ARABIAN DRILLING COMPANY
(A SAUDI JOINT STOCK COMPANY)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the three-month and six-month periods ended 30 June 2026
with
Independent Auditor's Review Report

Arabian Drilling Company
(A Saudi Joint Stock Company)

Condensed consolidated interim financial statements with independent auditor's review report
For the three-month and six-month periods ended 30 June 2026

KPMG Professional Services Company
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P.O. Box 4803
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Kingdom of Saudi Arabia
Commercial Registration No 2051062328

Headquarters in Riyadh

شركة كي بي إم جي للاستشارات المهنية مساهمة مهنية
الطابق ١٦، برج البرغش
٦١٨٩ طريق الأمير تركي، الكورنيش
ص.ب ٤٨٠٣
الخبر ٣٤٤١٢ - ٣١٤٦
المملكة العربية السعودية
سجل تجاري رقم ٢٠٥١٠٦٢٣٢٨

المركز الرئيسي في الرياض

Independent auditor's report on review of condensed consolidated interim financial statements

To the Shareholders of Arabian Drilling Company (A Saudi Joint Stock Company)

Introduction

We have reviewed the accompanying 30 June 2026 condensed consolidated interim financial statements of **Arabian Drilling Company** ("the Company") and its subsidiary ("the Group"), which comprises:

- the condensed consolidated statement of financial position as at 30 June 2026;
- the condensed consolidated statement of profit or loss and other comprehensive income for the three-month and six-month periods ended 30 June 2026;
- the condensed consolidated statement of changes in equity for the six-month period ended 30 June 2026;
- the condensed consolidated statement of cash flows for the six-month period ended 30 June 2026; and
- the notes to the condensed consolidated interim financial statements.

Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of review

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

Independent auditor's report on review of condensed consolidated interim financial statements

To the Shareholders of Arabian Drilling Company (A Saudi Joint Stock Company) (continued)

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 30 June 2026 condensed consolidated interim financial statements of the Group are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia.

Other matter – Comparative information

The condensed consolidated interim financial statements of the Group for the three-month and six-month periods ended 30 June 2025 were reviewed by another auditor who expressed an unmodified conclusion on those condensed consolidated interim financial statements on 28 July 2025 and the consolidated financial statements of the Group as at and for the year ended 31 December 2025 were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements on 2 March 2026.

KPMG Professional Services Company

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Mohammed Najeeb Alkhlaiwi
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Al Khobar, 26th Safar, 1448H
Corresponding to 9th August 2026G

Arabian Drilling Company
(A Saudi Joint Stock Company)

Condensed consolidated statement of financial position
(All amounts in Saudi Riyals unless otherwise stated)

	Note	30 June 2026 (Unaudited)	31 December 2025 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	3	**8,309,973,788**	8,404,840,576
Intangible assets		**59,195,546**	65,036,118
Right-of-use assets		**21,289,797**	40,093,201
Mobilization cost	16	**46,216,617**	59,558,817
Derivative financial instrument		**5,626,425**	2,284,765
Total non-current assets		**8,442,302,173**	8,571,813,477
Current assets			
Inventories		**287,356,055**	283,090,028
Trade and other receivables		**638,594,166**	662,709,670
Mobilization cost	16	**27,460,791**	28,237,183
Short-term deposits		**8,100,000**	8,100,000
Cash and cash equivalents		**489,294,059**	595,247,139
		1,450,805,071	1,577,384,020
Assets held for sale		**33,744,346**	28,002,966
Total current assets		**1,484,549,417**	1,605,386,986
Total assets		**9,926,851,590**	10,177,200,463
EQUITY AND LIABILITIES			
Equity			
Share capital	4	**890,000,000**	890,000,000
Share premium		**790,675,825**	790,675,825
Cash flow hedge reserve		**5,626,425**	2,284,765
Retained earnings		**4,038,517,587**	4,062,972,298
Total equity		**5,724,819,837**	5,745,932,888
Liabilities			
Non-current liabilities			
Long-term borrowings	6	**517,834,799**	2,652,402,645
Lease liabilities		**4,387,593**	4,658,107
Employees' benefit obligations		**304,460,594**	302,960,255
Mobilization revenue	16	**96,802,197**	137,152,024
Deferred tax liabilities		**196,564,162**	190,828,152
Total non-current liabilities		**1,120,049,345**	3,288,001,183

Arabian Drilling Company
(A Saudi Joint Stock Company)

Condensed consolidated statement of financial position (continued)
(All amounts in Saudi Riyals unless otherwise stated)

	Note	30 June 2026 (Unaudited)	31 December 2025 (Audited)
Current liabilities			
Trade and other payables		**644,561,255**	669,436,212
Current portion of long-term borrowings	6	**2,333,137,932**	344,640,958
Current portion of lease liabilities		**17,577,700**	36,045,641
Mobilization revenue	16	**81,780,298**	82,860,942
Provision for zakat and income tax		**4,925,223**	10,282,639
Total current liabilities		**3,081,982,408**	1,143,266,392
Total liabilities		**4,202,031,753**	4,431,267,575
Total equity and liabilities		**9,926,851,590**	10,177,200,463

Muhammad Aldawood
(Chairman)

Fahad bin Abdullah Albani
(Chief Executive Officer)

Farid Mustafayev
(Chief Financial Officer)

The accompanying notes, from 1 to 17, form an integral part of these condensed consolidated interim financial statements.

Arabian Drilling Company
(A Saudi Joint Stock Company)

Condensed consolidated statement of profit or loss and other comprehensive income
(All amounts in Saudi Riyals unless otherwise stated)

	Note	Three-month period ended 30 June		Six-month period ended 30 June	
		2026	2025	**2026**	2025
		(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Revenue	8	**764,691,611**	862,469,075	**1,586,301,364**	1,773,551,564
Cost of revenue		**(694,374,360)**	(739,460,098)	**(1,415,449,951)**	(1,470,549,179)
Gross profit		**70,317,251**	123,008,977	**170,851,413**	303,002,385
General and administrative expenses		**(49,251,827)**	(57,444,282)	**(101,841,541)**	(116,936,704)
Other operating (expense) / income, net	9	**(2,260,371)**	1,519,264	**9,665,981**	17,805,595
Income from operations		**18,805,053**	67,083,959	**78,675,853**	203,871,276
Finance costs		**(47,654,552)**	(56,100,276)	**(96,868,021)**	(108,669,547)
Finance income		**2,789,001**	130,078	**5,434,954**	130,078
Finance costs - net		**(44,865,551)**	(55,970,198)	**(91,433,067)**	(108,539,469)
(Loss) / profit before zakat and income tax		**(26,060,498)**	11,113,761	**(12,757,214)**	95,331,807
Zakat reversal / (expense)	7.1	**1,322,020**	(1,631,659)	**(763,147)**	(3,811,549)
Income tax expense	7.1	**(6,770,641)**	(2,004,985)	**(10,934,350)**	(8,845,705)
(Loss) / profit for the period		**(31,509,119)**	7,477,117	**(24,454,711)**	82,674,553
Other comprehensive (loss) / income					
Items that may be reclassified to condensed consolidated statement of profit or loss in subsequent periods:					
Gain / (loss) on cash flow hedge		**2,873,939**	(2,664,485)	**3,341,660**	(5,613,926)
Other comprehensive income / (loss) for the period		**2,873,939**	(2,664,485)	**3,341,660**	(5,613,926)
Total comprehensive (loss) / income for the period		**(28,635,180)**	4,812,632	**(21,113,051)**	77,060,627
(Loss) / earnings per share					
Basic and diluted	10	**(0.35)**	0.08	**(0.27)**	0.93

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(Chief Executive Officer)

Farid Mustafayev
(Chief Financial Officer)

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Arabian Drilling Company
(A Saudi Joint Stock Company)

Condensed consolidated statement of changes in equity
(All amounts in Saudi Riyals unless otherwise stated)

	Share capital	Share premium	Statutory reserve (Note 5)	Cashflow hedge reserve	Retained earnings	Total
As at 1 January 2025 (Audited)	890,000,000	790,675,825	267,000,000	6,419,826	3,984,089,284	5,938,184,935
Profit for the period	-	-	-	-	82,674,553	82,674,553
Other comprehensive loss for the period	-	-	-	(5,613,926)	-	(5,613,926)
Total comprehensive income for the period	-	-	-	(5,613,926)	82,674,553	77,060,627
Dividends	-	-	-	-	(119,955,361)	(119,955,361)
As at 30 June 2025 (Unaudited)	890,000,000	790,675,825	267,000,000	805,900	3,946,808,476	5,895,290,201
As at 1 January 2026 (Audited)	**890,000,000**	**790,675,825**	**-**	**2,284,765**	**4,062,972,298**	**5,745,932,888**
Loss for the period	**-**	**-**	**-**	**-**	**(24,454,711)**	**(24,454,711)**
Other comprehensive income for the period	**-**	**-**	**-**	**3,341,660**	**-**	**3,341,660**
Total comprehensive loss for the period	**-**	**-**	**-**	**3,341,660**	**(24,454,711)**	**(21,113,051)**
As at 30 June 2026 (Unaudited)	**890,000,000**	**790,675,825**	**-**	**5,626,425**	**4,038,517,587**	**5,724,819,837**

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The accompanying notes, from 1 to 17, form an integral part of these condensed consolidated interim financial statements.

Arabian Drilling Company
(A Saudi Joint Stock Company)

Condensed consolidated statement of cash flows

(All amounts in Saudi Riyals unless otherwise stated)

	Note	For the six-month period ended 30 June	
		2026	2025
		(Unaudited)	(Unaudited)
Cash flows from operating activities			
(Loss) / profit for the period		**(24,454,711)**	82,674,553
Adjustment for:			
Depreciation on property, plant and equipment	3	**434,345,671**	433,828,571
Depreciation on right-of-use assets		**20,179,446**	41,037,976
Amortization of intangible assets		**6,458,658**	4,677,605
Reversal of provision for obsolete inventories		**(5,151,847)**	(1,923,574)
Income from insurance proceeds		**-**	(7,121,089)
Provision for employees' benefit obligations		**21,036,873**	24,037,160
Income from forfeited non-refundable deposits	9	**(9,909,375)**	-
Loss / (gain) on disposal of assets held for sale		**5,553,243**	(9,350,262)
Amortization of mobilization cost		**14,118,592**	15,031,450
Amortization of mobilization revenue		**(41,430,471)**	(51,283,636)
Finance cost		**96,868,021**	108,669,547
Finance income		**(5,434,954)**	(130,078)
Zakat and income tax charge	7	**11,697,497**	12,657,254
		523,876,643	652,805,477
Changes in working capital:			
Inventories		**885,820**	672,956
Trade and other receivables		**34,024,879**	(94,656,455)
Trade and other payables		**(24,874,957)**	(52,508,917)
Cash generated from operations		**533,912,385**	506,313,061
Mobilization cost paid		**-**	(16,143,899)
Mobilization revenue received		**-**	14,062,500
Zakat and income tax paid		**(11,318,901)**	(530,704)
Employees' benefit obligations paid		**(19,536,534)**	(23,906,787)
Net cash generated from operating activities		**503,056,950**	479,794,171
Cash flows from investing activities			
Additions to property, plant and equipment	3	**(355,207,856)**	(480,612,973)
Additions to intangible assets		**(708,300)**	(5,519,938)
Proceeds from disposal of assets held for sale		**4,434,350**	17,285,022
Finance income received		**5,580,112**	-
Net cash used in investing activities		**(345,901,694)**	(468,847,889)

Arabian Drilling Company
(A Saudi Joint Stock Company)

Condensed consolidated statement of cash flows (continued)

(All amounts in Saudi Riyals unless otherwise stated)

	Note	For the six-month period ended 30 June	
		2026	2025
		(Unaudited)	(Unaudited)
Cash flows from financing activities			
Proceeds from long-term borrowings		**-**	300,000,000
Repayment of long-term borrowings		**(139,858,012)**	(138,205,294)
Principal portion of lease payments		**(20,108,322)**	(34,444,261)
Finance cost paid		**(103,142,002)**	(105,919,376)
Dividends paid		**-**	(119,955,361)
Net cash used in financing activities		**(263,108,336)**	(98,524,292)
Net decrease in cash and cash equivalents		**(105,953,080)**	(87,578,010)
Cash and cash equivalents at the beginning of the period		**595,247,139**	581,806,531
Cash and cash equivalents at the end of the period		**489,294,059**	494,228,521
Significant non-cash transactions			
Transfer from property, plant and equipment to assets held for sale	3	**15,728,973**	23,301,662
Insurance receivable		**-**	7,121,089

Muhammad Aldawood (Chairman)	Fahad bin Abdullah Albani (Chief Executive Officer)	Farid Mustafayev (Chief Financial Officer)

The accompanying notes, from 1 to 17, form an integral part of these condensed consolidated interim financial statements.

1. General information

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

The Company is a Saudi Joint Stock Company licensed under foreign investment license number 2031047241 issued by the Ministry of Investment on 18 Dhu-al-Hijja 1424H (corresponding to 13 December 2003G) and operating under commercial registration number 2051026089 and unified number 7000873856 issued in Dammam on 3 Safar 1423H (corresponding to 16 April 2002G). The registered address of the Company is P.O. Box 4110, Al-Khobar 31952, Kingdom of Saudi Arabia.

The Company got listed on the Saudi Stock Exchange (Tadawul) on 7 November 2022 with a free float of 30% of the Company's share capital. During 2024, the Company established a branch in the Kingdom of Saudi Arabia operating under commercial registration number 2051026089. The branch is located in Dammam and is engaged in training services.

During 2025, the Company established a branch in United Arab Emirates, operating under commercial registration number 775479. The branch is located in Sharjah and will be engaged in drilling of oil and natural gas wells and to support the execution of potential oil and gas drilling contracts. The branch started its commercial operations during the period ended 30 June 2026.

The accompanying condensed consolidated interim financial statements include the financial information of the Company and its wholly owned subsidiary, Ofsat Arabia LLC ("Ofsat"). Ofsat is a Limited Liability Company incorporated in the Kingdom of Saudi Arabia.

Going concern

The Group had issued long-term Sukuk during 2022 amounting to Saudi Riyals 2 billion, which are contractually due for repayment on 3 February 2027. As a result, the Group's current liabilities exceed its current assets by Saudi Riyals 1.6 billion as of 30 June 2026.

Further, the Group's borrowing agreement with a lender, including a Murabaha facility, contains, among other items, a financial covenant related to maintenance of minimum current ratio of 1:1, which needs to be complied with at all times. From 3 February 2026, the Group is in breach of this covenant which could result in actions by the bank to call for immediate repayment of the loan. The management believes that the Group will be able to settle its liabilities as they fall due over the next 12 months based on the following:

- On 26 February 2026, the Group has obtained the waiver from the lender for the breach of loan covenant related to the current ratio which is valid until 31 March 2027;
- The Group has received competitive proposals from several reputable financial advisers and banking institutions regarding alternative Sukuk settlement and refinancing structures. Management is actively advancing negotiations and evaluating these proposals with the objective of securing the optimal financing arrangement well ahead of maturity;
- As per the current borrowing arrangements, the Company may borrow up to 2.5 times of its equity, whereas its leverage ratio as at 30 June 2026 was 0.49;
- the Group has unutilised working capital facility of Saudi Riyals 325 million available for use; and
- the Group's ability to continue to generate cash from operations in line with the approved business plan.

The management has performed a going concern assessment to validate the continued application of the going concern basis in the preparation of the condensed consolidated interim financial statements. The management also evaluated the Group's funding position and liquidity to assess the Group's ability to meet its obligations as they fall due for a period of at least 12 months from the date of approval of the condensed consolidated interim financial statements ("the Assessment Period"). Accordingly, the condensed consolidated interim financial statements have been prepared on a going concern basis.

Middle East conflict

The sustained geopolitical conflict in the Middle East has created widespread disturbances in economic conditions and business environments. The Group is actively monitoring risks and uncertainties related to its operations including temporary suspensions of rigs by the customers.

The Group has assessed its accounting estimates, assumptions, and judgments mainly regarding the Group's exposure to impairment considerations, recoverability of trade receivables and other relevant exposures. The Group has updated its business plan including forecasted cash flows for the purpose of impairment assessment. As of 30 June 2026, these factors have not had a material impact on other assumptions, estimates and judgements.

As of the date of approval of these condensed consolidated interim financial statements, the geopolitical circumstances remain volatile and uncertain. Based on current assessments, these developments may have implications to the Group's financial performance and position. While the Group will continue to monitor the developments and will actively mitigate respective exposure, the potential financial impact of these factors cannot be reliably estimated at this time in light of the prevailing uncertainties.

2. Basis of preparation and material accounting policies

2.1 Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" (IAS 34) that is endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by Saudi Organization for Chartered and Professional Accountants ("SOCPA").

The condensed consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2025 ("latest annual consolidated financial statements"). However, changes in accounting policies, if any and selected explanatory notes are included to explain events and transactions that are significant to understanding of the changes in the Group's consolidated financial position and performance since the last annual consolidated financial statements.

2.2 Basis of preparation

These condensed consolidated interim financial statements have been prepared on a going concern basis, applying a historical cost convention using the accrual basis of accounting except for derivatives, assets held for sale and employees' benefit obligations which are measured in accordance with the basis of measurement disclosed in the respective accounting policies in the last annual consolidated financial statements.

2.3 Functional and presentation currency

Items included in the condensed consolidated interim financial statements of the Group are measured using the currency of the primary economic environment in which the Group operates ("functional currency"). The Group's cash flows, financing and transactions occur in more than one currency. Since a significant portion of revenue and capital expenditure is denominated in United States Dollars (USD), management believes that USD is the currency with the most influence over the Group's operations. Accordingly, USD is considered to be the functional currency of the Group. Management has elected to prepare these condensed consolidated interim financial statements in Saudi Riyals which is the Group's presentation currency and believes that there is no translation impact on these condensed consolidated interim financial statements since Saudi Riyal is pegged to USD.

2.4 Use of judgements and estimates

In preparing these condensed consolidated interim financial statements, management has made judgments and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. Significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the Group's latest annual consolidated financial statements.

2.5 Material accounting policies

The accounting policies applied in preparation of these condensed consolidated interim financial statements are the same as those applied in the Group's latest annual consolidated financial statements. Amendments to the existing standards, as detailed in note 2.6 (a) below, became effective from 1 January 2026 but they do not have a material effect on the condensed consolidated interim financial statements of the Group. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

2. Basis of preparation and material accounting policies (continued)

2.6 New standards, amendments and interpretation

a) New and revised standards adopted:

The following standards have been adopted. The application of these revised standards did not have any material impact on the amounts reported for current and prior periods.

- Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 *Financial Instruments* and IFRS 7 *Financial Instruments: Disclosures*, effective for annual periods beginning on or after 1 January 2026.
- Annual Improvements to IFRS Accounting Standards - Amendments to, effective for annual periods beginning on or after 1 January 2026.
  - IFRS 1 First-time Adoption of International Financial Reporting Standards;
  - IFRS 7 Financial Instruments: Disclosures and its accompanying Guidance on implementing IFRS 7;
  - IFRS 9 Financial Instruments;
  - IFRS 10 Consolidated Financial Statements; and
  - IAS 7 Statement of Cash flows
- Contracts Referencing Nature – Dependent Electricity – Amendments to IFRS 9 and IFRS 7, effective for annual periods beginning on or after 1 January 2026.

b) New and revised standards issued but not effective:

The Group has not early adopted the following new and revised standards that have been issued but are not yet effective.

- IFRS 18 *Presentation and Disclosure in Financial Statements*, effective for annual periods beginning on or after 1 January 2027.
- IFRS 19 *Subsidiaries without Public Accountability: Disclosures,* effective for annual periods beginning on or after 1 January 2027.
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Venture,* effective date is to be determined.
- IFRS 20 *Regulatory Assets and Regulatory Liability*, effective for annual periods beginning on or after 1 January 2029.

The forthcoming amendments are not expected to have a material impact on the Group's condensed consolidated interim financial statements, except for IFRS 18, where management is in the process of assessing the impact on the presentation and disclosure of these condensed consolidated interim financial statements as and when it becomes effective. The preliminary assessment by management is as follows:

IFRS 18 – Presentation and Disclosure in Financial Statements

IFRS 18 Presentation and Disclosure in Financial Statements will replace IAS 1 Presentation of Financial Statements for annual reporting periods beginning on or after 1 January 2027. The Group has not early adopted the standard in preparing these condensed consolidated interim financial statements.

The Group has commenced an implementation assessment to evaluate the impact of IFRS 18 on the presentation and disclosure of information in the consolidated financial statements, including financial statement presentation.

Based on the assessment performed to date, the Group expects the principal impact of IFRS 18 to relate to the presentation, classification and disclosure of information in the consolidated financial statements. The adoption of IFRS 18 is not expected to have a material impact on the recognition or measurement of the Group's assets, liabilities, income or expenses and, accordingly, is not expected to affect the Group's total comprehensive income, total assets, total liabilities or total equity.

Presentation of the statement of profit or loss

IFRS 18 requires entities to classify income and expenses into operating, investing, financing, income tax and discontinued operations categories and introduces new mandatory subtotals within the consolidated statement of profit or loss.

Based on the implementation assessment completed to date, the Group expects revenue from drilling services, rig move services, mobilization revenue, catering services and other revenue, together with the related operating expenses, including cost of revenue, expected credit loss allowances and reversals, general and administrative expenses and other operating gains and losses, to be presented within the operating category as these arise from the Group's principal operating activities.

2. Basis of preparation and material accounting policies (continued)

2.6 New standards, amendments and interpretation (continued)

IFRS 18 – Presentation and Disclosure in Financial Statements (continued)

Presentation of the consolidated statement of profit or loss (continued)

Accordingly, the Group expects to present the mandatory subtotal of operating profit in the consolidated statement of profit or loss. Finance income and finance costs, including borrowing costs relating to Murabaha facilities, Sukuk financing, lease liabilities and foreign exchange differences arising from financing activities, are currently expected to be presented within the financing category.

The Group expects gains and losses arising from these derivatives to follow the presentation category of the related hedged borrowings in accordance with IFRS 18 and, accordingly, expects such amounts to be presented within the financing category.

The Group is further assessing the presentation of the new mandatory subtotals prescribed by IFRS 18, including operating profit and other applicable subtotals, together with any resulting changes to the presentation of comparative information.

Management-defined Performance Measures

IFRS 18 introduces disclosure requirements for Management-defined Performance Measures (MPMs), being measures used in public communications to communicate management's view of an aspect of financial performance. Such measures are required to be disclosed within a single note to the financial statements together with explanations of their purpose and reconciliations to the most directly comparable IFRS-defined totals or subtotals.

Based on the assessment performed to date, the Group has identified certain performance measures communicated in its public communications, including EBITDA and adjusted profit measures, that may meet the definition of Management-defined Performance Measures under IFRS 18. The Group is currently assessing the presentation and disclosure requirements applicable to these measures, including the required reconciliations to the most directly comparable IFRS-defined totals or subtotals. Accordingly, the Group expects the adoption of IFRS 18 may result in additional disclosures relating to Management-defined Performance Measures. The assessment remains ongoing and the final impact will be determined upon completion of the Group's implementation of IFRS 18.

Aggregation and Disaggregation

IFRS 18 introduces enhanced requirements relating to the aggregation and disaggregation of information presented in the financial statements and accompanying notes.

The Group is assessing whether additional disaggregation of revenue streams, cost of revenue, finance income, finance costs, expected credit loss allowances, other operating gains and losses and other significant expense categories will be required to provide more relevant information to users of the financial statements. The Group also expects certain line-item descriptions and note disclosures to be refined to align with the presentation and disclosure requirements of IFRS 18.

Consequential amendments

IFRS 18 introduces consequential amendments to other IFRS Accounting Standards, including IAS 7 Statement of Cash Flows, IAS 33 Earnings per Share and IAS 34 Interim Financial Reporting.

The Group is assessing the impact of these amendments, including potential changes to the classification and presentation of certain cash flow items, particularly interest received, interest paid and other financing-related cash flows, together with any resulting changes to comparative information.

The Group's assessment remains ongoing and may be refined as implementation activities progress, industry practice evolves and further implementation guidance becomes available.

(All amounts in Saudi Riyals unless otherwise stated)

3. Property, plant and equipment

Cost	**1 January 2026 (Audited)**	**Additions / (charge)**	**Transfers**	**Transfer to held for sale**	**30 June 2026 (Unaudited)**
Freehold land	**82,136,250**	-	-	-	**82,136,250**
Buildings and portable cabins	**188,771,528**	-	**969,144**	-	**189,740,672**
Rigs, machinery and equipment	**15,953,195,680**	-	**255,560,617**	**(37,519,114)**	**16,171,237,183**
Furniture, fixtures and office equipment	**141,218,154**	-	**8,310,627**	**(970,510)**	**148,558,271**
Vehicles	**170,342,339**	-	**154,749**	**(2,387,040)**	**168,110,048**
Assets under construction	**170,222,596**	**355,207,856**	**(264,995,137)**	**(955,612)**	**259,479,703**
	16,705,886,547	**355,207,856**	**-**	**(41,832,276)**	**17,019,262,127**
Accumulated depreciation and impairment					
Buildings and portable cabins	**(34,376,564)**	**(3,978,248)**	-	-	**(38,354,812)**
Rigs, machinery and equipment	**(8,038,207,608)**	**(414,351,273)**	-	**22,913,186**	**(8,429,645,695)**
Furniture, fixtures and office equipment	**(90,622,108)**	**(5,203,981)**	-	**957,741**	**(94,868,348)**
Vehicles	**(137,839,691)**	**(10,812,169)**	-	**2,232,376**	**(146,419,484)**
	(8,301,045,971)	**(434,345,671)**	-	**26,103,303**	**(8,709,288,339)**
Net book value	**8,404,840,576**				**8,309,973,788**

	For three-month period ended 30 June		**For six-month period ended 30 June**	
	2026 (Unaudited)	2025 (Unaudited)	**2026 (Unaudited)**	2025 (Unaudited)
Additions	**180,189,763**	196,205,715	**355,207,856**	480,612,973
Transfer to held for sale – net book value	**2,472,564**	3,789,253	**15,728,973**	23,301,662
Depreciation	**218,406,620**	215,940,670	**434,345,671**	433,828,571

(All amounts in Saudi Riyals unless otherwise stated)

3. Property, plant and equipment (continued)

Cost	1 January 2025 (Audited)	Additions / (charge)	Transfers	Transfer to held for sale	Impairment loss	31 December2025 (Audited)
Freehold Land	88,236,250	-	-	(6,100,000)	-	82,136,250
Buildings and portable cabins	184,788,166	-	5,994,717	(2,011,355)	-	188,771,528
Rigs, machinery and equipment	15,104,215,193	-	1,274,610,181	(425,629,694)	-	15,953,195,680
Furniture, fixtures and office equipment	128,526,925	-	14,028,468	(1,337,239)	-	141,218,154
Vehicles	147,472,137	-	23,301,705	(431,503)	-	170,342,339
Assets under construction	768,199,985	719,957,682	(1,317,935,071)	-	-	170,222,596
	16,421,438,656	719,957,682	-	(435,509,791)	-	16,705,886,547
Accumulated depreciation and impairment						
Buildings and portable cabins	(27,082,519)	(8,709,918)	-	1,415,873	-	(34,376,564)
Rigs, machinery and equipment	(7,485,063,646)	(840,863,988)	-	402,069,250	(114,349,224)	(8,038,207,608)
Furniture, fixtures and office equipment	(82,075,648)	(9,592,154)	-	1,045,694	-	(90,622,108)
Vehicles	(117,233,754)	(21,020,305)	-	414,368	-	(137,839,691)
	(7,711,455,567)	(880,186,365)	-	404,945,185	(114,349,224)	(8,301,045,971)
Net book value	8,709,983,089					8,404,840,576

a) Assets under construction at 30 June 2026 mainly represent cost related to the refurbishment of rigs.

b) Rigs, machinery and equipment represent assets under contracts with customers for the drilling services.

c) As at 30 June 2026, management identified impairment indicators for certain cash-generating units (CGUs) and performed an impairment assessment. Based on this assessment, the recoverable amounts of the relevant CGUs exceeded their carrying amounts and, accordingly, no impairment loss was recognised during the six-month period ended 30 June 2026 (31 December 2025: management performed an impairment assessment for certain CGUs and recognised an impairment loss of SAR 114.3 million). As at 30 June 2026, management did not identify any indicators that would require the reversal of previously recognised impairment losses.

(All amounts in Saudi Riyals unless otherwise stated)

4. Share capital

The share capital of the Company as of 30 June 2026 and 31 December 2025 comprised 89,000,000 shares at a par value of Saudi Riyals 10 per share. Shareholders and their ownership in the Company is as follows:

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

5. Statutory reserve

According to the newly enacted Companies Law and its implementing regulations effective in KSA starting 19 January 2023, the mandatory statutory reserve requirement was abolished. Pursuant to this change, the Board of Directors resolved to amend the Group's By-laws to exclude the requirement to maintain a statutory reserve and recommended to the general assembly to transfer this reserve to retained earnings. The general assembly in their meeting held on 22 October 2025, approved to transfer the statutory reserve to retained earnings.

6. Long term borrowings

The borrowing comprises of long-term financing arrangements with Saudi local banks and carries finance costs based on prevailing market rates plus an applicable margin.

	30 June 2026 (Unaudited)	31 December 2025 (Audited)
Sukuk (note 6.1)	**2,000,000,000**	2,000,000,000
Murabaha borrowings (note 6.2)	**797,550,823**	937,408,835
Add: accrued finance cost	**56,444,860**	64,924,934
	2,853,995,683	3,002,333,769
Less: unamortized transaction cost	**(3,022,952)**	(5,290,166)
	2,850,972,731	2,997,043,603

Long-term borrowings are presented as follows:

	30 June 2026 (Unaudited)	31 December 2025 (Audited)
Current maturity under current liabilities	**2,333,137,932**	344,640,958
Non-current portion	**517,834,799**	2,652,402,645
	2,850,972,731	2,997,043,603

Movement in unamortized transaction cost is as follows:

	30 June 2026 (Unaudited)	31 December 2025 (Audited)
Balance at beginning of period / year	**5,290,166**	9,824,594
Less: amortization for the period / year	**(2,267,214)**	(4,534,428)
Balance at end of period / year	**3,022,952**	5,290,166

(All amounts in Saudi Riyals unless otherwise stated)

6.1 Sukuk

During 2022, the Group issued Sukuk amounting to Saudi Riyals 2 billion after obtaining necessary regulatory approvals and incurred a transaction cost of Saudi Riyals 22.3 million. In line with the sukuk prospectus, the Group management utilized these proceeds towards repayment of existing murabaha borrowings and for other corporate purposes including procurement of additional rigs.

The repayment of the Sukuk is due in a single balloon payment on 3 February 2027 and it bears finance costs based on Saudi Arabia Inter-Bank Offer Rates ("SAIBOR") plus an applicable margin.

Under the Sukuk agreement, the Group is required to comply with the financial covenant that requires the leverage ratio to remain below 2.5, throughout the period.

The Group has complied with this covenant throughout the period ended 30 June 2026. As the Sukuk became contractually repayable within twelve months from 3 February 2026, the outstanding balance has been classified as a current liability. Also see note 1.

6.2 Murabaha borrowings

During 2025, the Group utilized Saudi Riyals 300 million from an existing murabaha facility of Saudi Riyals 500 million which was obtained from a Saudi commercial bank to finance the Group's capital expenditure. The murahaba loan is repayable over a period of 5 years starting from October 2025 through July 2030 on a monthly installment basis. The loan bears finance cost which are based on SAIBOR plus an applicable margin.

During 2023, the Group obtained a murahaba loan facility of Saudi Riyals 500 million from a Saudi commercial bank to finance its capital expenditure. The murahaba loan is repayable over a period of 5 years starting from December 2024 through December 2028 on a quarterly installment basis. These loans bear finance cost which are based on SAIBOR plus an applicable margin.

During 2022, the Group had obtained a murahaba facility of Saudi Riyals 500 million from a Saudi commercial bank to finance capital expenditure. The murahaba loan is repayable over a period of 5 years starting, including fifteen-month grace period and repayment started from February 2024 through November 2028 on a quarterly installment basis. These loans bear finance costs which are based on SAIBOR plus an applicable margin.

Under the Murabaha facility agreements stated above, the Group is required to comply with the following financial covenants, with one Saudi commercial bank requiring compliance at all times and the other bank only at the end of the year end reporting period:

- Minimum current ratio of 1:1 and
- Maximum leverage ratio of 2.5x.

The Group was compliant with the leverage ratio covenant throughout the period. However, following the classification of the Sukuk as a current liability (see notes 6.1 and 1), the Group's current liabilities exceeded its current assets, resulting in a breach of the current ratio covenant from 3 February 2026. On 26 February 2026, the Group had obtained a formal waiver from the Saudi commercial bank in respect of the breach of the current ratio covenant which is effective as of 30 June 2026.

7. Zakat and income tax

7.1 Zakat and income tax expense

	For three-month period ended 30 June		For six-month period ended 30 June	
	2026 (Unaudited)	2025 (Unaudited)	**2026 (Unaudited)**	2025 (Unaudited)
Zakat (reversal) / charge	**(1,322,020)**	1,631,659	**763,147**	3,811,549
Current tax charge	**4,636,170**	1,126,400	**5,198,338**	2,021,227
Deferred tax charge	**2,134,471**	878,585	**5,736,012**	6,824,478
	6,770,641	2,004,985	**10,934,350**	8,845,705
	5,448,621	3,636,644	**11,697,497**	12,657,254

(All amounts in Saudi Riyals unless otherwise stated)

7. Zakat and income tax

7.2 Status of assessments

Arabian Drilling Company

Zakat, Tax and Customs Authority (ZATCA) has finalized the Company's zakat and income tax assessments for the years up to 2022. The assessments for the year 2024 is under review of ZATCA and no assessments for these years have been received as at 30 June 2026. The Company has obtained the zakat and income tax certificate for the year ended 31 December 2025 and valid up to 30 April 2027.

Ofsat

ZATCA has finalized the zakat and income tax assessments of Ofsat for the years up to 2020. The assessments for the years 2021 through 2024 are under review of ZATCA and no assessments for these years have been received as at 30 June 2026. Ofsat has obtained the zakat and income tax certificate for the year ended 31 December 2025 and valid up to 30 April 2027.

8. Revenue

	For three-month period ended 30 June		**For six-month period ended 30 June**	
	2026	2025	**2026**	2025
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Drilling revenue	**585,489,284**	666,574,432	**1,219,915,193**	1,328,546,890
Rig move revenue	**115,057,094**	118,250,200	**239,175,249**	289,633,050
Mobilization revenue	**20,715,235**	25,810,786	**41,430,471**	51,283,636
Catering and other revenue	**43,429,998**	51,833,657	**85,780,451**	104,087,988
	764,691,611	862,469,075	**1,586,301,364**	1,773,551,564

9. Other operating income, net

During the period, operating income mainly comprises a non-refundable deposit amounting to Saudi Riyals 9.9 million, which forfeited by the Group as per agreement following the cancellation of the sale agreement for a land rig. (2025: Gain from disposal of a land parcel amounting to Saudi Riyals 8.4 million and insurance claim receivable against damage to rig mast during normal course of business amounting to approximately Saudi Riyals 7.1 million).

10. Basic and diluted earnings per share

Basic and diluted earnings per share are calculated as follows:

	For the three-month period ended 30 June		**For the six-month period ended 30 June**	
	2026	2025	**2026**	2025
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
(Loss) / profit attributable to the shareholders of the Group	**(31,509,119)**	7,477,117	**(24,454,711)**	82,674,553
Weighted average number of ordinary shares for basic and diluted earnings per share	**89,000,000**	89,000,000	**89,000,000**	89,000,000
Basic and diluted (loss) / earnings per share	**(0.35)**	0.08	**(0.27)**	0.93

As the Company does not have any potential dilutive shares, the diluted earnings per share is the same as the basic earnings per share.

11. Contingencies and commitments

i. As at 30 June 2026, the Group's bankers have issued guarantees on behalf of the Group amounting to Saudi Riyals 535.1 million (31 December 2025: Saudi Riyals 475.1 million).

ii. The capital expenditure contracted by the Group but not incurred till 30 June 2026 was Saudi Riyals 101.6 million (31 December 2025: Saudi Riyals 180.9 million).

12. Fair value measurement

The Group's principal financial assets include cash and cash equivalents, short term deposits, derivative financial instrument, trade receivables and certain other receivables that arise directly from its operations. The Group's principal financial liabilities comprise borrowings, trade and other payables and lease liabilities.

Fair values hierarchy

All financial instruments for which fair value is recognized or disclosed are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole, as follows:

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

Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. There were no such transfers during the period and year ended 30 June 2026 and 31 December 2025 respectively.

As at 30 June 2026 and 31 December 2025, the fair values of the Group's financial instruments are estimated to approximate their carrying values since the financial instruments are short term in nature, carry interest rates which are based on prevailing market interest rates and are expected to be realized at their current carrying values within twelve months from the date of the condensed consolidated statement of financial position. The fair values of the non-current financial liabilities are estimated to approximate their carrying values as these carry interest rates which are based on prevailing market interest rates.

Financial risk management

The Group's activities expose it to a variety of financial risks including the effects of changes in market risk (including currency risk, fair value and cash flow interest rate risk and price risk), credit risk and liquidity risk. There is no significant change in the Group's objectives, policies and processes for measuring and managing risk since the last annual consolidated financial statements.

13. Segment information

A segment is a distinguishable component of the Group that is engaged in providing products or services (a business segment) or in providing products or services within a particular economic environment, which is subject to risks and rewards that are different from those of other segments.

The Group operates principally in the following two operating segments:

i) Provision of drilling and related services through land rigs; and

ii) Provision of drilling and related services through offshore rigs.

Intersegment revenue and intersegment cost represents the transactions between entities within the Group which have been eliminated during the consolidation process.

Condensed consolidated interim financial statements as of 30 June 2026 and 31 December 2025 and for the three-month and six-month periods ended 30 June 2026 and 2025, summarized by the above operating segments, is as follows:

(All amounts in Saudi Riyals unless otherwise stated)

13. Segment information (continued)

a) Segment results

For the three-month period ended 30 June 2026 (Unaudited)

	Land rigs	**Offshore rigs**	**Other**	**Total**
Revenue from external customers	**593,433,902**	**171,257,709**	-	**764,691,611**
Intersegment revenue	-	-	**56,140,090**	**56,140,090**
Intersegment cost	**(56,140,090)**	-	-	**(56,140,090)**
Cost of revenue	**(459,315,682)**	**(181,455,434)**	**(53,603,244)**	**(694,374,360)**
Segment results	**77,978,130**	**(10,197,725)**	**2,536,846**	**70,317,251**

For the three-month period ended 30 June 2025 (Unaudited)

	Land rigs	Offshore rigs	Other	Total
Revenue from external customers	616,868,841	245,600,234	-	862,469,075
Intersegment revenue	-	-	95,416,786	95,416,786
Intersegment cost	(95,416,786)	-	-	(95,416,786)
Cost of revenue	(482,373,073)	(189,874,659)	(67,212,366)	(739,460,098)
Segment results	39,078,982	55,725,575	28,204,420	123,008,977

For the six-month period ended 30 June 2026 (Unaudited)

	Land rigs	**Offshore rigs**	**Other**	**Total**
Revenue from external customers	**1,142,028,894**	**444,272,470**	-	**1,586,301,364**
Intersegment revenue	-	-	**123,944,587**	**123,944,587**
Intersegment cost	**(123,944,587)**	-	-	**(123,944,587)**
Cost of revenue	**(935,966,736)**	**(365,928,230)**	**(113,554,985)**	**(1,415,449,951)**
Segment results	**82,117,571**	**78,344,240**	**10,389,602**	**170,851,413**

For the six-month period ended 30 June 2025 (Unaudited)

	Land rigs	Off-shore rigs	Other	Total
Revenue from external customers	1,278,243,591	495,307,973	-	1,773,551,564
Intersegment revenue	-	-	179,639,849	179,639,849
Intersegment cost	(179,639,849)	-	-	(179,639,849)
Cost of revenue	(961,050,398)	(383,779,918)	(125,718,863)	(1,470,549,179)
Segment results	137,553,344	111,528,055	53,920,986	303,002,385

Reconciliation of segment results with profit before zakat and income tax

	For the three-month period ended 30 June		**For the six-month period ended 30 June**	
	2026	2025	**2026**	2025
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Total results for reporting segments	**70,317,251**	123,008,977	**170,851,413**	303,002,385
General and administrative expenses	**(49,251,827)**	(57,444,282)	**(101,841,541)**	(116,936,704)
Other operating (loss) / income, net	**(2,260,371)**	1,519,264	**9,665,981**	17,805,595
Finance costs - net	**(44,865,551)**	(55,970,198)	**(91,433,067)**	(108,539,469)
(Loss) / profit before zakat and income tax	**(26,060,498)**	11,113,761	**(12,757,214)**	95,331,807

(All amounts in Saudi Riyals unless otherwise stated)

13. Segment information (continued)

b) Segment assets with reconciliation to total assets

	30 June 2026 (Unaudited)	31 December 2025 (Audited)
Land rigs	**4,634,016,319**	5,166,254,836
Offshore rigs	**3,945,936,502**	3,983,666,488
Other	**191,877,468**	240,055,136
Segment assets	**8,771,830,289**	9,389,976,460
Unallocated assets	**1,155,021,301**	787,224,003
Total assets	**9,926,851,590**	10,177,200,463

Certain financial and non-financial assets such as derivative financial instruments, property, plant and equipment, right of use assets, intangible assets, cash and cash equivalents, prepayments and other current assets are not allocated to individual segments as these are managed on a group basis.

14. Related party transactions and balances

Related parties comprise the significant shareholders, directors and key management personnel. Related parties also include business entities directly or indirectly controlled by the Group's shareholders and, in which certain directors or senior management have an interest (other related parties).

a) *Following are the significant transactions entered into by the Group with its related parties:*

	For the three-month period ended 30 June		**For the six-month period ended 30 June**	
	2026 (Unaudited)	2025 (Unaudited)	**2026 (Unaudited)**	2025 (Unaudited)
Revenue from an other related party	**152,850,134**	152,974,222	**302,393,116**	300,668,769
Costs charged by an other related party	**13,588,319**	1,622,925	**18,190,510**	3,245,850

These transactions are based on the agreed terms between the Group and the respective related parties.

Key management personnel compensation:

	For the three-month period ended 30 June		**For the six-month period ended 30 June**	
	2026 (Unaudited)	2025 (Unaudited)	**2026 (Unaudited)**	2025 (Unaudited)
Salaries and other short-term Employee benefits	**5,663,455**	4,753,322	**9,932,929**	9,194,151
Post-employment benefits	**192,961**	590,303	**357,450**	789,747
Directors' fees including travelling costs	**1,189,903**	1,524,960	**2,342,752**	2,724,960

b) *Due from a related party:*

	30 June 2026 (Unaudited)	31 December 2025 (Audited)
Schlumberger Middle East S.A. (SMESA), an other related party	**133,668,262**	192,696,919

No allowance for expected credit loss was recognised in relation to the balance due from the related party during the period. The revenue transactions were made on normal commercial terms and conditions and at market rates.

(All amounts in Saudi Riyals unless otherwise stated)

14. Related party transactions and balances (continued)

c) Due to related parties (other related parties):

	30 June 2026 (Unaudited)	31 December 2025 (Audited)
Cameron Middle East LLC	**8,866,802**	922,063
SLB Kristiansand	**5,832,290**	-
Al-Rushaid Trading Company	**2,736,640**	482,519
Cameron Al Rushaid Company Limited	**2,139,695**	7,801,431
AlMansoori Petroleum Industries	**1,914,151**	2,034,240
Schlumberger Rig Technology, Inc.	**820,280**	554,840
WesternGeco Saudi Arabia Company Limited	**27,039**	-
TAQA Well Services Company	-	5,689,805
	22,336,897	17,484,898

15. Subsequent events

There were no significant subsequent events which occurred between 30 June 2026 and the date of approval of these condensed consolidated interim financial statements, which may have a material impact on these condensed consolidated interim financial statements.

16. Reclassifications

To ensure consistency with the current period's presentation, certain amounts in consolidated statement of financial position as at ended 31 December 2025 have been reclassified.

	As previously reported	**Reclassification**	**As reclassified**
Mobilization cost			
- Non-current	-	59,558,817	59,558,817
- Current	-	28,237,183	28,237,183
Total assets	-	87,796,000	87,796,000
Mobilization revenue			
- Non-current	(77,593,207)	(59,558,817)	(137,152,024)
- Current	(54,623,759)	(28,237,183)	(82,860,942)
Total Liabilities	(132,216,966)	(87,796,000)	(220,012,966)

These reclassifications have no significant impact on this condensed consolidated statement of profit or loss and other comprehensive income and condensed consolidated statement of cash flows.

17. Approval of condensed consolidated interim financial statements

These condensed consolidated interim financial statements were approved by the Board of Directors 9th August 2026G (corresponding to 26h Safar 1448H).