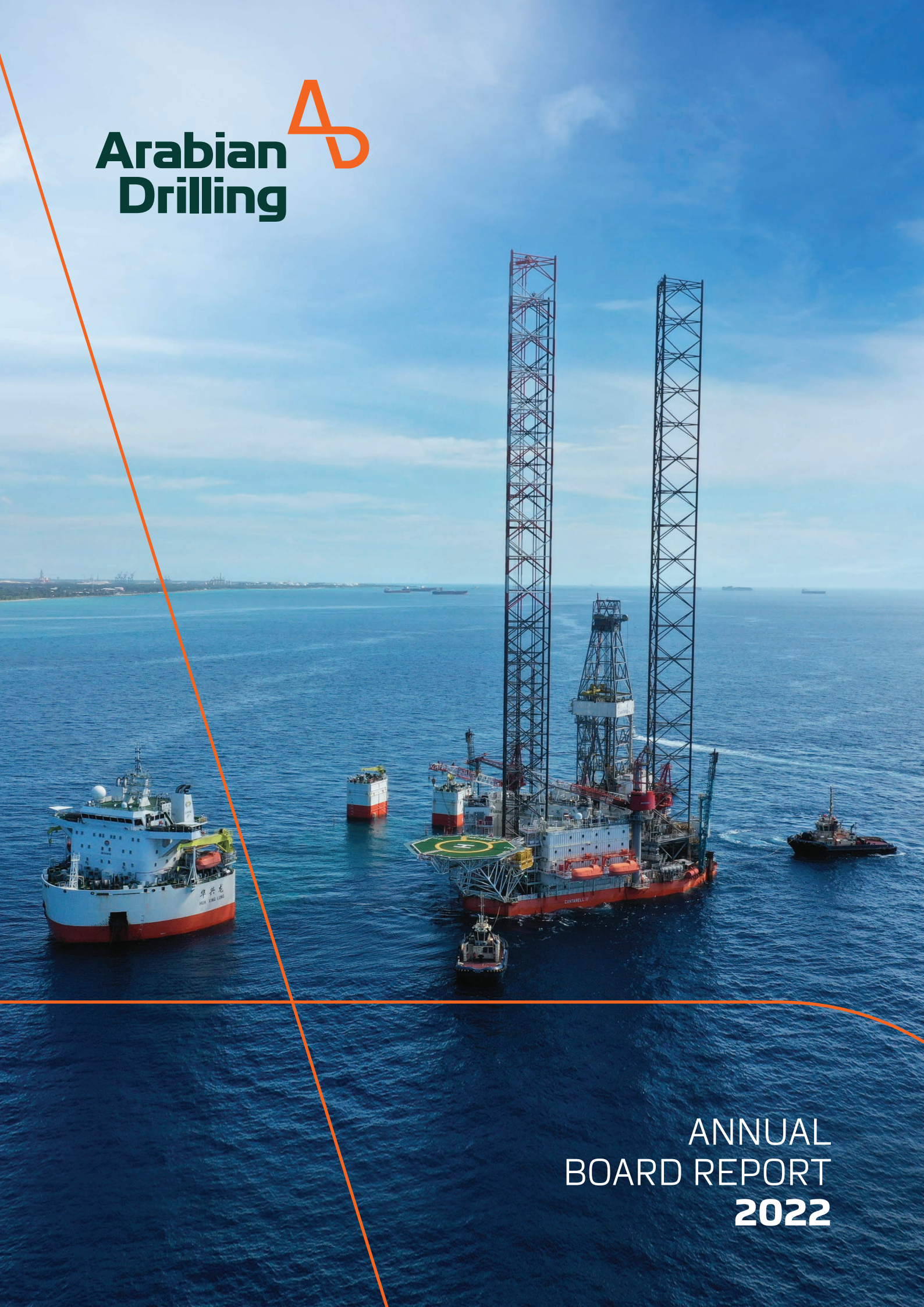


# Arabian Drilling



ANNUAL  
BOARD REPORT  
**2022**



# TABLE OF CONTENTS

1 Chairman's Message	4
2 CEO's Message	6
3 About the Company	8
4 Rebranding: Strengthening Our Identity	12
5 2022 Business Milestones	13
6 Health, Safety and the Environment	14
7 Market Highlights	15
8 Description of the Company's Important Plans, Decisions, Key Events and Prospects for the Company's Operations	15
9 Disclosure According to Regulations	17
10 Company Social Contributions	18
11 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	18
12 Board of Directors	19
13 Audit Committee	20
14 Annual Audit Committee Report 2022	21
15 Nomination and Remuneration Committee	24
16 Executive Committee	26
17 Measures Adopted by the Board to Evaluate its Performance, the Performance of the Committees and Their Members, and the Third Party Involved in the Evaluation Process, and its Relationship With the Company	27
18 Board and Committee Members' Biographies	28
19 Potential Risks	42
20 Requests for the Shareholders' Register, and the Dates and Reasons for Each	46
21 Remuneration of the Board of Directors and Senior Executives	47
22 Related Party Transactions	49
23 Comparison of Business Results	51
24 Geographical Analysis of Company and Subsidiary Revenues	52
25 Material Differences in Operating Results Compared to Last Year's Results or the Company's Announced Forecasts	52
26 Differences From SOCPA Accounting Standards	53
27 Share and Debt Instruments Activities	53
28 Statutory Payments Made and Due for the Payment of Any Zakat, Taxes, Fees, or Any Other Dues Not Paid Until the End of the Annual Financial Period, with a Brief Description and Reasons Thereof	54
29 Statement of the Value of Any Investments or Reserves Created for the Benefit of the Company's Employees	54
30 Declarations of the Board of Directors	55

# 1. CHAIRMAN'S MESSAGE



**KHALID MOHAMMED NOUH**  
Chairman



**2022 MARKED A LANDMARK YEAR OF CHANGE IN TERMS OF THE COMPANY'S PROGRESS AND GROWTH. ARABIAN DRILLING SUCCEEDED IN EXPANDING OPERATIONS IN THE OFFSHORE DRILLING SECTOR IN THE GULF.**

**ON BEHALF OF THE BOARD OF DIRECTORS OF ARABIAN DRILLING AND ITS EMPLOYEES, I AM PLEASED TO INVITE THE SHAREHOLDERS OF THE COMPANY TO REVIEW THE BOARD OF DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDING ON DECEMBER 31, 2022.**

The report highlights Arabian Drilling's activities, key achievements, and financial performance for the past year. I hope this report meets our esteemed shareholders' expectations.

In light of the economic growth witnessed by the Kingdom of Saudi Arabia under the esteemed leadership of the Custodian of the Two Holy Mosques, King Salman bin Abdulaziz Al Saud, may Allah protect him, and the Crown Prince, the Prime Minister, His Royal Highness Prince Muhammad bin Salman bin Abdulaziz Al Saud, may Allah protect him, a fertile investment environment has been provided for the private sector in order to diversify the sources of income for the national economy.

2022 marked a landmark year of change in terms of the Company's progress and growth. Arabian Drilling succeeded in expanding operations in the offshore drilling sector in the Gulf, which is poised for growth, underpinned by Aramco's expanding operations in the sector. The Company also succeeded in issuing a Sukuk for the first time, valued at SAR 2 billion, during the first quarter of 2022, thus contributing to further strengthening

the Company's capital structure to support future growth plans. The Company, offered a portion of its shareholding in the Saudi Stock Exchange (Tadawul), with an issuance size of SAR 2.67 billion.

The Company's rich history, exceeding 60 years of achievements, provides strong motivation to the Executive Management and the Board of Directors to continue to achieve the desired objectives of the Company's investors, which is considered an important driving factor for maintaining the Company's growth trajectory. This year, Arabian Drilling renewed its brand, to better reflect the characteristics of the new and vibrant culture of the Company, aligning its growth ambitions with the Kingdom's Vision 2030.

As part of our commitment to implementing the best governance practices, the Company was keen to establish an Investor Relations Department to facilitate continuous communication with shareholders. A key part of this commitment is our determination to present the Company's financial results in full transparency and detail.

I would like to take this opportunity to thank Arabian Drilling's shareholders, the Executive Management team, employees of the Company, members of the Board of Directors and all our customers and suppliers for their support and trust.

We hope, that the Company will continue to deliver the highest levels of service to its customers and the best value for investors.

**SAR 2.67 bln**  
raised through IPO

**SAR 2 bln**  
inaugural Sukuk issued

## 2. CEO'S MESSAGE



**GHASSAN MIRDAD**  
Chief Executive Officer



**ARABIAN DRILLING IS COMMITTED TO INCREASE OUR MARKET SHARE WHILE ENSURING OPERATIONAL EXCELLENCE AND ADHERING TO THE HIGHEST STANDARDS OF WORK SAFETY AND ENVIRONMENTAL EFFICIENCY.**

**ARABIAN DRILLING WAS ESTABLISHED IN 1964 TO SUPPORT THE KINGDOM'S PRIZED ENERGY SECTOR THROUGH WORLD-CLASS ONSHORE AND OFFSHORE OIL AND NATURAL GAS EXTRACTION SOLUTIONS. TODAY, ARABIAN DRILLING OCCUPIES A LEADING POSITION IN THE REGIONAL OIL WELL DRILLING SECTOR.**

To achieve our ambitions for the future, our strategic priorities include investing in human capital, enhancing profitability, improving performance, and increasing efficiency, while steadfastly adhering to the principles of good governance, prioritizing health, safety and environment (HSE), and ensuring the security and safety of our core operations and facilities – these are the pillars that will drive our long-term growth and performance.

Our successful IPO this year marked a new era of growth and prosperity for Arabian Drilling. It reflects our ambitions to continuously expand, grow, and strengthen our capabilities. We have adopted a clear roadmap to expand our geographical footprint and invest in increasing our fleet to deliver progressively increasing financial performance and shareholder value.

Our human capital remains our most valuable resource. Arabian Drilling is committed to providing career opportunities for Saudi talent, complemented by training programs that build their industry knowledge, refine their skills and enhance leadership capabilities, which will ultimately contribute to a more engaged, efficient and effective workforce, qualified and aligned with the highest international standards and best practices.

The world needs to produce more energy while maintaining the lowest levels of harmful emissions. As global demand for energy is projected to grow by at least 25% over the next 2 decades, Saudi Arabia will play a major role in meeting this demand by sustainably increasing production while continually becoming more efficient and minimizing environmental impact. Oil and gas will continue to play an important role in the energy mix, while rising contributions from other sources – including solar, wind, nuclear, and hydrogen – will all be required to meet global demand and emissions targets.

The Saudi economy recovered in 2022 after the COVID-19 pandemic, spurred by major economic reforms and the effective and efficient management of the crisis by the Saudi government. The strong economic growth for the year was bolstered by the investments, programs and projects led by the Public Investment Fund (PIF) and the National Development Fund (NDF), as well as the growing private sector. Forecasts indicate high global oil demand, which will support price stability in the oil markets and the Kingdom's economic performance.

Arabian Drilling is committed to increase our market share while ensuring operational excellence and adhering to the highest standards of work safety and environmental efficiency. As of year-end, we have increased our fleet to a total of 50 rigs – 38 land and 12 offshore – to better serve our customers' needs and drive company expansion and growth. We will maintain focus on our rig development program moving forward, to achieve our strategic objectives and create value for all our Stakeholders.

**50 rigs**  
38 land and 12 offshore

**Successful IPO**  
Our successful IPO this year marked a new era of growth and prosperity for Arabian Drilling

### 3. ABOUT THE COMPANY

Founded in 1964, Arabian Drilling Company (AD) is a Mixed Closed Joint Stock Company. Initially, it was jointly owned by the Industrialization & Energy Services Company (TAQA), a Saudi Joint Stock Company, owning 51% of its shares, and Schlumberger (a global leader in oilfield services), owning the remaining 49%. The Company was listed on the main Saudi Stock Exchange (Tadawul) on 07 November 2022, with an offering of 30% of its shares. After the IPO, TAQA owns 35.7% shares of the Company, while Schlumberger owns 34.3% of the shares.

Arabian Drilling is an award winning onshore and offshore gas and oil rig drilling company in Saudi Arabia, with an extensive track record of operational excellence and a history of innovation that has brought tremendous safety and efficiency gains to the drilling process.

The Company is the leader in the drilling segment in Saudi Arabia, with founders and majority shareholders Industrialization & Energy Services Company (TAQA) and SLB (previously known as Services Patrollers Schlumberger).

Arabian Drilling serves clients including Saudi Aramco, Al-Khafji Joint Operations (KJO), SLB, as well as Baker Hughes, and has a large fleet of onshore and offshore rigs, built to withstand the harsh weather conditions found in the Middle East region operated by highly skilled, qualified, and professional staff.

The Company has adapted to meet the needs of a changing industry and world, integrating sustainable practices throughout the business and contributing to sustainable global energy demand. AD's sustainability roadmap is aligned with the United Nations Sustainable Development Goals (UN SDGs) and Saudi Arabia's Vision 2030, with initiatives and business practices that empower employees, local suppliers, and the communities and economies in which the Company operates and serves, while responsibly managing the impacts of the growing business on the planet.

#### 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. Onshore drilling is a

mechanical process where a well is drilled on land through underlying bedrock utilizing a stationary onshore rig to explore for and extract oil or natural gas. The Company's onshore 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 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.

#### 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.	SAR million	100%



# OUR HISTORY

## The Key Historical Changes and Events

### 1964G

The establishment of the Company as a joint venture, owning one offshore rig, with 51.0 per cent. of the shares held by the General Petroleum and Mineral Organization and 49.0 per cent. of the shares held jointly by Société de Forages Pétroliers Languedocienne Forenco and Société Forex, which companies came under control of the Schlumberger Group as a result of a number of transactions over the course of 1968G – 1984G.

### 1969G

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

### 1972G

Saudi Aramco became a customer of the Company.

Shares owned by Société de Forages Pétroliers Languedocienne Forenco and Société Forex, which constituted 49.0 of the Company's shares were gradually transferred to Schlumberger group through several transactions.

### 1990G

Ownership of 49.0 per cent. of the Company's shares transferred to Services Pétroliers Schlumberger S.A. as a result of merger between Forex Neptune and Société de Prospection Electrique Schlumberger S.A., an affiliate of the Schlumberger Group.

### 1999G

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

### 2003G

The Industrialization & Energy Services Company (TAQA), a subsidiary of PIF, became the majority shareholder with 51.0 per cent. of the Shares.

### 2013G

Schlumberger became a customer of the Company.

The Company acquired two new offshore drilling rigs "AD50" and "AD60".

### 2015G

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

### 2017G

The Company acquired Ofsat Arabia LLC.

### 2018G

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

The Company acquired 14 additional rigs, bringing the total of its rigs to over 40, and a total of 16 new rigs including two acquired before 2018G commenced operations within one year of acquisition.

### 2019G

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

### 2021G

The Company closed the year with non-productive time of 0.74 per cent. as the lowest non-productive time in the previous seven years.

### 2021G

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 and Kuwait after completing pre-qualification requirements.

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

### 2022G

The Company completed its first capital market transaction by raising SAR 2.0 billion debt through a Shari'ah compliant bond "Sukuk" offering.

The transaction attracted strong demand, with the oversubscription reaching 3.4 multiple of the initial issuance size of SAR 1.6 billion. Accordingly, the Company increased the issuance size by a further SAR 400 million.

Two contract awards of three years each for two existing onshore rigs and two new offshore rigs.

The Company adopted its current logo and trademark "Arabian Drilling".

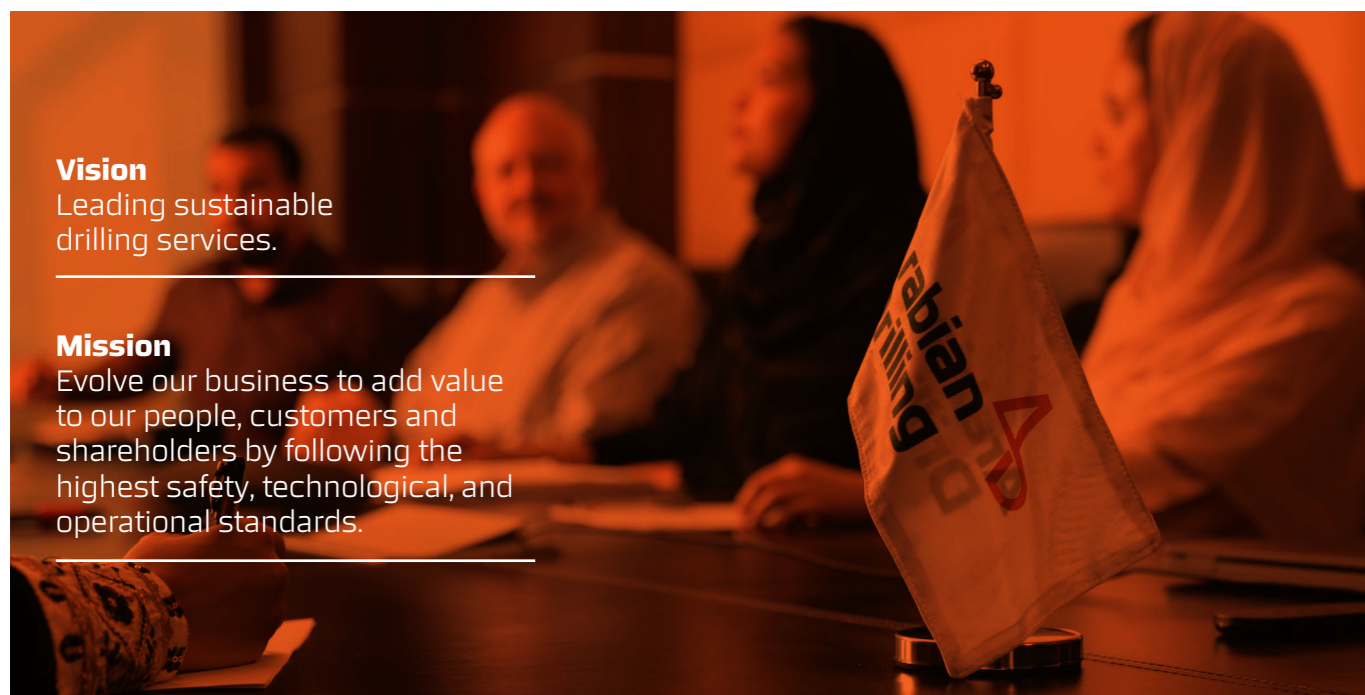
AD completed an IPO transaction floating 30% of its share capital and raised (SAR) 2.67 bln from investors. On November 7, 2022 the company was listed on Tadawul

## 4. REBRANDING: STRENGTHENING OUR IDENTITY

Arabian Drilling identity is one of the most fundamental aspects of our company. It is the appearance of who we are, our reputation, and the beating heart of our organization. To differentiate the company among its competition and to position it as a leading drilling company in the region, the rebranding project created. Building it from within, leading functional heads worked collaboratively to develop a meaningful, unified, and strong brand that supports our organization's strategy and is relevant to all stakeholders. In 2021, we brought this

initial work together within a single project and began developing the visual aspect of our new brand. Our new logo and visual identity are inspired by our core values.

Our new logo is an abstract of the company initials "AD", a depiction of transformative forward motion (Arrowhead) representing continuous advancement and solid partnerships, and the infinity symbol for sustainable and infinite possibilities.



**Vision**  
Leading sustainable drilling services.

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

# 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.

**Teamwork:**  
We collaborate and coordinate our actions to achieve superior results with efficiency, acting in mutuality and harmony.

**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.

**Integrity:**  
We are open and transparent in our conduct. We act with honesty, integrity, and in compliance with our code of ethics.

**Value:**  
We create value for those around us through responsible, cleaner, and safer access to energy for every community. As we highly adhere to Environmental, Social, and Governance (ESG) standards in everything we do.

**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.

## 5. 2022 BUSINESS MILESTONES

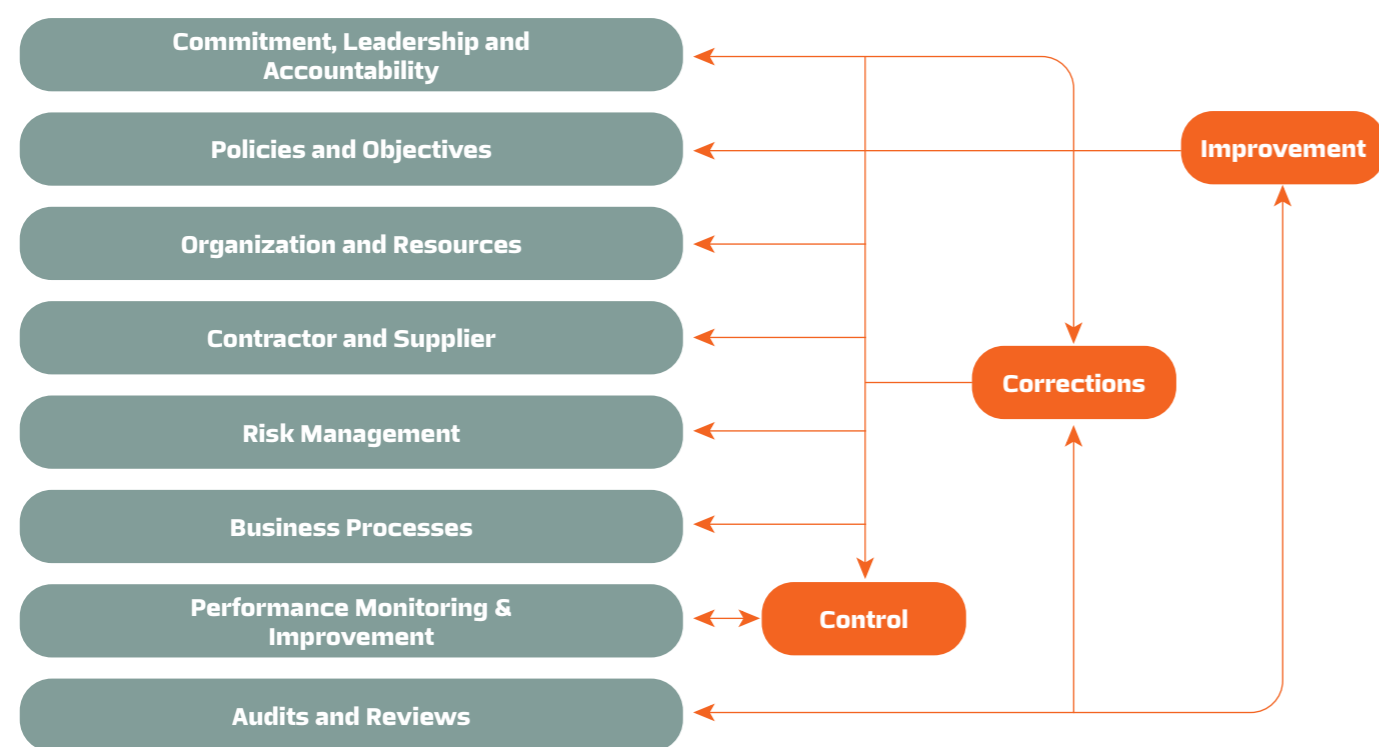
- Jan'22 – 5th IKTVA Excellence Award**
  - AD is the only drilling contractor recognized by Saudi Aramco with the In Kingdom Total Value-Added (IKTVA) Excellence Award for 5 years in a row
- Feb'22 – SUKUK and New CEO**
  - AD raised SAR 2B debt in a Sharia Compliant bond (sukuk) with an over-subscription of 3.4x.
  - The Company's structure is changed with the creation of a CEO position for the first time.
- Jun'22 – New Branding**
  - AD released its new branding identity with new logo, vision, mission, slogan, etc., marking the start of a new era.
- Aug'22 – Offshore Fleet Expansion**
  - AD successfully completed the acquisition of 2 offshore rigs to support its fleet expansion and contract awards. A third offshore rig was acquired in Nov'22.
- Sep'22 – New Client and Record High Backing**
  - AD was awarded multi rig, multi-year contract with Baker Hughes.
  - Backlog reached record high SAR 9.5B.
- Nov'22 – Company goes Public**
  - AD successfully completes its IPO, with a 30% float and raising c. SAR 2.7B with oversubscription from institutional tranche of 61x



## 6. HEALTH, SAFETY AND THE ENVIRONMENT

The Health, Safety and Environment (HSE) department was created to support Arabian Drilling for its mission to deliver excellence in its operations, whilst increasing the value to our customers sustainably. HSE establishes and governs the safety framework that monitors our performance across all our operational locations, preserving the wellbeing of our full community from employees, contractors, and customers, to the public, our assets, and the environment.

**HSE Management System:**  
HSE Department strives for a continual improvement cycle of the effectiveness of the whole Arabian Drilling Management System, which defines the principles by which we conduct our operations with regards to health, safety, and the environment. Arabian Drilling HSE Management System is based on the International Association of Oil & Gas Producers (IOGP) model and comprises of eight interrelated components:



All activities shall be conducted in compliance with Arabian Drilling HSE policies, procedures, and applicable laws and regulations and under the Arabian Drilling HSE Management System. We consider that everyone is responsible and accountable for HSE. Arabian Drilling

Management communicates this HSE philosophy to all employees, customers, contractors, and third parties associated with our business, to establish the HSE culture in place for our long-term success in our business.

## 7. MARKET HIGHLIGHTS

The Brent crude oil price was around USD 80 in early 2022. The average price for the year was around USD 103, the highest since 2013. In March of 2022, the price of Brent crude oil peaked at USD 128 with fluctuations

reaching up to USD 50, which is the highest since the 2008 financial crisis. The onshore drilling market has recorded a growth rate due to its significant development in recent

years. In addition, the exploitation of unconventional reserves to meet the growing demand for crude oil and natural gas is expected to create significant demand for the onshore drilling market.

## 8. DESCRIPTION OF THE COMPANY'S IMPORTANT PLANS, DECISIONS, KEY EVENTS AND PROSPECTS FOR THE COMPANY'S OPERATIONS

### PLANS

Arabian Drilling Company has active plans to acquire new rigs, expand regionally, and diversify revenue streams:

- Adding new rigs to the growing Saudi market.
- Expanding the existing drilling fleet in the Kingdom.
- Optimizing unconventional drilling as the Kingdom is leading initiatives aimed at increasing gas production (such as the unconventional field "Al-Jafoura").
- Strengthening the leading position of Arabian Drilling Company in operational excellence.
- Regional expansion by leveraging growth opportunities in the GCC market on a competitive basis through tenders.
- In addition to growth, the Company will benefit from acquisition opportunities.

#### Other growth strategies

- Diversifying income sources with additional services:
  - Training services.
  - Specialized engineering services.
  - Carbon capture and storage (CCS).

The Company continuously evaluates opportunities for acquiring new assets or business projects by actively participating in tenders, assessing market developments and growth opportunities, and acquiring and investing in new drilling rigs based on its research and evaluation. Some of the Company's initiatives include:

- Diversifying the Group's geographical footprint by establishing operations in new geographical areas (e.g., Kuwait, Bahrain, and Oman). The Group is also working to meet the pre-qualification requirements with Kuwait Oil Company in order to offer services in various categories relevant to the land drilling domain. In addition, the Group will continue to study markets in different geographical regions to create opportunities for its expansion.
- Establishing a training center for the Company to become an independent entity offering training courses internally from programs accredited by the International Well Control Forum (IWCF) and the International Association of Drilling Contractors (IADC). These steps enhance the Group's efforts to maintain a high standard within the IKTVA program, by providing training to the Saudi workforce and additional support to develop the Saudi national drilling expertise.



## DECISIONS

- 7 November 2022: Arabian Drilling Company is listed on the main Saudi Stock Exchange (Tadawul).
- 10 November 2022: Announcement of the interim financial statements for the 9 months ended 3 September 2022 (9M 22).
- 17 November 2022: Declaration of rectification of the interim financial statements for the 9 months ended 3 September 2022 (9M 22).
- 29 November 2022: Opening the door for the nomination and election of 2 members for the Company's Board of Directors during the current session.
- The Company succeeded in concluding the Company's first deal in the main Saudi Stock Exchange (Tadawul), by offering Sharia-compliant bonds "Sukuk" of SAR 2 billion from the debt markets. The deal was well received, as it was oversubscribed by more than 3.4x the size of the initial issuance of SAR 1.6 billion. Accordingly, the Company increased the issuance volume by SAR 400 million.

## FUTURE EVENTS AND FORECASTS FOR THE COMPANY'S BUSINESS

- It is expected that the demand for oil will grow by 0.6% CAGR, while the demand for gas is expecting to grow at 1.5% CAGR.
- The IMF also expects real GDP for emerging and developing Asian economies to exceed the global average at a combined annual growth rate of 5.5%. Oil demand is expected to increase at a combined annual growth rate of 2.5%, and gas demand is expected to increase at a combined annual growth rate of 4.4%. Asian emerging and developing economies represent major growth centers.
- Global energy demand associated with real GDP and oil demand in developed economies is expected to witness a decrease in the next decade.
- The COVID-19 pandemic during 2020 and global restrictions on economies led to an annual decline of 8.7 million barrels per day in the demand for liquid hydrocarbons, which are crude oil, condensates and natural gas liquids. The subsequent easing of restrictions and the rebound in economic activity resulted in an increase in the demand for liquid hydrocarbons, which has led to an annual growth in demand of 5.6 million barrels per day (bpd).

### AD in the context of its business

The Company is one of the largest drilling contractors in the Middle East and North Africa region and works across the value chain of hydrocarbon exploration and production activities. The production phase of the excavation and production value chain is the stage at which existing fields are drilled. This phase represents the highest expenditure on drilling contractors and the generating Company's highest revenue.

The Company's market share is approximately 16.4% of all the drilling rigs and other offshore units available in the Kingdom, owning 50 rigs of which 44 active as of 31 December, 2022 of a total fleet of 268. based on the Group's rig count – consists of:

**38**

land drilling rigs

**12**

offshore drilling rigs

## 9. DISCLOSURE ACCORDING TO REGULATIONS

### Corporate Governance Regulations

The Company has updated its governance regulations, which set out the rules and standards governing the Company's performance. These regulations also align with the CMA Governance Regulations and the Companies Law issued by the Ministry of Commerce. These regulations were adopted by the General Assembly of Shareholders. It is worth noting that the Company was listed on the Saudi market on 7 November 2022.

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

Article Number	Article Text/Paragraph	Application Status	Notes
Article 39: Training	Apply required mechanisms for the Board of Directors and Executive Management members to receive ongoing training to enhance their skills and knowledge in fields related to the Company's business.	Applied	Indicative Article - Non-binding
Article 41: Valuation	The Board of Directors shall, based on the proposal of the Nomination and Remuneration Committee, apply required mechanisms to assess the annual performance of the Board, its members, Committees and Executive Management through appropriate performance indicators based on the achievement of the Company's strategic objectives, the quality of risk management, the adequacy of internal control systems and others, identifying strengths and weaknesses and proposing to address them in accordance with the Company's best interests.	Not Applied	Indicative Article - Non-binding
	The Board of Directors shall arrange for a competent external evaluation of its performance on a quarterly basis.	Not Applied	Indicative Article - Non-binding
Article 85: Motivating Employees	<ol style="list-style-type: none"> <li>Formation of Committees or holding specialized workshops to hear the points of view of the employees of the Company and discuss with them matters and subjects of importance.</li> <li>Programs to give employees shares in the Company or a share of the profits earned, and retirement programs, and establish a separate fund to spend on those programs.</li> <li>Establishment of social institutions for employees of the Company.</li> </ol>	Applied	Indicative Article - Non-binding
		Not Applied	
		Not Applied	
Article 87: Social Responsibility	Based on a proposal from the Board of Directors, the General Assembly Meeting (AGM) shall establish a policy that ensures a balance between its objectives and those that society seeks to achieve, with an aim to develop the social and economic conditions of society.	Not Applied	Indicative Article - Non-binding
Article 88: Social Work Initiatives	<ol style="list-style-type: none"> <li>Set performance indicators that link the Company's performance to its initiatives in social work and compare these with peers.</li> <li>Disclosure of the corporate social responsibility objectives adopted by the Company for its employees and raising their awareness and education thereof.</li> <li>Disclosure of social responsibility plans in periodic reports related to the Company's business.</li> <li>Develop awareness programs for society to introduce corporate social responsibility.</li> </ol>	Not Applied	Indicative Article - Non-binding

## 10. COMPANY SOCIAL CONTRIBUTIONS

Social Contribution	Entity	Details
1 Tarahum Partners	Tarahum Society	The Company provided financial aid for the care of the 20 most needy families at Tarahum with a contribution SAR 334,050.
2 Asia Triathlon Championship	Saudi Triathlon Federation	Arabian Drilling is the exclusive sponsor of the Asian Championship for the Saudi Triathlon Federation, with a contribution of SAR 1,000,000.

## 11. 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 e-mail. 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.

## 12. BOARD OF DIRECTORS

	Name	Role	Capacity		
			Independent	Non-Executive	Executive
1	Khalid Mohammed 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	√		

\*On 25 January 2023, 2 Independent Members were elected by the General Assembly Meeting to complete the current session. The results were announced on 26 January 2023, and Adnan Ghabris and Michael Eric Mannering have been appointed as Independent Members.

### Meetings of the Board of Directors

The Board of Directors held 4 meetings during 2022, and attendance was as follows:

Name	First	Second	Third	Fourth
	17 Mar 2022	30 Jun 2022	15 Sep 2022	30 Nov 2022
1 Khalid Mohammed Nouh	Attended	Attended	Attended	Attended
2 Tarek Rizk	Attended	Attended	Attended	Attended
3 Waleed Abdullah Al-Mulhim	Attended	Attended	Attended	Attended
4 Vijay Kasibhatla	Attended	Attended	Attended	Attended
5 Samir Seth	Attended	Attended	Attended	Attended
6 Jesus Lamas Rios	Attended	Attended	Attended	Attended
7 Khlood Abdulaziz Aldukheil	Attended	Attended	Attended	Attended

### 3 AUDIT COMMITTEE

The Audit Committee held 6 meetings during 2022, and they were attended by the members as follows:

		First	Second	Third	Fourth	Fifth	Sixth
	Name	8 Mar 2022	16 Jun 2022	1 Sep 2022	8 Sep 2022	24 Nov 2022	13 Dec 2022
1	Walid Shukry*****	Attended	Resigned	Resigned	Resigned	Resigned	Resigned
2	Hani Qurashi****	Attended	Term ended	Term ended	Term ended	Term ended	Term ended
3	Nezar Shawwa****	Attended	Term ended	Term ended	Term ended	Term ended	Term ended
4	Moustafa Abdullatif	Attended	Attended	Attended	Attended	Attended	Attended
5	Khlood Aldukheil*	Not yet appointed	Attended	Attended	Did not attend	Attended	Attended
6	Klawdia Garamelo**	Not yet appointed	Attended	Resigned	Resigned	Resigned	Resigned
7	Vijay Kasibhatla***	Not yet appointed	Not yet appointed	Attended	Attended	Attended	Attended

\*Khlood Aldukheil, Appointed on 17-03-2022

\*\*Klawdia Garamelo, appointed on 17-03-2022 but resigned on 21-06-2022

\*\*\*Vijay Kasibhatla, Appointed on 21-06-2022

\*\*\*\*Hani Qurashi and Nezar Shawwa, Term ended on 17-03-2022

\*\*\*\*\*Walid Shukry, resigned on 20-03-2022

### 4 ANNUAL AUDIT COMMITTEE REPORT 2022

#### Audit Committee Report for the Fiscal Year Ended in 31/12/2022

During the fiscal year 2022, the Audit Committee monitored the Company's business and verified the integrity and reliability of the annual and interim financial reports and lists and ensured the application of internal control systems in them, and the adequacy of the Company's internal control system. This report deals with the work carried out by the Audit Committee during the year 2022 according to the tasks 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, as follows:

1. Study the interim and annual consolidated financial statements the year 2022 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.
2. Study the reports and notes submitted by the external auditor and meet with him to consider the financial statements before approving them in order 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 his work.
3. Recommending to the Board of Directors appointment of the External Auditor and reviewing their plan and actions.
4. Study the reports and notes submitted by the internal auditor and meet with the Executive management to discuss the departments' work plans to address the risks resulting from these reports in order to reach a tight and effective control environment.

Within the limits of the Audit Committee mandate, and by the Internal Audit Department, plan and follow-up, and in discussions with the External Auditor and the Executive Management for the year 2022, the Audit Committee did

not find material weakness within the internal control environment.

Respectfully submitted;  
Audit Committee Chair

#### Audit Committee Functions

The Audit Committee is responsible for assisting the Board with oversight of the following:

1. The integrity and accuracy of the Company's financial statements, reports, and the internal control systems.
2. The Company's compliance with legal and regulatory requirements, and code of conduct rules.
3. The qualifications and independence of the Company's external Auditor.
4. The performance of the Company's Internal Audit and external Auditor's duties.
5. Evaluating and supervising the risk management system in the Company and the relevant procedures in this regard.

The Audit Committee shall have the following responsibilities:

#### Financial Statements and Reports:

- Reviewing significant issues related to accounting affairs, reporting matters, including complex or unusual transactions, 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 review 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 with regard to significant matters contained in the Company's financial statements and reports.

#### 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.

#### Internal Audit:

- Adopting the Internal Audit Charter.
- Reviewing the performance and activities of the Head of the Internal Audit Department and ensure that there are no unjustified restrictions on his/her activities and making recommendations to the Board with respect to his/her 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 Head of the Internal Audit Department 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 Head of the Internal Audit Department on a regular basis to discuss any matters that the Committee or Internal Audit officials deem necessary to be discussed in separate sessions.

#### 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.

#### 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.

#### 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 out during the meeting.
- Preparing a written report for the Board regarding the Company's Internal Audit procedures and the Committee's recommendations in this regard.

#### 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.

# 15. NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee held 3 meetings in 2022, and attendance was as follows:

	Name	Capacity	First	Second	Third
			13 Jun 2022	28 Nov 2022	29 Dec 2022
1	Khlood Abdulaziz Aldukheil	Committee Chairman Independent Board Member	Attended	Attended	Attended
2	Jesus Lamas Rios	Committee Member Board Member Non-Executive	Attended	Attended	Did not attend
3	Moataz Mohammad Mashor	Committee Member Non-Board Member Non-Executive	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.

## 16. EXECUTIVE COMMITTEE

The Executive Committee held 5 meetings during 2022, and attendance was as follows:

	Name	Membership	First	Second	Third	Fourth	Fifth
			23 May 2022	21 Jun 2022	10 Aug 2022	27 Sep 2022	26 Oct 2022
1	Khalid Mohammed 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.

## 17. MEASURES ADOPTED BY THE BOARD TO EVALUATE ITS PERFORMANCE, THE PERFORMANCE OF THE COMMITTEES AND THEIR MEMBERS, AND THE THIRD PARTY INVOLVED IN THE EVALUATION PROCESS, AND ITS RELATIONSHIP WITH THE COMPANY

- The Board and its Committees periodically conduct self-evaluations by submitting regular reports from the Committees to the Board of Directors for further discussion at the meetings.
- The Company was listed on the Saudi Stock Exchange (Tadawul) on 7 November 2022. The Board will therefore continuously evaluate and comply with regulatory requirements.

## 18. BOARD AND COMMITTEE MEMBERS' BIOGRAPHIES

The names, current and previous positions, qualifications, and experience of the Board of Directors, members of the Board Committees, and Executive Management, as well as 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

#### Position

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 & 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 - 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

#### Position

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**

**Position**

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**

**Position**

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, USA, 1986.
- Master of Business Administration, London Business School, London, United Kingdom, 1995.

**Current Positions**

- Member of the Board of Directors for the Company since 2022.
- Board Member, Sherwater Geo Services Holding Company (Private Limited Liability Company in the Kingdom of Norway), operating in the geophysical services sector, 2017 - now.

- 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**

- 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, 2011 - 2012.





## Samir Seth

### Position

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

### Position

Board Member and Chairwomen of Audit Committee and Nomination And Remuneration Committee

### Membership Status

Independent

### Academic and Professional Qualifications

- Bachelor's degree in International Finance and Commerce, Georgetown University, Washington D.C., USA, 1994.
- Master's degree in Financial Business Administration, American University, Washington D.C., USA, 1997.
- Chartered Financial Analyst (CFA), CFA Institute, Charlottesville, Virginia, USA, 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.



**Jesus Lamas Rios**

**Position**

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 since 2022.
- 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.



**Adnan Ghabris**

**Position**

Board Member

**Membership Status**

Independent

**Academic and Professional Qualifications**

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

**Current Positions**

- CEO and Founder, Excella MENA DMCC, 2020 - now.
- Chairman of the Board of Directors and Partner, Afkar Petroleum Projects Company, 2020 - now.

**Previous Professional Experience**

- Field Engineer, Director of Operations and Marketing, Regional Marketing Director and Vice President, Petroleum Projects in the Middle East and Asia, Schlumberger Co., 1988 - 2008.
- CEO, National Petroleum Services Company (NPS), 2008 - 2018.
- Chairman of the Board of Directors, National Energy Services Reunited Corp. (NESR), 2018 - 2019.
- Chairman of Nomination and Remuneration Committee, Alkhorayef Petroleum Company, to date.
- Board Member, FZE Manufacturing Co., Dubai, to date.
- Board Member, APICORP Coretrax Co., UK, to date.
- Board Member and Partner, Afkar Venture Co., Dubai, to date.

Note: Mr. Adnan Ghabris was elected by the Ordinary General Assembly on 25 January 2023. This is the date of his appointment to the Board of Directors as an Independent Member.



**Michael Mannering**

**Position**

Board Member

**Membership Status**

Independent

**Academic and Professional Qualifications**

- Bachelor’s degree with first class honors, University of Southampton, 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**

- Drilling Engineer and Supervisor of Onshore and Offshore Activities (Netherlands), Shell International Company, 1974 - 1979.

- Drilling Engineer and Supervisor of Onshore and Offshore Activities (Egypt), Deminex Company, 1979 - 1985.
- Technical Director and Marketing Manager, Sedco Forex (Singapore); General Manager, Sedco Forex (Nigeria); Vice President, IPM Paris; EVP, Sedco Forex (Singapore); Genomarket Manager and Chairman, Schlumberger UK; VP Sales Schlumberger Eastern Hephisphere; Vice President, QHSE Schlumberger Global, 2003 – 2008; President Rig Management Company 2008-2015.
- Chairman of Navitas Energy Co.; Director, Songa Offshore SE Co.; and Chairman , Polarcus Co., 2008 - 2021.

Note: Mr. Michael Mannering was elected by the Ordinary General Assembly on 25 January 2023. This is the date of his appointment to the Board of Directors as an Independent Member.



**Mostafa Ahmed Abdullatif**

**Position**

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, 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.



## Moutaz Mohammed Othman Mashhour

### Position

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, USA, 2011.
- Leadership Development Forum, Executive Education, Rice University, Houston, Texas, USA, 2010.
- Senior Executive Leadership Program, Columbia University, New York, USA, 2009.
- Performance Improvement Consultant Certificate, International Society for Performance Improvement, Washington D.C., District of Columbia, USA, 2002.
- Human Resource Development Certificate, University of Minnesota, Saint Paul, Minnesota, USA, 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 & 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 & 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.

# 19. POTENTIAL RISKS

## Enterprise Risk Management

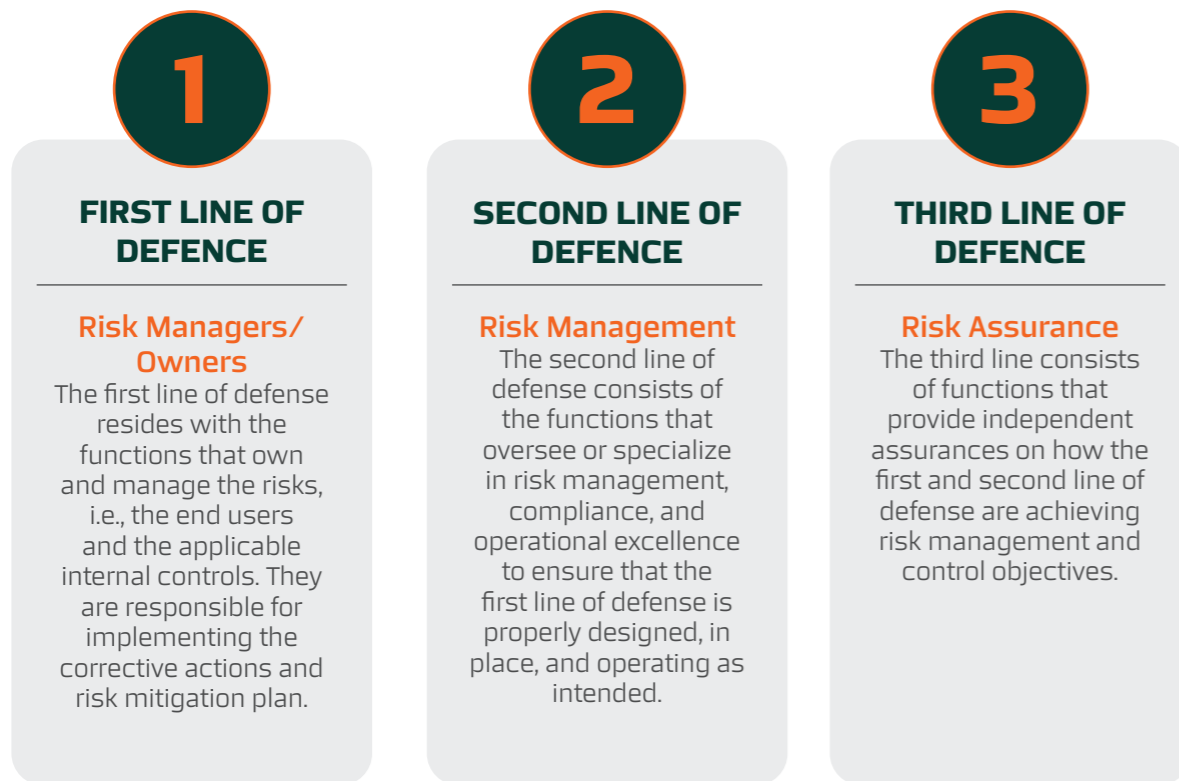
Arabian Drilling (AD) Enterprise Risk Management (ERM) is designed to protect the interests of the Company's Stakeholders including shareholders, customers, employees, and suppliers by managing risk in a manner that advances the Company's strategy. It is a comprehensive system to identify actual and potential threats that may affect the Company's operations locally and globally, and to manage them proactively and continuously.

AD's ERM system identifies, assesses, prioritizes, prevents, mitigates, and manages the risks that may limit the Company's ability to achieve its objectives. ERM does not aim to eliminate risk. Instead, an effective ERM program will create an environment in which risk is embraced and allows Management to make comprehensive, informed, and strategic risk decisions. The risk management process identifies and reduces exposure to uncertainty,

and enhances exposure to opportunities, by identifying, understanding, and managing risks in accordance with a defined risk management policy as per COSO standards. The ERM objectives, governance structure, roles and responsibilities of the Board of Directors, Audit, and Management Committee, and the ERM Management Team, are outlined in the Risk Management Manual.

## 3 Lines of Defense Model for Effective Risk Management

The 3 Lines of Defense model distinguishes 3 groups (or lines) involved in effective risk management. In the T3 Lines of Defense model, Management control is the first line of defense, whereas different risk monitoring and control functions set up by the Management are the second line of defense, and independent assurance is the third line. Each of these 3 "lines" plays a distinct role within the broader corporate governance framework.



## Scope

ADs' ERM Framework was developed based on best practice guidance such as those set out in the COSO ERM 2017 Framework.



## Risk Management Process

The Company's risk management process is designed to follow 6 steps including risk identification, risk assessment, risk response, control activities, information communication, and monitoring.



### Risk Assessment Matrix

The risk matrix is used to measure risks based on a combination of their impact and likelihood. The Company's risk matrix is a 5 x 5 matrix with a rating assigned to each as shown in the table below. Impact and likelihood are measured on a scale from 1 to 5, respectively. Risk Rating = [impact X likelihood].

Description	Rating	Risk Total Score (impact X likelihood)
Highly important	5	20 – 25
Important	4	15 – 19
Marginal	3	10 – 14
Minimum	2	5 – 9
Low	1	1-4

The following are the principal risks associated with the Company's business that are continuously monitored and reported to Management and the Audit Committee.

#### Risks Related to the Activities and Operations of the Company

The risks and uncertainties described below are those that the Company currently believes could affect the Company's may materially and adversely affect the Company's business, financial position, results of operations and prospects. The risks listed below do not necessarily comprise all those affecting the Company. There may be additional risks and uncertainties that the Company is currently not aware of, or that the Company currently believes are immaterial. The risks described below are not presented in any assumed order of priority that can reflect their expected impact on the Group.

#### Risks Related to Accidents on any of the Group's Rigs Causing Severe Damage or Injury, Resulting in Significant Costs Being Incurred

Oil and natural gas extraction on the Group'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 Group's extraction operations include:

- 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 odourless and toxic (such as hydrogen sulphur);
- natural disasters such as flooding, typhoons and fires; and
- spills, discharges or other releases of oil and hazardous substances into the environment.

#### Risks Related to Changes in the Regulatory Environment

- The Group and its operations are subject to a wide range of laws and regulations, including those relating to labor (including Saudization), tax and zakat, exports, management of natural resources, use of hazardous substances and explosives, rig safety, historic and cultural preservation, and environmental protection and health and safety. The compliance costs associated with these laws and regulations are substantial and possible future laws and regulations and changes to existing laws and regulations could result in additional compliance expense, potentially increased capital expenditure, and restrictions on, or suspensions of, certain of the Group's operations.

#### Risks Related to Impact of Cybersecurity Attacks on Security and Reliability of Technology Systems

The Group depends heavily on technologies, systems and networks that are managed by the Group or 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 Group for detecting and protecting against cybersecurity threats proves to be insufficient, the Group's business and financial systems could be compromised, confidential or proprietary information in the Group's possession could be altered, lost or stolen, or the Group (or its customers') business operations or safety procedures could be disrupted, degraded, or damaged.

#### Risks Relating to the Impact of Fluctuations in Oil and Natural Gas Prices on the Level of Expenditure by the Oil and Gas Industry and Demand for Drilling Services

The Group's operating results, financial condition and prospects depend substantially on the level of demand for the exploration, development and production of crude oil and gas by major international and national oil and gas companies that make up the Group's customer base. The oil and gas exploration, development and production industry has historically been characterized by volatile and significant changes in the level of exploration, development and production of crude oil and gas reserves, which is in turn drives the prices of oil and gas. The demand for operating rigs may change as oil and gas prices rise or fall, in turn influencing the expenditures the Group's customers make and, in turn, the Group's revenue. As such, the Group's customers' expenditure on exploration, appraisal and development of oil and gas fields depends, among other factors, on current and expected short-term and long-term oil and gas prices. Should overall levels of exploration, development and production activities of the Group's customer base fall short of the Group's expectations, this could have a material adverse effect on the Group's business, financial condition and results of operation.

#### 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 and preventative maintenance and periodic certification requirements. Furthermore, the Group 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:

- 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; and
- long lead time for manufactured rig components.

#### Risks Relating to the Ability to Win New Contracts, and Renewal or Extension of Existing Contracts

The Group's revenue is predominantly derived from drilling contracts that are awarded on a tender basis. The Group participates in tenders to win new contracts and to renew certain existing contracts (which may not have an option to be extended by the customer or to be renegotiated privately with the customer without a prior tender process). It is generally difficult to predict whether the Group will be awarded future contracts on favorable terms or at all, as tenders are affected by several factors beyond the Group's control, such as market conditions, including the intensity of the competition due to oversupply of rigs, the willingness or ability of competitors to submit lower bid, the technical profiles of competitors relative to the Group and governmental approvals. In preparation for a tender of a new contract, the Group assesses the current capacity in terms of employees, equipment and the availability of third-party sub-contractors and suppliers and, if the Group is awarded the contract, how to deploy resources to perform the contract. Pre-qualification of certain thresholds may be required, such as health, safety and environmental requirements, as well as demonstration of the ability to provide equipment and compliance with local requirements. If the Group is unable to win new contracts and renew or extend existing contracts, utilization of the Group's rigs and equipment may drop below expected levels, adversely affecting the business, financial conditions and results of operations of the Group.

#### Risks Related to Contracts Being Subject to Suspension, Early Termination or Variance

A number of the Group's contracts may be subject to suspension, early termination or variation, and if such variation provisions are exercised, the Group's utilization

and backlog levels may decrease, and the levels of revenue to be received by the Group may be reduced. In general, the initial term of the Group's contract typically ranges from three to five 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 Group if the customer opts to terminate the contract for convenience during the principal term. The early termination fees are typically calculated based on a reduced day rate until the end of the principal term or are capped by reference to a maximum number of days (typically 180 days). Where contracts run into their extension periods, the contracts typically allow a customer to terminate the contract without any early termination fee and with only a 30-day notice period. In addition, customers may also have early termination rights upon default or non-performance by the Company. In such circumstances, the Group may or may not have the right to receive compensation in respect of such early termination, and the Group may not be able to fully eliminate costs associated with the contract.

#### Risks Related to Equipment Failure, Shutdowns or other Disruptions

The Group's operations are subject to risks of failure of equipment and other technical failures, lower than expected performance, equipment obsolescence and labor disruption. Each of the Group's rigs depends on several critical pieces of equipment and such equipment may, on occasion, be damaged or otherwise be out of service as a result of unanticipated failures, which would require the closure of part or all of the rig whilst repairs are conducted, causing a reduction in operations. To the extent spare or replacement parts cannot immediately be located onsite or within a short period of time, the Group may be forced to order new equipment which could result in prolonged

periods of partial or total shutdown while the new equipment (or replacement part) is delivered.

#### Risks Related to Global Transition to Renewable or Other Alternative Energy Source

The transition to renewable and other alternative energy sources may impact global oil and gas demand. In addition, it may require the Group to adapt certain parts or its operations to potentially changing government requirements, customer preferences and to a potentially changing customer base. Energy transition may adversely affect the demand for the Group's services and this trend may be more rapid and pronounced than the Group anticipates. Furthermore, if investors or financial institutions shift funding away from companies in fossil fuel-related industries, the Group's access to capital or the market for the Shares could be negatively impacted.

#### The Group's Ability to Generate Sufficient Cash to Service its Debt Obligations and Operations Depends on Many Factors Beyond its Control

The Group'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.

#### Moving into 2023

Since AD cannot predict other dynamics that may expose the Company to further risks, such as geopolitical and security issues, or global economic instability, global pandemic etc., AD will ensure to maintain a robust risk framework to mitigate the impact of downside risks.

## 21. REQUESTS FOR THE SHAREHOLDERS' REGISTER, AND THE DATES AND REASONS FOR EACH

The Shareholder register was requested 4 times in 2022.

Date	Reasons
3 November 2022	Company procedures
17 December 2022	Company procedures
18 December 2022	Company procedures
29 December 2022	Company procedures

## 20. REMUNERATION OF THE BOARD OF DIRECTORS AND SENIOR EXECUTIVES

Board of Directors	Attendance allowance (total)	Rewards	Total
<b>Independent members</b>			
Khlood Abdulaziz Aldukheil	15,000	200,000	215,000
<b>Total</b>	<b>15,000</b>	<b>200,000</b>	<b>215,000</b>
<b>Non-executive members</b>			
Eng. Khalid Mohammed Nouh	15,000	200,000	215,000
Mr. Tarek Rizk	15,000	200,000	215,000
Mr. Waleed Abdullah Al-Mulhim	12,000	200,000	212,000
Mr. Samir Seth	15,000	200,000	215,000
Mr. Vijay Kasibhatla*	0	0	0
Mr. Jesus Lamas Rayos	15,000	200,000	215,000
<b>Total</b>	<b>87,000</b>	<b>1,200,000</b>	<b>1,287,000</b>

\*Mr. Vijay Kasibhatla informed the Board of Directors of his unwillingness to receive attendance allowances and bonuses and to transfer them to charities.

#### Committee remuneration statement

Audit Committee	Attendance (total allowance)	Rewards	Total
Ms. Khlood Abdulaziz Abdulkheil	12,000	150,000	162,000
Mr. Vijay Kasibhatla*	0	0	0
Mr. Mustafa Ahmed Abdel Latif	12,000	150,000	162,000
<b>Total</b>	<b>24,000</b>	<b>300,000</b>	<b>324,000</b>

\*Mr. Vijay Kasibhatla informed the Board of Directors of his unwillingness to receive attendance allowances and bonuses to transfer them to charities.

Nominations and Remunerations Committee	Attendance (total allowance)	Rewards	Total
Ms. Khlood Abdulaziz Abdulkheil	6,000	150,000	156,000
Mr. Jesus Lamas Rayos	3,000	150,000	153,000
Mr. Moataz Muhammad Mashoor	6,000	150,000	156,000
<b>Total</b>	<b>15,000</b>	<b>450,000</b>	<b>465,000</b>



Executive committee	Attendance (total allowance)	Rewards	Total
Eng. Khalid Mohammed Nouh	15,000	150,000	165,000
Mr. Tarek Rizk	12,000	150,000	162,000
Mr. Waleed Abdullah Al-Mulhim	15,000	150,000	165,000
Mr. Jesus Lamas Rayos	12,000	150,000	162,000
Mr. Samir Seth	15,000	150,000	165,000
<b>Total</b>	<b>69,000</b>	<b>750,000</b>	<b>819,000</b>

### Payment to Five Senior Executives Including CEO and CFO

Description	The rewards of the top 5 executives
Salaries and compensation	SAR 14,532,575
Allowances	
Periodic and annual bonuses and incentive plan	
<b>Total</b>	<b>SAR 14,532,575</b>

## 22. RELATED PARTY TRANSACTIONS

A summary of contracts and transactions concluded with related parties, including those in which Directors, Senior Executives, or any of their relatives have a direct or indirect interest, in addition to information related to transactions and contracts to which the Company is a party, or in which Directors, Senior Executives, or any of their relatives have a direct or indirect interest. The summary includes the names of those involved in the transactions or contracts, and the nature, conditions, term, and amount of these transactions or contracts. In case there are no such transactions or contracts, the Company must submit a declaration of the same.

Parties	Nature of the Contract or Transaction	Total Revenue from the Contract/Transaction	Directors with a Direct or Indirect Interest
The Company (as the client) with Schlumberger Middle East S.A. (as the service provider)	Master Secondment Agreement	SAR 6,086,693	<ul style="list-style-type: none"> <li>Vijay Kashibhatla, as Director of Mergers and Acquisitions at Schlumberger N.V. (Schlumberger Limited), an affiliate of Schlumberger Middle East S.A.</li> </ul>
The Company (as the customer) and Schlumberger Rig Technology Inc. (as the service provider)	Transactions, on a purchase order basis, for supply of equipment and spare parts.	SAR 81,622	<ul style="list-style-type: none"> <li>Jesus Lamas Rios, as President of the Well Construction Division, Schlumberger Technology Corporation, an affiliate of Schlumberger Rig Technology Inc.</li> <li>Vijay Kasibhatla, as Director of Mergers and Acquisitions at Schlumberger N.V. (Schlumberger Limited), an affiliate of Schlumberger Rig Technology Inc.</li> </ul>
The Company (as the customer) and Cameron Al Rushaid Co. Ltd. (as the supplier)	Transactions, on a purchase order basis, for supply of equipment and spare parts.	SAR 36,871,687	<ul style="list-style-type: none"> <li>Jesus Lamas Rios, as President of the Well Construction Division, Schlumberger Technology Corporation, an affiliate of Cameron Al Rushaid Co. Ltd.</li> <li>Vijay Kasibhatla, as Director of Mergers and Acquisitions at Schlumberger N.V. (Schlumberger Limited), an affiliate of Cameron Al Rushaid Co. Ltd.</li> </ul>
The Company (as the customer) and Cameron Drilling System (as the supplier)	Supplier Pricing Agreement	SAR 361,646	<ul style="list-style-type: none"> <li>Vijay Kasibhatla, as Director of Mergers and Acquisitions at Schlumberger N.V. (Schlumberger Limited), an affiliate of Cameron International Corporation</li> </ul>
The Company (as the customer) and Cameron France S.A.S. (as the supplier)	Transactions, on a purchase order basis, for supply of equipment and spare parts.	SAR 9,437,266	<ul style="list-style-type: none"> <li>Vijay Kasibhatla, as Director of Mergers and Acquisitions at Schlumberger N.V. (Schlumberger Limited), an affiliate of Cameron France S.A.S.</li> </ul>
The Company (as the customer) and Cameron Sense A.S. (as the supplier)	Transactions, on a purchase order basis, for supply of equipment and spare parts.	SAR 991,715	<ul style="list-style-type: none"> <li>Vijay Kasibhatla, as Director of Mergers and Acquisitions at Schlumberger N.V. (Schlumberger Limited), an affiliate of Cameron Sense A.S.</li> </ul>

Parties	Nature of the Contract or Transaction	Total Revenue from the Contract/Transaction	Directors with a Direct or Indirect Interest
The Company (as the customer) and Cameron Middle East FZE (as the supplier)	Transactions, on a purchase order basis, for supply of equipment and spare parts.	SAR 18,670,240	<ul style="list-style-type: none"> <li>Vijay Kasibhatla, as Director of Mergers and Acquisitions at Schlumberger N.V. (Schlumberger Limited), an affiliate of Cameron Middle East FZE.</li> </ul>
The Company (as the service provider) with Schlumberger Middle East S.A. (as the customer)	Contract for Onshore Drilling Rig (Contract No. SLB-AD-201802 Rig AD41, 42, 43, 46, 55, 56, 59, 61, 64, 65, 66 and 67)	SAR 598,608,432.54	<ul style="list-style-type: none"> <li>Vijay Kashibhatla, as Director of Mergers and Acquisitions at Schlumberger N.V. (Schlumberger Limited), an affiliate of Schlumberger Middle East S.A.</li> </ul>
The Company (as the service provider) and Schlumberger Middle East S.A. (as the customer)	Contract for Onshore Drilling Rig (Contract No. SLB-AD-201804 Rig AD53 and 54)	SAR 23,346,703	<ul style="list-style-type: none"> <li>Vijay Kashibhatla, as Director of Mergers and Acquisitions at Schlumberger N.V. (Schlumberger Limited), an affiliate of Schlumberger Middle East S.A.</li> </ul>
The Company (as the service provider) and Dowell Schlumberger Saudi Arabia Ltd. (as the customer)	Contract for Onshore Drilling Rig (Contract No. SLB-AD-201804 Rig AD57, 58, 62, 63 and 68)	SAR 146,502,204	<ul style="list-style-type: none"> <li>Vijay Kashibhatla, as Director of Mergers and Acquisitions at Schlumberger N.V. (Schlumberger Limited), an affiliate of Dowell Schlumberger Saudi Arabia Ltd.</li> </ul>
The Company (as the lessor) and Arabian Geophysical and Surveying Company (as the lessee)	Commercial Lease Agreement	SAR 54,262	<ul style="list-style-type: none"> <li>Khalid Mohammed Nouh, as Chairman of the Arabian Geophysical and Surveying Company.</li> <li>Samir Seth, as Executive Vice President of Corporate Finance and Planning of The Industrialization &amp; Energy Services Company (TAQA), an affiliate of the Arabian Geophysical and Surveying Company.</li> </ul>
The Company (as the customer) and The Industrialization & Energy Services Company (TAQA) (as the service provider)	Secondment Agreement	SAR 144,564	<ul style="list-style-type: none"> <li>Khalid Mohammed Nouh, as Chief Executive Officer of The Industrialization &amp; Energy Services Company (TAQA).</li> <li>Samir Seth, as Executive Vice President of Corporate Finance and Planning of The Industrialization &amp; Energy Services Company (TAQA).</li> </ul>
OFSAT Arabia LLC (as the service provider) and TAQA Well Services (formerly known as TAQA Sanjel) (as the customer)	Service Agreement	SAR 6,909,030	<ul style="list-style-type: none"> <li>Khalid Mohammed Nouh, as a Director in TAQA Well Services.</li> <li>President of Corporate Finance and Planning of The Industrialization &amp; Energy Services Company (TAQA), an affiliate of TAQA Well Services.</li> </ul>

## 23. 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.

SAR in '000	2018 Audited	2019 Audited	2020 Audited	2021 Audited	2022 Audited
Property and equipment	5,880,906	5,799,454	5,562,212	5,258,884	6,490,621
Intangible assets	19,675	16,883	11,132	5,518	-
Right-of-use assets	-	7,717	4,756	1,792	199,263
Mobilization cost	46,444	22,458	4,972	2,385	15,027
Derivative financial instrument	4,257	-	-	-	-
<b>Total non-current assets</b>	<b>5,951,282</b>	<b>5,846,512</b>	<b>5,583,072</b>	<b>5,268,579</b>	<b>6,704,911</b>
Inventories	162,764	167,257	157,930	143,329	172,541
Trade and other receivables	934,178	1,025,468	522,540	701,043	825,059
Advance income tax	11,765	16,241	7,372	9,269	-
Mobilization cost	44,987	38,784	20,538	2,587	6,733
Derivative financial instrument	-	-	-	-	378
Short-term deposits	-	-	170,000	-	1,000,000
Cash and cash equivalents	78,840	221,273	469,521	411,621	832,025
Non-current assets held for sale	-	11,037	11,037	7,793	12,402
<b>Total current assets</b>	<b>1,232,534</b>	<b>1,480,060</b>	<b>1,358,938</b>	<b>1,275,642</b>	<b>2,849,138</b>
<b>Total assets</b>	<b>7,183,816</b>	<b>7,326,572</b>	<b>6,942,010</b>	<b>6,544,221</b>	<b>9,554,049</b>
Share capital	22,580	22,580	22,580	22,580	890,000
Share premium	-	-	-	-	790,676
Additional paid-in capital	97,421	97,421	97,421	97,421	-
Statutory reserve	18,884	18,884	18,884	18,884	267,000
Fair value of cash flow hedge	4,257	(13,099)	(15,133)	(4,441)	-
Retained earnings	3,298,439	3,500,914	3,788,415	4,057,325	3,642,149
<b>Total equity</b>	<b>3,441,581</b>	<b>3,626,700</b>	<b>3,912,167</b>	<b>4,191,769</b>	<b>5,589,825</b>
Long-term Murabaha borrowings	1,920,732	1,735,479	1,377,434	835,618	2,481,139
Lease liabilities	-	4,778	1,810	-	136,014
Employee benefit obligations	242,184	247,626	252,653	250,966	273,216
Mobilization revenue	73,491	38,975	14,424	5,965	115,614
Deferred tax liability	113,007	153,501	178,227	207,377	148,799
Trade payables	19,484	16,001	38,381	15,190	-
Fair value of cash flow hedge	-	13,099	15,133	4,441	-
<b>Total non-current liabilities</b>	<b>2,368,898</b>	<b>2,209,459</b>	<b>1,878,062</b>	<b>1,319,557</b>	<b>3,154,782</b>
Trade payables and other payables	639,773	622,383	462,537	456,551	584,811
Current portion of long-term Murabaha borrowings	647,016	794,065	639,623	545,473	46,460
Current portion of lease liabilities	-	2,947	3,029	1,847	63,806
Mobilization revenue	75,851	62,470	36,539	8,459	60,217
Zakat payable	10,697	8,548	10,053	20,565	54,148
<b>Total current liabilities</b>	<b>1,373,337</b>	<b>1,490,413</b>	<b>1,151,781</b>	<b>1,032,895</b>	<b>809,442</b>
<b>Total liabilities</b>	<b>3,742,235</b>	<b>3,699,872</b>	<b>3,029,843</b>	<b>2,352,452</b>	<b>3,964,224</b>
<b>Total equity and liabilities</b>	<b>7,183,816</b>	<b>7,326,572</b>	<b>6,942,010</b>	<b>6,544,221</b>	<b>9,554,049</b>

## 24. 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	2,703.5	100%
Western		
Main accounts		
Total		100%

## 25. MATERIAL DIFFERENCES IN OPERATING RESULTS COMPARED TO LAST YEAR'S RESULTS OR THE COMPANY'S ANNOUNCED FORECASTS

SAR in '000	2022	2021	Change	Change %
Revenue	2,703,535	2,198,969	504,566	23%
Cost of revenue	(1,902,092)	(1,723,350)	(178,742)	10%
<b>Gross profit</b>	<b>801,443</b>	<b>475,619</b>	<b>325,824</b>	<b>69%</b>
Provision for impairment on financial assets	(47)	-	(47)	100%
General and administrative expenses	(179,600)	(112,066)	(67,534)	60%
Other expense – net	(2,702)	(164)	(2,538)	1548%
<b>Operating income</b>	<b>619,094</b>	<b>363,389</b>	<b>255,705</b>	<b>70%</b>
Finance cost	(94,318)	(37,986)	(56,332)	148%
Finance income	27,525	1,343	26,182	1950%
Finance cost - net	(66,793)	(36,643)	(30,150)	82%
<b>Profit before zakat and income tax</b>	<b>552,301</b>	<b>326,746</b>	<b>225,555</b>	<b>69%</b>
Zakat and income tax credit / (expenses)	5,420	(53,163)	58,583	-110%
<b>Profit for the year</b>	<b>557,721</b>	<b>273,583</b>	<b>284,138</b>	<b>104%</b>
Other comprehensive income				
Items that may be reclassified to the consolidated statement of profit or loss in subsequent periods:				
- Cash flow hedge reserve – reclassified to consolidated statement of profit or loss	4,441	-	4,441	100%
- Cash flow hedge reserve – effective portion of changes in fair value	-	10,692	(10,692)	-100%
Items that will not be reclassified to the consolidated statement of profit or loss in subsequent periods:				
- Remeasurements of employee benefit obligations	(8,126)	12,743	(20,869)	-164%
- Impact of deferred tax	793	(1,307)	2,100	-161%
<b>Other comprehensive (loss) / income for the year</b>	<b>(2,892)</b>	<b>22,128</b>	<b>(25,020)</b>	<b>-113%</b>
<b>Total comprehensive income for the year</b>	<b>554,829</b>	<b>295,711</b>	<b>259,118</b>	<b>88%</b>
Earnings per share (Saudi Riyals)				
<b>Basic and diluted</b>	6.85	3.42	3.43	100%

## 26. DIFFERENCES FROM SOCPA ACCOUNTING STANDARDS

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

As stated in the external Auditor's report, AD'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, AD 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).

## 27. SHARE AND DEBT INSTRUMENTS ACTIVITIES

For the period ended on 31 December 2022, there are debt instruments issued by the Company.

Long term borrowings SAR in '000	31 December 2022	31 December 2021
Sukuk	2,000,000,000	-
Murabaha borrowings	500,000,000	1,377,434,235
Add: accrued finance costs	46,460,449	3,656,211
	2,546,460,449	1,381,090,446
Less: unamortized transaction cost	(18,861,463)	-
Total Loans	2,527,598,986	1,381,090,446

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

As at 31 December 2022, the share capital of the Company comprised of 89,000,000 shares at a nominal value of SAR 10 per share (31 December 2021: 2,258,000 shares at a nominal value of SR 10 per share).

The legal formalities for increase in share capital were completed during the year ended 31 December 2022. Share capital has been increased during the year as follows:

- Pursuant to Shareholders resolution dated 17 March 2022, the Company transferred SAR 680 million from retained earnings and SR 97.4 million from additional paid-in capital to share capital; and
- Issue of 9,000,000 new shares

The Company issued 9,000,000 new shares at an offer price of SAR 100. The differential price over the nominal value recorded as share premium amounting to SAR 790.68 million, after offsetting the issuance cost amounting to SAR 19.32 million.

## 28. STATUTORY PAYMENTS

MADE AND DUE FOR THE PAYMENT OF ANY ZAKAT, TAXES, FEES, OR ANY OTHER DUES NOT PAID UNTIL THE END OF THE ANNUAL FINANCIAL PERIOD, WITH A BRIEF DESCRIPTION AND REASONS THEREOF

Item	2022		Reasons
	Paid	Current year charge not paid	
Zakat	16,115,617	14,719,476	Regulatory requirement. FY 2022 charge will be paid in April 2023
Tax	2,667,407	37,645,980	Regulatory requirement. FY 2022 charge will be paid in April 2023
GOSI	91,358,477	6,781,266	Regulatory requirement. Charge for December 2022 got paid in January 2023
Visa, Passport & labor fees	19,779,518	-	Regulatory requirement

## 29. 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.

## 30. 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 & 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.
9. There are no competitive business transactions for any of the board of the directors.
10. 6 meetings were held for shareholders before being listed and traded on Tadawul (7/11/2022).



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