

ARABIAN DRILLING COMPANY
(A SAUDI JOINT STOCK COMPANY)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the three-month period ended 31 March 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 period ended 31 March 2026

INDEX	PAGE
Independent auditor's report on review of condensed consolidated interim financial statements	2
Condensed consolidated interim statement of financial position	3 - 4
Condensed consolidated interim statement of profit or loss and other comprehensive income	5
Condensed consolidated interim statement of changes in equity	6
Condensed consolidated interim statement of cash flows	7 - 8
Notes to the condensed consolidated interim financial statements	9 - 21



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 condensed consolidated interim statement of financial position of Arabian Drilling Company (the “Company”) and its subsidiary (collectively the “Group”) as at 31 March 2026 and the related condensed consolidated interim statements of profit or loss and other comprehensive income, changes in equity and cash flows for the three-month period then ended and other explanatory notes. Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with International Accounting Standard 34 - “Interim Financial Reporting” (“IAS 34”), as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of review

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

Conclusion

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

PricewaterhouseCoopers

Waleed A. Alhidiri
License Number 559

10 May 2026

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Arabian Drilling Company
(A Saudi Joint Stock Company)

Condensed consolidated interim statement of financial position

(All amounts in Saudi Riyals unless otherwise stated)

ASSETS	Note	31 March 2026 (Unaudited)	31 December 2025 (Audited)
Non-current assets			
Property, plant and equipment	3	8,350,663,209	8,404,840,576
Intangible assets		61,791,194	65,036,118
Right-of-use assets		30,077,577	40,093,201
Derivative financial instruments		2,752,486	2,284,765
Total non-current assets		8,445,284,466	8,512,254,660
Current assets			
Inventories		288,726,652	283,090,028
Trade and other receivables		702,248,844	662,709,670
Short-term deposits		8,100,000	8,100,000
Cash and cash equivalents		566,327,517	595,247,139
		1,565,403,013	1,549,146,837
Assets held for sale		31,726,084	28,002,966
Total current assets	1	1,597,129,097	1,577,149,803
Total assets		10,042,413,563	10,089,404,463
<u>EQUITY AND LIABILITIES</u>			
Equity			
Share capital	4	890,000,000	890,000,000
Share premium		790,675,825	790,675,825
Cash flow hedge reserve		2,752,486	2,284,765
Retained earnings		4,070,026,706	4,062,972,298
Total equity		5,753,455,017	5,745,932,888
Liabilities			
Non-current liabilities			
Long-term borrowings	5	587,763,805	2,652,402,645
Lease liabilities		4,084,872	4,658,107
Employees' benefit obligations		304,756,038	302,960,255
Mobilization revenue		63,803,229	77,593,207
Deferred tax liabilities		194,429,691	190,828,152
Total non-current liabilities		1,154,837,635	3,228,442,366

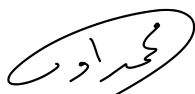
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Arabian Drilling Company
(A Saudi Joint Stock Company)

Condensed consolidated interim statement of financial position (continued)

(All amounts in Saudi Riyals unless otherwise stated)

	<u>Note</u>	31 March 2026	31 December 2025
		(Unaudited)	(Audited)
Current liabilities			
Trade and other payables		741,265,552	669,436,212
Current portion of long-term borrowings	5	2,298,495,894	344,640,958
Current portion of lease liabilities		26,671,694	36,045,641
Mobilization revenue		54,757,797	54,623,759
Provision for zakat and income tax		12,929,974	10,282,639
Total current liabilities	1	3,134,120,911	1,115,029,209
Total liabilities		4,288,958,546	4,343,471,575
Total equity and liabilities		10,042,413,563	10,089,404,463



Muhammad AlDawood
(Chairman)



Fahad bin Abdullah Albani
(Chief Executive Officer)



Farid Mustafayev
(Chief Financial Officer)


The accompanying notes form an integral part of these condensed consolidated interim financial statements.


Arabian Drilling Company
(A Saudi Joint Stock Company)

Condensed consolidated interim statement of profit or loss and other comprehensive income

(All amounts in Saudi Riyals unless otherwise stated)

	Note	Three-month period ended 31 March	
		2026 (Unaudited)	2025 (Unaudited)
Revenue	7	821,609,753	911,082,489
Cost of revenue		(721,075,591)	(731,089,081)
Gross profit		100,534,162	179,993,408
General and administrative expenses		(52,589,714)	(59,492,422)
Other operating income, net	8	11,926,352	16,286,331
		59,870,800	136,787,317
Finance costs		(49,213,469)	(52,569,271)
Finance income		2,645,953	-
Finance costs, net		(46,567,516)	(52,569,271)
Profit before zakat and income tax		13,303,284	84,218,046
Zakat expense	6.1	(2,085,167)	(2,179,890)
Income tax expense	6.1	(4,163,709)	(6,840,720)
Profit for the period		7,054,408	75,197,436
Other comprehensive income			
<i>Items that may be reclassified to profit or loss</i>			
Gain / (loss) on cash flow hedge		467,721	(2,949,441)
Other comprehensive income / (loss) for the period		467,721	(2,949,441)
Total comprehensive income for the period		7,522,129	72,247,995
Earnings per share			
Basic and diluted	9	0.08	0.84


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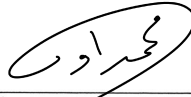
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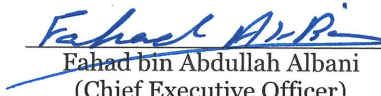
Arabian Drilling Company
(A Saudi Joint Stock Company)

Condensed consolidated interim statement of changes in equity

(All amounts in Saudi Riyals unless otherwise stated)

	Share capital	Share premium	Statutory reserve	Cash flow hedge reserve	Retained earnings	Total
As at 1 January 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	-	-	-	-	75,197,436	75,197,436
Other comprehensive loss for the period	-	-	-	(2,949,441)	-	(2,949,441)
Total comprehensive income for the period	-	-	-	(2,949,441)	75,197,436	72,247,995
As at 31 March 2025 (Unaudited)	890,000,000	790,675,825	267,000,000	3,470,385	4,059,286,720	6,010,432,930
As at 1 January 2026 (Audited)	890,000,000	790,675,825	-	2,284,765	4,062,972,298	5,745,932,888
Profit for the period	-	-	-	-	7,054,408	7,054,408
Other comprehensive income for the period	-	-	-	467,721	-	467,721
Total comprehensive income for the period	-	-	-	467,721	7,054,408	7,522,129
As at 31 March 2026 (Unaudited)	890,000,000	790,675,825	-	2,752,486	4,070,026,706	5,753,455,017


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Arabian Drilling Company
(A Saudi Joint Stock Company)

Condensed consolidated interim statement of cash flows

(All amounts in Saudi Riyals unless otherwise stated)

	Note	For the three-month period ended 31 March	
		2026 (Unaudited)	2025 (Unaudited)
Cash flows from operating activities			
Profit before zakat and income tax		13,303,284	84,218,046
<i>Adjustment for:</i>			
Depreciation on property, plant and equipment	3	215,939,051	217,887,901
Depreciation on right-of-use assets		10,021,799	24,363,784
Amortization of intangible assets		3,199,817	1,871,042
Provision for slow-moving inventories		-	1,000,000
Income from insurance claim		-	(7,121,089)
Non-refundable deposit	8	(9,909,375)	-
Provision for non-current assets held for sale		5,106,105	-
Employees' benefit obligations		10,013,789	12,649,036
Gain on disposal of non-current assets held for sale		(7,164)	(8,354,700)
Amortization of mobilization cost		7,059,296	7,405,311
Amortization of mobilization revenue		(20,715,236)	(25,472,850)
Finance costs		49,213,469	52,569,271
Finance income		(2,645,953)	-
		280,578,882	361,015,752
<i>Changes in working capital:</i>			
Inventories		(5,636,624)	(2,773,591)
Trade and other receivables		(29,629,799)	(266,415,984)
Trade and other payables		71,829,340	(26,658,491)
Cash generated from operations		317,141,799	65,167,686
Mobilization cost paid		-	(3,807,507)
Mobilization revenue received		-	14,062,500
Employees' benefit obligations paid		(8,218,006)	(11,556,580)
Net cash generated from operating activities		308,923,793	63,866,099
Cash flows from investing activities			
Additions to property, plant and equipment	3	(175,018,093)	(284,407,258)
Additions to intangible assets		-	(5,519,938)
Proceeds from disposal of assets held for sale		4,434,350	14,454,700
Finance income received		3,158,245	-
Net cash used in investing activities		(167,425,498)	(275,472,496)
Cash flows from financing activities			
Proceeds from long-term borrowings		-	300,000,000
Repayment of long-term borrowings		(69,929,006)	(83,793,529)
Payments for principal element of lease payments		(9,947,182)	(17,047,463)
Finance costs paid		(90,541,729)	(91,555,626)
Net cash (used in) / generated from financing activities		(170,417,917)	107,603,382
Net decrease in cash and cash equivalents		(28,919,622)	(104,003,015)
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		566,327,517	477,803,516

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Arabian Drilling Company
(A Saudi Joint Stock Company)

Condensed consolidated interim statement of cash flows (continued)

(All amounts in Saudi Riyals unless otherwise stated)

		31 March 2026 (Unaudited)	31 March 2025 (Unaudited)
Significant non-cash transactions			
Non-refundable deposit on cancellation of a sale by buyer for a rig	8	9,909,375	-
Transfer from property, plant and equipment to assets held for sale	3	13,256,409	19,512,409
Insurance receivable		-	7,121,089



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Arabian Drilling Company
(A Saudi Joint Stock Company)

Notes to the condensed consolidated interim financial statements

For the three-month period ended 31 March 2026

(All amounts in Saudi Riyals unless otherwise stated)

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 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 was 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 quarter ended 31 March 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.

The Group had issued long-term Sukuk during 2022 amounting to Saudi Riyals 2.0 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 1.5 billion as of 31 March 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 one of the lenders for the breach of loan covenant related to the current ratio which is valid until 31 March 2027;
- the Group is currently in advanced discussions with various banks for alternative settlement options for the Sukuk;
- As per the current borrowing arrangements, the Company may borrow up to 2.5 times of its equity, whereas its leverage ratio as at 31 March 2026 was 0.75
- 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.

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 offshore 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 31 March 2026, these factors have not had a material impact on other assumptions, estimates and judgements.

Arabian Drilling Company
(A Saudi Joint Stock Company)

Notes to the condensed consolidated interim financial statements
For the three-month period ended 31 March 2026
(All amounts in Saudi Riyals unless otherwise stated)

As of the date of approval of these interim condensed consolidated 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, particularly in the event of a continued closure of the Strait of Hormuz and potential threats to the Group's drilling facilities. 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"), as 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.

An interim period is considered an integral part of the whole fiscal year, however, the results of operations for the interim periods may not be a fair indication of the results of the full year operations.

2.2 Basis of preparation

These condensed consolidated interim financial statements are prepared under the historical cost convention using the accrual basis of accounting except for derivatives, assets held for sale, leases, deferred taxes 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's entities are measured using the currency of the primary economic environment in which the respective entity operates ("functional currency"). The Group's entities 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 entities operations. Accordingly, USD is considered to be the functional currency of the Group's entities. 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. Except as disclosed in Note 1 related to estimates around impairment assessment, significant judgments and estimates 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.

Arabian Drilling Company
(A Saudi Joint Stock Company)

Notes to the condensed consolidated interim financial statements
For the three-month period ended 31 March 2026
(All amounts in Saudi Riyals unless otherwise stated)

2.5 Material accounting policies

The accounting policies applied in these condensed consolidated interim financial statements are the same as those applied in the Group's latest annual consolidated financial statements. Amendments to one of 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.

2.6 New standards, amendments and interpretations

a. New and revised standards adopted by the Group

The Group has adopted the following relevant amendments to IFRS which are effective for periods beginning on and after 1 January 2026, and have no impact on the Group's transactions and balances for the current or prior periods:

- Amendments to IFRS 9 and IFRS 7 - Classification and Measurement of Financial Instruments; and
- Annual improvements to International Financial Reporting Standards - Volume 11.

b. New and revised standards issued but not yet effective

Certain new accounting standards, amendments to standards and interpretations have been published by the International Accounting Standards Board ("IASB") and endorsed in the Kingdom of Saudi Arabia by SOCPA, that are not mandatory for the 31 March 2026 reporting period and have not been early adopted by the Group.

- Amendment to IFRS 9 and IFRS 7 - Contracts Referencing Nature-dependent Electricity (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); and
- IFRS 18 - Presentation and Disclosure in Financial Statements (effective for annual periods beginning on or after 1 January 2027).

The management is currently in the process of assessing the impact of the above-mentioned standards on the consolidated financial statements of the Group.

Arabian Drilling Company
(A Saudi Joint Stock Company)

Notes to the condensed consolidated interim financial statements

For the three-month period ended 31 March 2026

(All amounts in Saudi Riyals unless otherwise stated)

3. Property, plant and equipment

Cost	1 January 2026 (Audited)	Additions	Transfers	Transfers to held for sale	Impairment loss	31 March 2026 (Unaudited)
Freehold land	82,136,250	-	-	-	-	82,136,250
Buildings and portable cabins	188,771,528	-	828,350	-	-	189,599,878
Rigs, machinery and equipment	15,953,195,680	-	125,835,278	(26,814,321)	-	16,052,216,637
Furniture, fixtures and office equipment	141,218,154	-	125,049	(970,510)	-	140,372,693
Vehicles	170,342,339	-	58,561	-	-	170,400,900
Assets under construction	170,222,596	175,018,093	(126,847,238)	(501,304)	-	217,892,147
	16,705,886,547	175,018,093	-	(28,286,135)	-	16,852,618,505
Accumulated depreciation and impairment						
Buildings and portable cabins	(34,376,564)	(2,205,330)	-	-	-	(36,581,894)
Rigs, machinery and equipment	(8,038,207,608)	(206,237,745)	-	14,071,985	-	(8,230,373,368)
Furniture, fixtures and office equipment	(90,622,108)	(2,087,430)	-	957,741	-	(91,751,797)
Vehicles	(137,839,691)	(5,408,546)	-	-	-	(143,248,237)
	(8,301,045,971)	(215,939,051)	-	15,029,726	-	(8,501,955,296)
Net book value	8,404,840,576					8,350,663,209

Arabian Drilling Company
(A Saudi Joint Stock Company)

Notes to the condensed consolidated interim financial statements

For the three-month period ended 31 March 2026

(All amounts in Saudi Riyals unless otherwise stated)

<u>Cost</u>	1 January 2025 (Audited)	Additions	Transfers	Transfers to held for sale	Impairment loss	31 December 2025 (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
	<u>16,421,438,656</u>	<u>719,957,682</u>	<u>-</u>	<u>(435,509,791)</u>	<u>-</u>	<u>16,705,886,547</u>
<u>Accumulated depreciation and impairment</u>						
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)
	<u>(7,711,455,567)</u>	<u>(880,186,365)</u>	<u>-</u>	<u>404,945,185</u>	<u>(114,349,224)</u>	<u>(8,301,045,971)</u>
Net book value	<u>8,709,983,089</u>					<u>8,404,840,576</u>

- a) Assets under construction at 31 March 2026 mainly represent cost related to the refurbishment of rigs which is expected to be completed by the end of 2026.
- b) Rigs, machinery and equipment represent assets under contracts with customers for the drilling services which include both leasing and service components.
- c) During the current period, the Group transferred certain assets with a net book value of Saudi Riyals 13.3 million (2025: Saudi Riyals 30.6 million) to assets held for sale. During the three-month period ended 31 March 2026, the Group sold assets previously classified as held for sale, with a carrying value of Saudi Riyals 4.4 million (2025: Saudi Riyals 13.1 million).

Arabian Drilling Company
(A Saudi Joint Stock Company)

Notes to the condensed consolidated interim financial statements
For the three-month period ended 31 March 2026
 (All amounts in Saudi Riyals unless otherwise stated)

- 3.1** As at 31 December 2025, management identified impairment indicators for certain cash generating units (CGUs) and accordingly, an impairment assessment was carried out for such CGUs as at 31 December 2025. Based on such assessment, management concluded to impair three rigs and an impairment loss of Saudi Riyals 114.3 million was recorded in cost of revenue during the year ended 31 December 2025. During the three-month period ended 31 March 2026, there were no changes to the estimates and assumptions used by the management in the impairment assessment carried out at 31 December 2025 for the above mentioned CGUs. Accordingly, as at 31 March 2026, no indicators for impairment or reversal of previously recognised impairment losses were identified by the management.

During the three-month period ended 31 March 2026, due to the geopolitical conflict and the ongoing unrest and uncertainty in the region, drilling contracts for certain offshore rigs were suspended by the customer. This event was identified as an impairment indicator by the Group management for the suspended rigs and accordingly, an impairment assessment was carried out for such CGUs as at 31 March 2026. However, as a result of such assessment, no impairment loss was identified. The impairment assessment was based on value-in-use calculations which require management to estimate the future cash flows and appropriate discount and growth rates.

Key assumptions used in this analysis included:

- a pretax discount rate (weighted average cost of capital) of 11.40% calculated using a Capital Asset Pricing Model methodology (CAPM);
- increase of 5% in day rates in the forecasted period after every three years; and
- Cash flow forecast period in the range of 5-29 years;

Management concluded that the recoverable amount for such CGUs was higher than their carrying amounts. The estimated recoverable amount was based on an approved business plan. The calculation involved an in-depth review of each key element of the CGUs' revenues and costs (including day rates, operating costs and capital expenditure) and included a review of historical results, external market and economic conditions.

The recoverable amounts of certain CGUs would equal their carrying amounts due to the following changes in certain key estimates:

	31 March 2026	
	From	To
Discount rate to increase	11.40%	11.70%
Growth in day rates to decrease	5.00%	4.30%
Cash flow forecast period (in years)	5-29	4-18

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. Management has considered and assessed reasonably possible changes for other key assumptions and has not identified any instances that could cause the recoverable amount of the CGUs to be less than its carrying amount.

4. Share capital

The share capital of the Company as of 31 March 2026 and 31 December 2025 comprised 89,000,000 shares at a par value of Saudi Riyals 10 per share.

Arabian Drilling Company
(A Saudi Joint Stock Company)

Notes to the condensed consolidated interim financial statements
For the three-month period ended 31 March 2026
(All amounts in Saudi Riyals unless otherwise stated)

5. Borrowings

The borrowings comprise long-term financing arrangements with certain non-conventional banks and carry finance costs based on prevailing market rates plus an applicable margin.

	31 March 2026 (Unaudited)	31 December 2025 (Audited)
Sukuk (note 5.1)	2,000,000,000	2,000,000,000
Murabaha borrowings (note 5.2)	867,479,829	937,408,835
Add: accrued finance cost	22,936,429	64,924,934
	2,890,416,258	3,002,333,769
Less: unamortised transaction cost	(4,156,559)	(5,290,166)
	2,886,259,699	2,997,043,603
Long-term borrowings are presented as follows:		
Current maturity under current liabilities	2,298,495,894	344,640,958
Non-current portion	587,763,805	2,652,402,645
	2,886,259,699	2,997,043,603
Movement in unamortised transaction cost is as follows:		
Balance at beginning of period / year	5,422,454	9,824,594
Less: amortization for the period / year	(1,265,895)	(4,534,428)
Balance at end of period / year	4,156,559	5,290,166

5.1 Sukuk

During 2022, the Group issued Sukuk amounting to Saudi Riyals 2.0 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 utilised 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 prevailing market rates which are 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 following financial covenant throughout the period:

- Maximum leverage ratio of 2.5.

The Group has complied with this covenant throughout the three-month period ended 31 March 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.

5.2 Murabaha borrowings

During 2025, the Group utilised Saudi Riyals 300.0 million from an existing murabaha facility of Saudi Riyals 500.0 million which was obtained from a Saudi commercial bank to finance the Group's capital expenditure. The murabaha loan is repayable over a period of 5 years starting from October 2025 through July 2030 on a monthly installment basis. The loan bear finance cost based on prevailing market rate which are based on SAIBOR plus an applicable margin.

During 2023, the Group obtained a murabaha loan facility of Saudi Riyals 500.0 million from a Saudi commercial bank to finance its capital expenditure. The murabaha loan is repayable over a period of 5 years starting from December 2024 through December 2028 on a quarterly installment basis. These loans bear finance cost based on prevailing market rate which are based on SAIBOR plus an applicable margin.

Arabian Drilling Company
(A Saudi Joint Stock Company)

Notes to the condensed consolidated interim financial statements

For the three-month period ended 31 March 2026

(All amounts in Saudi Riyals unless otherwise stated)

During 2022, the Group obtained a murabaha facility of Saudi Riyals 500.0 million from a Saudi commercial bank to finance capital expenditure. The murabaha loan is repayable over a period of 5 years starting from February 2024 through November 2028 on a quarterly installment basis. These loans bear finance costs based on prevailing market rate which are based on SAIBOR plus an applicable margin.

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 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 5.1 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 31 March 2026 as well.

6. Zakat and income tax

6.1 Zakat and income tax expense

	For the three-month period ended 31 March	
	2026 (Unaudited)	2025 (Unaudited)
Zakat expense	2,085,167	2,179,890
Current tax charge	562,168	894,827
Deferred tax charge	3,601,541	5,945,893
	6,248,876	9,020,610

6.2 Status of assessments

Arabian Drilling Company

ZATCA has finalised the Company's zakat and income tax assessments for the years up to 2022. The assessments for the years 2023 and 2024 are under review of ZATCA and no assessments for these years have been received as at 31 March 2026. Subsequent to the reporting date, the Company has obtained the zakat and income tax certificate for the year ended 31 December 2025.

Ofsat

ZATCA has finalised 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 31 March 2026. Subsequent to the reporting date, the Company has obtained the zakat and income tax certificate for the year ended 31 December 2025.

7. Revenue

	For the three-month period ended 31 March	
	2026 (Unaudited)	2025 (Unaudited)
Drilling revenue	634,425,909	661,972,458
Rig move revenue	124,118,155	171,382,850
Mobilization revenue	20,715,236	25,472,850
Catering and other revenue	42,350,453	52,254,331
	821,609,753	911,082,489

Arabian Drilling Company
(A Saudi Joint Stock Company)

Notes to the condensed consolidated interim financial statements
For the three-month period ended 31 March 2026
(All amounts in Saudi Riyals unless otherwise stated)

7.1 Drilling revenue

Revenue from drilling activities was recognised in accordance with the rates agreed under the terms of the drilling contracts, which include approximately equal service and lease components. Expected lease component of future revenue from drilling activities under such contracts is as follows:

	31 March 2026 (Unaudited)	31 March 2025 (Unaudited)
Less than 1 year	1,915,854,719	1,568,535,708
Between 1 - 2 years	1,359,758,898	992,477,962
Between 2 - 3 years	1,042,825,918	781,932,987
Between 3 - 4 years	745,254,143	609,455,780
Between 4 - 5 years	468,516,609	353,742,764
Later than 5 years	1,409,722,032	450,945,070
	6,941,932,319	4,757,090,271

The expected revenue is based on signed agreements with the customers and expected utilization rates of the underlying rigs.

8. Other operating income, net

Other operating income mainly comprises a non-refundable deposit amounting to Saudi Riyals 9.9 million (2025: Nil), which accrued to the Group following the cancellation of the sale agreement for AD-17 during the three-month period ended 31 March 2026. The amount was receivable as at 31 March 2026 and was collected in April 2026, subsequent to the reporting date.

9. Basic and diluted earnings per share

As the Company does not have any potential dilutive shares, the diluted earnings per share is the same as the basic earnings per share. Basic and diluted earnings per share are calculated as follows:

	For the three-month period ended 31 March	
	2026 (Unaudited)	2025 (Unaudited)
Profit attributable to the shareholders of the Group	7,054,408	75,197,436
Weighted average number of ordinary shares for basic and diluted earnings per share	89,000,000	89,000,000
Basic and diluted earnings per share	0.08	0.84

10. Contingencies and commitments

- i. As at 31 March 2026, the Group's bankers have issued guarantees on behalf of the Group amounting to Saudi Riyals 449.1 million (31 December 2025: Saudi Riyals 475.1 million) in the normal course of business.
- ii. The capital expenditure contracted by the Group but not incurred till 31 March 2026 was Saudi Riyals 151.9 million (31 December 2025: Saudi Riyals 180.9 million).

Arabian Drilling Company
(A Saudi Joint Stock Company)

Notes to the condensed consolidated interim financial statements
For the three-month period ended 31 March 2026
(All amounts in Saudi Riyals unless otherwise stated)

11. 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 recognised or disclosed are categorised 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 recognised 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 31 March 2026 and 31 December 2025 respectively.

As at 31 March 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 realised 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.

12. Segment information

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

The Group operates principally in the following two operating segments:

- 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 information as of 31 March 2026 and 31 December 2025 and for the three-month period ended 31 March 2026 and 2025, summarised by the above operating segments, is as follows:

Arabian Drilling Company
(A Saudi Joint Stock Company)

Notes to the condensed consolidated interim financial statements

For the three-month period ended 31 March 2026

(All amounts in Saudi Riyals unless otherwise stated)

a) Segment results

For the three-month period ended 31 March 2026 (Unaudited)

	Land rigs	Offshore rigs	Other*	Total
Revenue from external customers	548,594,992	273,014,761	-	821,609,753
Intersegment revenue	-	-	67,804,497	67,804,497
Intersegment cost	(67,804,497)	-	-	(67,804,497)
Cost of revenue	(476,651,054)	(184,472,796)	(59,951,741)	(721,075,591)
Segment results	4,139,441	88,541,965	7,852,756	100,534,162

For the three-month period ended 31 March 2025 (Unaudited)

	Land rigs	Offshore rigs	Other*	Total
Revenue from external customers	661,374,750	249,707,739	-	911,082,489
Intersegment revenue	-	-	84,223,063	84,223,063
Intersegment cost	(84,223,063)	-	-	(84,223,063)
Cost of revenue	(478,677,325)	(193,905,259)	(58,506,497)	(731,089,081)
Segment results	98,474,362	55,802,480	25,716,566	179,993,408

Reconciliation of segment results with profit before zakat and income tax

	For the three-month period ended 31 March	
	2026	2025
	(Unaudited)	(Unaudited)
Total results for reporting segments	100,534,162	179,993,408
General and administrative expenses	(52,589,714)	(59,492,422)
Other operating income, net	11,926,352	16,286,331
Finance costs - net	(46,567,516)	(52,569,271)
Profit before zakat and income tax	13,303,284	84,218,046

b) Segment assets

	31 March	31 December
	2026	2025
	(Unaudited)	(Audited)
Land rigs	4,691,552,372	4,677,042,376
Offshore rigs	3,935,638,784	3,873,748,756
Other*	414,138,202	372,220,504
Eliminations	(181,966,362)	(130,131,289)
	8,859,362,996	8,792,880,347

As at 31 March 2026, segment assets did not include unallocated assets amounting to Saudi Riyals 1.2 billion (31 December 2025: Saudi Riyals 1.3 billion).

* Other segment relates to Ofsat Arabia Company Limited, the Company's subsidiary which is principally involved in rig hauling, operations, maintenance, rig moving and related activities.

Arabian Drilling Company
(A Saudi Joint Stock Company)

Notes to the condensed consolidated interim financial statements
For the three-month period ended 31 March 2026
(All amounts in Saudi Riyals unless otherwise stated)

c) Other information

Revenues from all contracts with customers are generated from the following geographical locations:

	31 March 2026	31 March 2025
	(Unaudited)	(Unaudited)
Kingdom of Saudi Arabia	814,530,833	911,082,489
United Arab Emirates	7,078,920	-
	821,609,753	911,082,489

13. Related party transactions and balances

As at 31 March 2026, related parties comprise the significant shareholders, directors, affiliates (representing entities directly or indirectly controlled by the Group's shareholders) and key management personnel. Related parties also include business entities 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 31 March	
	2026	2025
	(Unaudited)	(Unaudited)
Revenue from an affiliate	149,542,982	147,694,547
Costs charged by an affiliate	4,602,191	1,622,925

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 31 March	
	2026	2025
	(Unaudited)	(Unaudited)
Salaries and other short-term employee benefits	4,269,474	4,440,829
Post-employment benefits	164,489	199,444
Directors' fees including travelling costs	1,152,849	1,200,000

b) *Due from related parties:*

	31 March 2026	31 December 2025
	(Unaudited)	(Audited)
Due from related parties		
Schlumberger Middle East S.A. (SMESA), an affiliate	142,938,134	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 terms and conditions agreed between the Company and the related party.

Arabian Drilling Company
(A Saudi Joint Stock Company)

Notes to the condensed consolidated interim financial statements
For the three-month period ended 31 March 2026
(All amounts in Saudi Riyals unless otherwise stated)

c) *Due to related parties:*

		31 March 2026 (Unaudited)	31 December 2025 (Audited)
TAQA Well Services	Affiliate	5,000,000	5,689,805
Al-Rushaid Trading Company	Affiliate	1,554,680	482,519
AlMansoori Petroleum Industries	Affiliate	2,089,535	2,034,240
Cameron Al Rushaid Co Ltd	Affiliate	7,092,555	7,801,431
Cameron Middle East LLC	Affiliate	90,900	922,063
Schlumberger Rig Technology, Inc.	Affiliate	307,460	554,840
WesternGeco Saudi Arabia Co. Ltd	Affiliate	531,007	-
SLB Kristiansand AS	Affiliate	1,537,500	-
		18,203,637	17,484,898

14. Subsequent events

There are no subsequent events which occurred between 31 March 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.

15. Approval of condensed consolidated interim financial statements

These condensed consolidated interim financial statements were approved by the Board of Directors 10 May 2026G (corresponding to 23 Dhu Al-Qidah 1447 AH).