value added tax payable	11,071,442	27,024,493
Dividend payable	7,471	7,471
Other	3,250,649	4,290,386
	878,012,947	729,393,485

The carrying amounts of trade and other payable approximate their fair values.

16. Revenue

	For the year ended 31 December	
	2024	2023
Drilling revenue (Note 16.1)	2,911,354,427	2,859,838,078
Rig move revenue	374,872,730	417,715,600
Mobilization revenue (Note 16.2)	146,714,147	85,661,234
Catering and other revenue	185,876,199	113,308,952
	3,618,817,503	3,476,523,864

16.1 Drilling revenue

Revenue from drilling activities was recognised in accordance with the rates agreed under the terms of the drilling contracts, which include approximately equal service and lease components. Lease component of future revenue from drilling activities under such contracts is as follows:

	2024	2023
Within one year	1,774,372,635	1,793,079,049
Within two years	972,352,299	1,441,366,620
Within three years	814,629,225	796,051,808
Within four years	672,187,866	691,469,869
Within five years	421,315,772	539,665,421
Later than five years	478,664,131	692,347,563
	5,133,521,928	5,953,980,330

The expected revenue is based on signed agreements with the customers and expected utilization rates of the underlying rigs.

16.2 Mobilization revenue

	2024	2023
As at 1 January	367,684,514	175,830,648
Additions	60,999,375	277,515,100
Revenue recognized during the year	(146,714,147)	(85,661,234)
As at 31 December	281,969,742	367,684,514

Additions to mobilization revenue for the year ended 31 December 2024 includes adjustment of ₪ 61.8 million related to liquidated damages. The Group incurred such damages due to delays in mobilization of certain new rigs whereby the customer, exercising its rights in the related contracts, will adjust these amounts against future billings. These were accounted for by the Group as variable consideration by netting off from mobilization revenue and will be amortized over the period of the contract term of the relevant rigs.

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Mobilization revenue is presented in the accompanying consolidated statement of financial position net of mobilization cost as follows:

Current portion	66,140,447	94,313,916
Non-current portion	112,889,224	211,515,566
	179,029,671	305,829,482

17. Cost of revenue

	For the year ended 31 December	
	2024	2023
Salaries, wages and benefits	1,417,622,420	1,405,116,709
Depreciation on property, plant and equipment (Note 4)	865,992,313	607,255,923
Material consumed and rig move expenses	448,157,862	371,190,097
Provision for obsolete, slow moving and damaged inventories (Note 7)	2,071,414	6,141,960
Depreciation on right-of-use assets (Note 6)	66,709,028	66,527,995
Mobilization cost (Note 17.1)	31,847,652	16,311,937
Other	26,517,128	28,075,295
	2,858,917,817	2,500,619,916

17.1 Mobilization cost

	2024	2023
As at 1 January	61,855,032	21,759,221
Additions	72,932,691	56,407,748
Charge for the year	(31,847,652)	(16,311,937)
As at 31 December	102,940,071	61,855,032

Mobilization cost is netted off with mobilization revenue in the accompanying consolidated statement of financial position.

18. General and administration expense

	For the year ended 31 December	
	2024	2023
Salaries and benefits	108,680,273	124,705,816
Professional services	43,378,376	36,216,119
Depreciation on property, plant and equipment (Note 4)	9,883,583	10,286,491
Office supplies	17,581,144	7,362,364
Other	25,171,467	2,548,855
	204,694,843	181,119,645

Statutory audit fees for the year ended 31 December 2024 related to the audit and the review of the Group's consolidated financial statements and quarterly condensed consolidated interim financial statements, respectively, was ٢ 0.68 million (2023: ٢ 0.66 million). Other fees charged by the statutory auditor for the year ended 31 December 2024 comprise of ٢ 0.38 million (2023: ٢ 0.12 million) for allowable zakat and tax compliance services and certain other allowable engagements.

19. Finance cost

	For the year ended 31 December	
	2024	2023
Finance cost on murabaha loans	64,453,539	19,240,187
Finance cost on sukuk	158,726,717	129,031,372
Finance cost on lease liabilities (Note 6.2)	5,227,796	8,491,996
Other finance costs	718,842	4,118,775
	229,126,894	160,882,330

20. Zakat and income tax**20.1 Components of zakat base**

The Company and its subsidiary file their zakat and income tax declaration on a standalone basis. The significant components of the zakat base of the Company, under zakat and income tax regulations, are principally comprised of shareholders' equity, provisions at the beginning of year, long-term borrowings and adjusted profit, less deduction for the net book value of Property, plant and equipment and certain other items.

20.2 Zakat and income tax

	For the year ended 31 December	
	2024	2023
Zakat charge	4,973,767	28,273,103
Current tax expense – Local tax	9,062,354	30,816,329
Current tax expense – Foreign tax	2,000,000	8,329,519
Deferred tax expense (Note 20.5)	20,618,778	15,914,050
Net charge to consolidated statement of profit or loss	36,654,899	83,333,001
Deferred tax credit on other comprehensive income elements (Note 20.5)	(456,346)	(577,960)
	36,198,553	82,755,041

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20.3 Provision for zakat and income tax

	Zakat	Income tax	Total
As at 1 January 2024	27,122,730	5,009,039	32,131,769
Current year charge – Local tax	5,677,918	9,504,442	15,182,360
Current year charge – Foreign tax	-	2,000,000	2,000,000
Payments made during the year	(26,418,579)	(26,723,007)	(53,141,586)
Prior year adjustments	(704,151)	(442,088)	(1,146,239)
As at 31 December 2024	5,677,918	(10,651,614)	(4,973,696)
As at 1 January 2023	18,890,403	35,257,131	54,147,534
Current year charge – Local tax	28,273,103	30,816,329	59,089,432
Current year charge – Foreign tax	-	8,329,519	8,329,519
Payments made during the year	(16,173,151)	(69,393,940)	(85,567,091)
Prior year adjustments	(3,867,625)	-	(3,867,625)
As at 31 December 2023	27,122,730	5,009,039	32,131,769

20.4 Numerical reconciliation of income tax expense

	For the year ended 31 December	
	2024	2023
Profit before zakat and income tax	358,019,636	687,946,934
Income tax rate applicable to the Group	20%	20%
Income tax on profit before zakat and income tax	71,603,927	137,589,387
Reconciliation:		
Tax effect of profit subject to zakat	(47,043,780)	(90,396,227)
Foreign tax	2,000,000	8,329,519
Tax effect of disallowed expenses and other differences	5,120,985	(462,781)
	31,681,132	55,059,898

20.5 Deferred taxes

The balance comprises deductible / (taxable) temporary differences attributable to:

	2024	2023
Employees' benefit obligations	326,804,258	304,407,017
Property, plant and equipment	(3,055,090,920)	(2,747,613,398)
Provisions	41,736,488	50,569,237
Taxable temporary differences - net	(2,686,550,174)	(2,392,637,144)
Deferred tax liabilities	(184,297,340)	(164,134,909)

Movement in deferred tax liabilities is attributable to:

	Employees' benefit obligations	Property, plant and equipment	Provisions	Total
As at 1 January 2024	20,882,322	(188,486,279)	3,469,048	(164,134,909)
Charge to consolidated statement of profit or loss	1,080,107	(21,092,959)	(605,925)	(20,618,777)
Credited to consolidated statement of other comprehensive income	456,346	-	-	456,346
As at 31 December 2024	22,418,775	(209,579,238)	2,863,123	(184,297,340)
As at 1 January 2023	18,742,621	(170,930,526)	3,389,087	(148,798,818)
(Charge) / credited to consolidated statement of profit or loss	1,561,741	(17,555,753)	79,961	(15,914,051)
Charge to consolidated statement of other comprehensive income	577,960	-	-	577,960
As at 31 December 2023	20,882,322	(188,486,279)	3,469,048	(164,134,909)

20.6 Status of assessments**Arabian Drilling Company**

ZATCA has finalized the Company's zakat and income tax assessments for the years up to 2021. The assessments for the years 2022 through 2024 are still open for zakat and income tax assessment from ZATCA and no assessments for these years have been received as at 31 December 2024.

Ofsat Arabia LLC

ZATCA has finalized the zakat and income tax assessments of Ofsat for the years up to 2021. The assessments for years 2022 through 2024 are still open for zakat and income tax assessments from ZATCA and no assessments for these years have been received as at 31 December 2024.

21. Contingencies and commitments

- As at 31 December 2024, the Group's bankers have issued guarantees on behalf of the Group amounting to ₪ 451.78 million (31 December 2023: ₪ 482.58 million) and the letters of credit issued in the normal course of business amounting to ₪ 2.64 million (31 December 2023: ₪ 27.86 million).
- The capital expenditure contracted by the Group but not incurred till 31 December 2024 was approximately ₪ 187.02 million (31 December 2023: ₪ 1,559.16 million).

22. Basic and diluted earnings per share

Basic and diluted earnings per share are calculated as follows:

	For the year ended 31 December	
	2024	2023
Profit attributable to the shareholders of the Group	321,364,737	604,613,933
Weighted average number of ordinary shares for basic and diluted earnings per share	89,000,000	89,000,000
Basic and diluted earnings per share	3.61	6.79

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22.1 Weighted-average number of ordinary shares

	2024	2023
As at 1 January (Note 22.2)	89,000,000	81,430,137
Effect of new shares issued in November 2022	-	7,569,863
Weighted-average number of shares at 31 December	89,000,000	89,000,000

22.2 The weighted average number of shares for the year ended 31 December 2023 has been adjusted to 89,000,000 shares, to the extent of increase in shares resulted from capitalization of retained earnings and additional paid-in capital with no additional consideration.

23. Segment information

A segment is a distinguishable component of the Group that is engaged in providing products or services (a business segment) or in providing products or services within a particular economic environment (a geographic segment), which is subject to risks and rewards that are different from those of other segments.

The Group operates principally in the following two operating segments:

- Provision of drilling and related services through land rigs; and
- Provision of drilling and related services through off-shore rigs.

Other segments primarily represents transportation service provided by subsidiary to transport the land rigs. Transactions between the Company and subsidiary is reported part of intersegment revenue and cost this will have nil impact to the segment results.

The Group's CODM reviews the internal management reports of each segment at least on a quarterly basis. The segment disclosures are in consistent with the information reviewed by CODM to make any strategic decision.

Intersegment revenue and intersegment cost represents the transactions between entities within the Group which have been eliminated during the consolidation process.

Consolidated financial information as of 31 December 2024 and 2023 and for the year ended 31 December 2024 and 2023, summarized below based on above stated operating segments:

a) Segment results
For the year ended 31 December 2024

	Land rigs	Off-shore rigs	Other	Total
Revenue from external customers	2,140,822,296	1,477,995,207	-	3,618,817,503
Intersegment revenue	-	-	236,823,954	236,823,954
Intersegment cost	(236,823,954)	-	-	(236,823,954)
Cost of revenue	(1,742,549,080)	(914,546,181)	(201,822,556)	(2,858,917,817)
Segment results	161,449,262	563,449,026	35,001,398	759,899,686

For the year ended 31 December 2023

	Land rigs	Off-shore rigs	Other	Total
Revenue from external customers	2,007,644,278	1,467,487,066	1,392,520	3,476,523,864
Intersegment revenue	-	-	210,247,898	210,247,898
Intersegment cost	(210,247,898)	-	-	(210,247,898)
Cost of revenue	(1,519,338,765)	(817,755,460)	(163,525,691)	(2,500,619,916)
Segment results	278,057,615	649,731,606	48,114,727	975,903,948

Reconciliation of segment results with profit before zakat and income tax

	For the year ended 31 December	
	2024	2023
Total results for reporting segments	759,899,686	975,903,948
Expected credit loss allowance	(1,155,730)	(619,603)
General and administrative expenses	(204,694,843)	(181,119,645)
Other operating income - net	11,483,783	7,068,550
Finance costs - net	(207,513,260)	(113,286,316)
	358,019,636	687,946,934

b) Segment assets**As at 31 December 2024**

	Land rigs	Off-shore rigs	Other	Eliminations	Total
Property, plant and equipment	4,426,679,190	3,501,738,323	267,024,301	-	8,195,441,814
Right-of-use-assets	-	61,895,411	3,231,204	-	65,126,615
Long-term deposits	-	16,200,000	-	-	16,200,000
Inventories	188,447,387	114,956,827	5,267,245	-	308,671,459
Trade receivables	521,326,197	159,100,569	62,174,344	(62,174,344)	680,426,766
Assets held for sale	-	5,789,201	-	-	5,789,201
	5,136,452,774	3,859,680,331	337,697,094	(62,174,344)	9,271,655,855

As at 31 December 2023

	Land rigs	Off-shore rigs	Other	Eliminations	Total
Property, plant and equipment	3,222,899,024	3,782,750,218	24,6673,486	-	7,252,322,728
Right-of-use-assets	-	122,576,925	-	-	122,576,925
Long-term deposits	-	16,200,000	-	-	16,200,000
Inventories	170,368,307	103,931,361	5,441,762	-	279,741,430
Trade receivables	560,079,267	451,256,652	36,690,314	(40,348,661)	1,007,677,572
Assets held for sale	6,136,750	5,551,767	1,272,440	-	12,960,957
	3,959,483,348	4,482,266,923	290,078,002	(40,348,661)	8,691,479,612

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Reconciliation of segment assets with total assets

	2024	2023
Total segment assets	9,271,655,855	8,691,479,612
Cash and cash equivalents	581,806,531	1,435,421,469
Unallocated property, plant & equipment (corporate assets)	565,152,602	485,512,155
Unallocated right-of-use assets	-	9,258,718
Unallocated assets held for sale	-	150,044
Derivative financial instrument	6,419,826	-
Others	109,805,780	64,651,809
	10,534,840,594	10,686,473,807

c) Other information

Revenues from all contracts with customers are generated within the Kingdom of Saudi Arabia. Revenues derived from customers are presented below:

	2024	2023
Saudi Aramco	2,515,980,502	2,374,040,625
Schlumberger Middle East S.A.	593,189,967	613,980,275
Al Khafji Joint Operations	278,526,191	215,269,526
Baker Hughes Company	231,120,843	271,840,919
Others	-	1,392,519
	3,618,817,503	3,476,523,864

24. Financial risk management
24.1 Financial risk factors

The Group's activities expose it to a variety of financial risks including the effects of changes in market risk (including currency risk, fair value and cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. Risk management is carried out by the management under policies approved by the Board of Directors.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

The Board of Directors have overall responsibility for the establishment and oversight of the Group's risk management framework. The Board of Directors are responsible for developing and monitoring the Group's risk management policies.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's Board of Directors oversee how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

(a) Market risk
(i) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group's transactions are primarily in ﷻ and USD. Since Saudi Riyal is pegged to USD, the Group believes that the currency risk for the financial instruments is not significant.

(ii) Fair value and cash flow interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Group borrows at interest rates on commercial terms. During 2024 and 2023, the Group's borrowings were denominated in ﷻ.

At 31 December 2024, the Group had variable interest bearing financial liabilities of ﷻ 2.95 billion (2023: ﷻ 3.05 billion), and had the interest rate varied by 1% with all the other variables held constant, net change in profit before zakat and income tax would have been approximately ﷻ 29.6 million (2023: ﷻ 25.3 million) lower/higher, mainly as a result of lower/higher financial charges on floating rate borrowings.

The Group's receivables and payables are carried at amortized cost and are not subject to interest rate risk as defined in IFRS 7, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates. Hence, the Group is not exposed to fair value interest rate risk.

During the year, the Group has entered into interest rate swap agreements which have been designated as cash flow hedge. Since the critical terms under the hedging arrangement are similar, the hedging effectiveness is expected to remain 100% throughout the life of the hedging arrangement. The notional amount covered under the hedging arrangement amount to ﷻ 250.0 million (2023: Nil).

(iii) Price risk

The risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. The Group's financial assets and liabilities are not exposed to price risk.

(b) Credit risk

Credit risk arises from cash and cash equivalents (including short term deposits) carried at amortized cost, as well as credit exposures to customers, including outstanding receivables. Cash and cash equivalents and short-term deposits represent low credit risk as they are placed with reputable banks. For banks and time deposits, only independently rated parties with a minimum credit of Baa3 are accepted. Time deposits are placed with financial institutions with investment grade rating, which are considered to have low credit risk, hence provision is recognized at an amount equal to 12 month ECL unless there is evidence of significant increase in credit risk of the counter party.

Other receivables and long-term deposits are not exposed to significant credit risk.

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Credit risk represents the financial loss that would be recognized at the reporting date if counter parties failed completely to perform as contracted. The maximum exposure to credit risk is equal to the carrying amount of financial assets. At 31 December 2024, 99.3% (2023: 99.7%) of trade receivables were due from four customers. Management believes that this concentration of credit risk is mitigated as the customers have an established track record of regular and timely payments.

For trade receivables, an internal risk assessment process determines the credit quality of the customers, taking into account their financial positions, past experiences and other factors. Individual risk limits are set based on internal or external credit worthiness ratings in accordance with limits set by the management. The carrying amount of trade receivables relates to a few customers for whom there is no recent history of default.

The following table provides information about the exposure to credit risk and expected credit losses for trade receivables:

	31 December 2024		
	Weighted average loss rate	Gross carrying amount	Loss allowance
Not due	0.3%	475,703,039	1,199,367
Overdue up to 90 days	0.8%	151,215,492	1,242,690
Overdue for a period between 91 to 180 days	1.6%	19,745,543	325,740
Overdue for a period between 181 to 270 days	2.0%	22,343,727	441,160
Overdue for a period between 271 to 365 days	2.7%	4,930,117	131,259
Overdue for more than 365 days	29.5%	6,488,848	1,916,854
	0.8%	680,426,766	5,257,070

	31 December 2023		
	Weighted average loss rate	Gross carrying amount	Loss allowance
Not due	0.1%	608,293,621	584,600
Overdue up to 90 days	0.6%	295,104,267	1,758,612
Overdue for a period between 91 to 180 days	1.5%	90,360,704	1,323,766
Overdue for a period between 181 to 270 days	2.8%	12,991,087	363,200
Overdue for a period between 271 to 365 days	3.8%	198,350	7,576
Overdue for more than 365 days	8.7%	729,543	63,586
	0.4%	1,007,677,572	4,101,340

(c) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Typically, the Group ensures that it has sufficient cash on demand to meet expected operational expenses including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot be reasonably predicted, such as natural disasters. In addition, the Group has access to credit facilities.

Cash flow forecasting is performed by the management which monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Reconciliation of movements of liabilities to cash flows arising from financing activities are not presented separately since these movements are included in the respective notes to the financial statements.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the consolidated statement of financial position date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

31 December 2024	Carrying amount	Total	Contractual cashflows		
			Less than 1 year	2 to 5 years	More than 5 years
Non-derivative financial liabilities					
Long term borrowings	2,964,765,763	3,491,358,003	454,484,294	3,036,873,709	-
Lease liabilities	67,892,356	73,439,333	68,321,457	4,449,141	668,735
Trade and other payables	863,683,385	863,683,385	863,683,385	-	-
Total	3,896,341,504	4,428,480,721	1,386,489,136	3,041,322,850	668,735

31 December 2023	Carrying amount	Total	Contractual cashflows		
			Less than 1 year	2 to 5 years	More than 5 years
Non-derivative financial liabilities					
Long term borrowings	3,068,454,671	3,826,505,591	350,135,215	3,476,370,376	-
Lease liabilities	135,060,094	142,589,261	72,395,535	68,432,426	1,761,300
Trade and other payables	700,719,079	700,719,079	700,719,079	-	-
Total	3,904,233,844	4,669,813,931	1,123,249,829	3,544,802,802	1,761,300

24.2 Fair value estimation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an ordinary transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

The Group has an established control framework with respect to the measurement of fair values. Management has overall responsibility for overseeing all significant fair value measurements, including level three fair values.

Management regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then management assesses evidence obtained from third parties to support the conclusion that such valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which such valuations should be classified. Significant valuation issues (if any) are reported to the Group's management.

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Fair values hierarchy

All financial instruments for which fair value is recognized or disclosed are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole, as follows:

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

Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. There were no such transfers during the year ended 31 December 2024 and 2023.

As at 31 December 2024 and 2023, the fair values of the Group's financial instruments, except for cash flow hedge reserve at fair value through other comprehensive income, are estimated to approximate their carrying values since the financial instruments are short term in nature, carry interest rates which are based on prevailing market interest rates and are expected to be realized at their current carrying values within twelve months from the date of consolidated statement of financial position. The fair values of the non-current financial liabilities are estimated to approximate their carrying values as these carry interest rates which are based on prevailing market interest rates.

Cash flow hedge at fair value through other comprehensive income is carried at fair value which is assessed by management to fall in Level 2 of the fair value hierarchy as at 31 December 2024. There are no transfers between levels during the year ended 31 December 2024 and 2023.

24.3 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings which includes long-term borrowings and lease liabilities as shown in the consolidated statement of financial position, less cash and cash equivalents. Total equity is as per the consolidated statement of financial position.

The gearing ratios at 31 December were as follows:

	2024	2023
Total borrowings (including lease liabilities)	3,022,833,525	3,189,155,743
Less: cash and cash equivalents (including short term deposits)	(581,806,531)	(1,435,421,469)
Net debt	2,441,026,994	1,753,734,274
Total equity	5,944,188,215	5,961,421,402
Gearing ratio	41%	29%

Net debt reconciliation:

The movement in net debt is as follows:

	2024	2023
As at 1 January	1,753,734,274	895,394,701
Finance costs	229,126,894	160,882,330
Proceeds from long-term borrowings	-	499,984,900
Finance costs paid	(227,611,498)	(177,500,645)
Repayment of long-term borrowings	(100,000,000)	-
Principal element of lease payments	(67,167,738)	(64,760,335)
Other changes in cash and cash equivalents	852,945,062	439,733,323
As at 31 December	2,441,026,994	1,753,734,274

24.4 Categories of financial instruments

The financial instruments by category are detailed in the table below:

	2024	2023
Financial assets at amortized cost		
Long-term deposits	16,200,000	16,200,000
Trade and other receivables	682,531,001	1,060,489,156
Cash and cash equivalents	581,806,531	1,435,421,469
	1,280,537,532	2,512,110,625
Financial asset at fair value through other comprehensive income		
Derivative financial instrument	6,419,826	-
Financial liabilities at amortized cost		
Long-term borrowings	2,964,765,763	3,068,454,671
Lease liabilities	67,892,356	135,060,094
Trade and other payables	863,683,385	700,719,079
	3,896,341,504	3,904,233,844

25. Related party transactions and balances

Related parties comprise the shareholders, directors, associated companies (representing entities directly or indirectly controlled by or under the significant influence of the Company's shareholders or ultimate controlling party) and key management personnel of the Company.

a) Following are the significant transactions entered into by the Group with its related parties:

	For the year ended 31 December	
	2024	2023
Revenue from an associated company	593,189,967	615,372,794
Costs charged by an associated company	7,554,774	8,441,536

These transactions are based on the agreed terms between the Group and the respective related parties.

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	For the year ended 31 December	
	2024	2023
Salaries and other short-term employee benefits	16,560,359	17,630,555
Post-employment benefits	1,272,103	780,646
	17,832,462	18,411,201

Additionally, the Group incurred board of directors' fees, including travelling cost for the year ended 31 December 2024 amounting to ٢ 6.02 million (31 December 2023: ٢ 8.10 million).

c) Due from related parties:

	2024	2023
Schlumberger Middle East S.A., an associated company	150,571,877	152,028,171
Services Pétroliers Schlumberger S.A. (SPS), a shareholder	-	5,359,834
TAQA Well Services, an associated company	-	2,178,773
	150,571,877	159,566,778

26. Dividends

On 18 March 2024, the Company's shareholders approved cash dividends of ٢ 2.53 per share totaling to ٢ 224.8 million. On 1 August 2024, the Company's shareholders approved cash dividends of ٢ 1.35 per share totaling to ٢ 120.2 million (2023: approved cash dividends of ٢ 2.53 per share totaling to ٢ 225.2 million).

The Company's Board of Directors, at their meeting held on 6 March 2025, proposed cash dividends of ٢ 1.35 per share totaling to ٢ 120.2 million which are subject to approval in the Company's annual general assembly meeting. (31 December 2023: approved cash dividends of ٢ 2.53 per share totaling to ٢ 225.2 million).

27. Subsequent events

Except as disclosed in Note 26, no other subsequent events occurred between 31 December 2024 and the date of approval of these consolidated financial statements, which may have a material impact on these consolidated financial statements.

28. Approval of consolidated financial statements

These consolidated financial statements were approved by the Board of Directors and authorized for issue on 6 March 2025G (corresponding to 6th Ramadan 1446H).



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