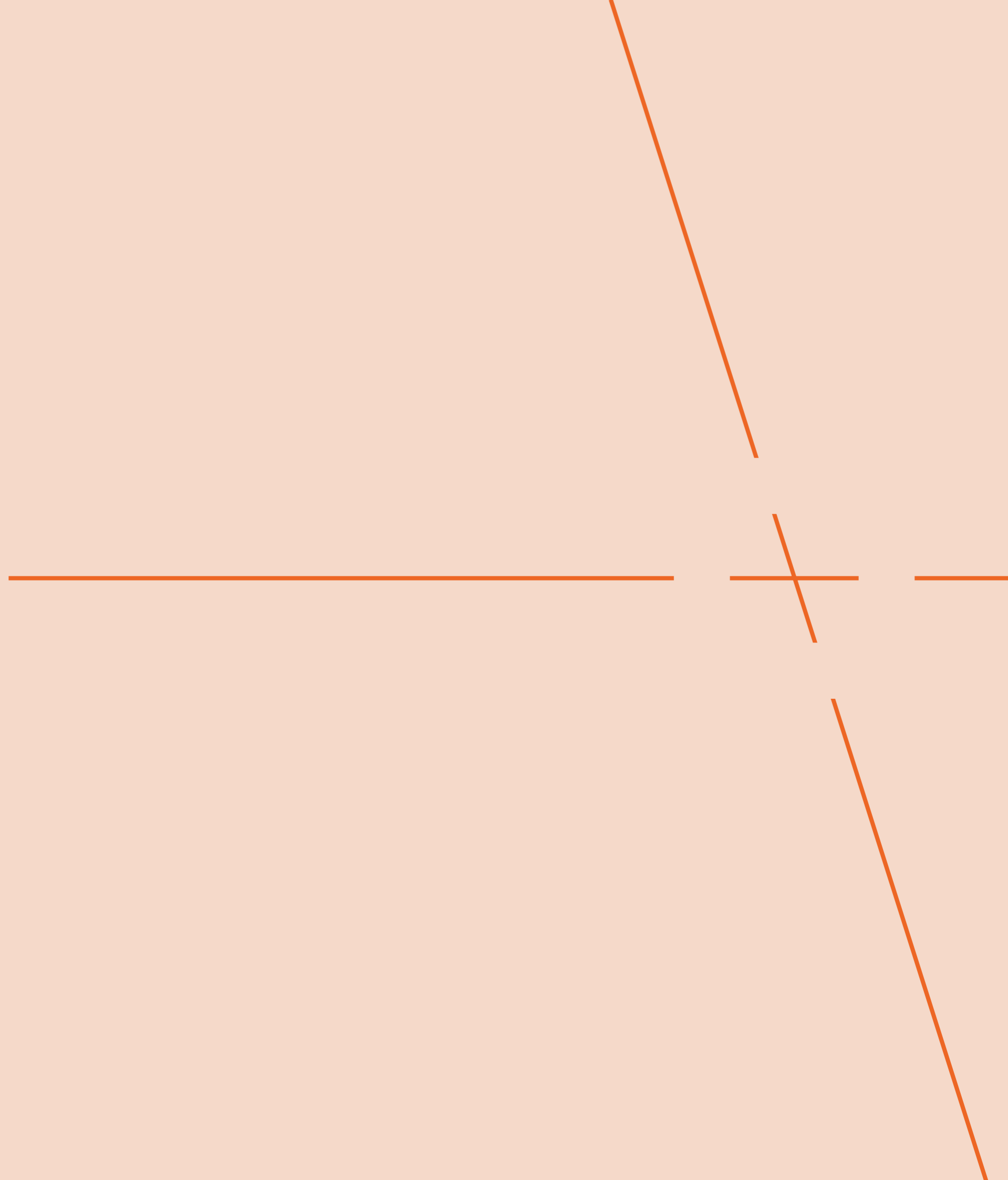




Arabian Drilling Company Board of Directors Report

For the year ending 31 December 2023

Arabian Drilling Company
Board of Directors Report
2023



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About the Company

**Arabian Drilling
(AD) was
established in 1964,**

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

- «Contractor of the Year Award», from The Energy Year magazine, at the Saudi Arabia Book Launch and Distribution Ceremony 2023.
- «Best Drilling Contractor» and «Most Innovative Drilling Company» by International Finance Magazine (IFM)

Arabian drilling is engaged in oil and natural gas well drilling in addition to services related to oil and natural gas extraction (excluding survey services), Arabian Drilling is a prominent regional player in this sector, and it owns a fleet of onshore and offshore drilling rigs in Saudi Arabia, and the neutral zone between the Kingdom and Kuwait. It is a listed joint stock company in which Industrialization & Energy Services Company (TAQA), a Saudi joint stock company, and SLB SA, one of the world's leading oilfield services companies, own the largest ownership ratio.

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

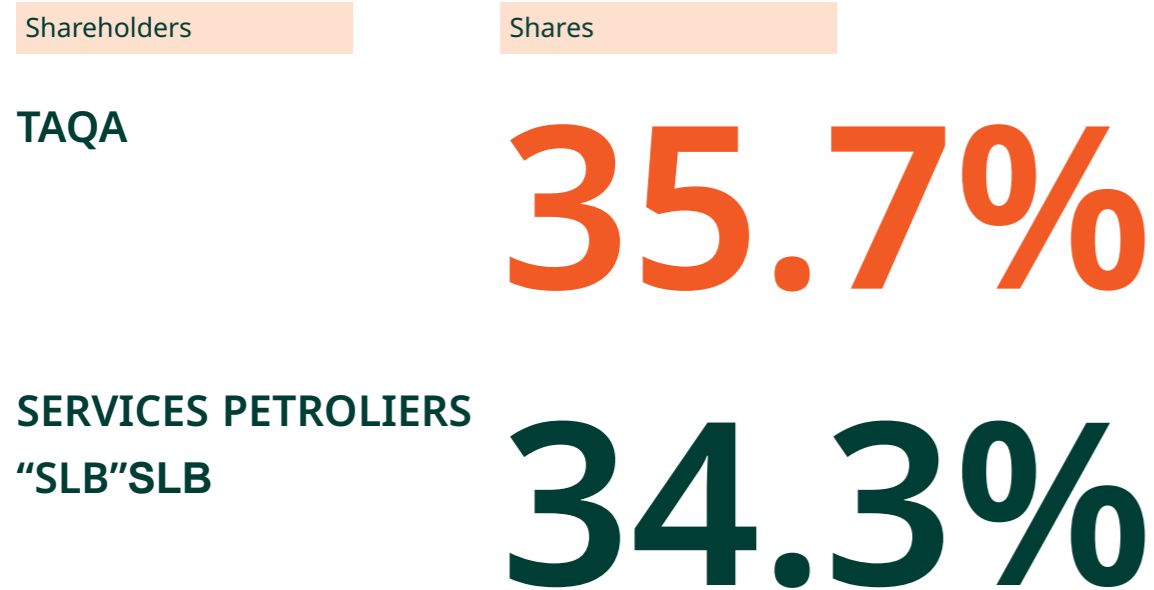
Arabian Drilling has established itself to consistently meet the needs of the industry and the world, integrate sustainable practices into all aspects of its work, and contribute to the response of global energy demand in a sustainable manner. Arabian Drilling's Sustainability Roadmap aligns with the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

Company Lines of Business

The Company's core lines of business consist of 2 segments: the Land and Offshore segment. Onshore drilling is a mechanical process where a well is drilled on land through underlying bedrock utilizing a stationary onshore rig to explore for and extract oil or natural gas. The Company's onshore fleet ranges from medium to ultra-heavy drilling rigs, that can operate in harsh environments in the Middle East. The Company also provides drilling rig transportation, establishment, relaying, and fueling.

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

Substantial Shareholders



Subsidiary Core Lines of Business

Subsidiaries:

OFSAT Arabia LLC

Capital:

SAR Million

Arabian Drilling Ownership Ratio

100%

Core Line of Business

The Company provides services for the operations, maintenance, and relay of oil well drilling machines and logistics works. OFSAT Arabia is a Limited Liability Company (LLC) with its operational headquarters in Al Khobar City in the Kingdom of Saudi Arabia. According to its main commercial registration certificate. The Company's main activities is to provide logistic support to move land rigs from one well location to the other, as well as providing a fleet of utility vehicles such as cranes, wheel loaders, trucks etc. required to support drilling operations.

Market Highlights

Global risks and market deficits will keep oil prices high

- Due to some geopolitical changes, oil prices jumped from US\$ 84 per barrel to more than US\$ 93 per barrel, with the oil market unchanged in terms of supply and demand.
- As geopolitical risks persist, the prospect of oil supply disruptions is real. Rystad Energy therefore believes that the risks will continue, although lower than expected. Combined with the notable market deficit due to Saudi Arabia's voluntary production cuts, this should keep oil prices high in the coming months.
- The current geopolitical instability in the Middle East has not affected our expectations of market fundamentals. Rystad Energy believes that the oil market recorded a deficit of 1.4 million barrels per day in the fourth quarter of 2023)
- In November 2023, the OPEC Plus group announced its extension of the voluntary reduction of production by 2.2 million barrels per day, which contributes to the stability of oil prices by an average of US\$ 89 per barrel in 2024.

Global spending projections and service purchases

- Global capital expenditure in exploration and production is estimated at US\$ 598 billion in 2024, an increase of 1.3% over 2023.
- Total offshore capital expenditure is expected to increase 10.4% to US\$ 213 billion, with both offshore deep waters and offshore shelf increasing by 6.4%. The other onshore sector is expected to remain steady at 2023 levels in 2024. Shale oil is expected to fall 9.2% to US\$ 131 billion.
- Total five-year capital expenditure from 2023 to 2028 is estimated at -2.6%, with a decrease in all supply sectors over the five-year period.
- Global upstream operating expenses are estimated at US\$ 721 billion in 2024, up 7.9% from 2023.

- Total offshore operating expenses are expected to increase by 8.0% to US\$ 221 billion, with both offshore deep waters and offshore shelf adding 10.8%. Other onshore operating expenses are expected to rise 7.0% to US\$ 345 billion in 2024. Shale oil is expected to grow 9.6% to US\$ 155 billion.
- The five-year compound annual growth rate for operating expenses from 2023 to 2028 is estimated at 2.7%, with growth across all supply segments over the five-year period.
- Global primary services purchases are estimated at US\$ 753 billion in 2024, an increase of 3.5% from 2023.
- Spending on logistics and ships will rise further in 2024 at a growth rate of 8.7%. Spending on engineering and construction, operations and maintenance, equipment and materials, and drilling and intervention will increase by 5.3%, 4.6%, 4.3% and 0.9% respectively.
- The five-year CAGR (Compound Annual Growth Rate) for service procurement from 2023 to 2028 is estimated at -1.5% and we expect growth in logistics, ships, operations and maintenance.

According to Rystad Energy independent advisory and research consultant specialized in the energy sector.



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

Plans

1. Arabian Drilling has active plans to acquire new rigs:

- Expansion of the existing drilling fleet in Saudi Arabia
- Benefit from unconventional exploration as Saudi Arabia leads initiatives aimed at increasing gas production (e.g. the unconventional Jafoura field)

2. Regional expansion through growth organic or inorganic growth opportunities:

- Establish a footprint outside the Kingdom by participating to competitive tenders in the wider GCC area
- In addition to growth, the Company will benefit from acquisition opportunities exploring potential business or assets acquisition outside the Kingdom

3. Other growth strategies diversifying income sources with additional services

- Drilling rig crew Training services
- Specialized engineering services
- Carbon capture and storage (CCS)
- Geothermal drilling activity

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

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

Decisions

• On 04-Jan-2023: It was announced that the shareholders of Arabian Drilling were invited to attend the Ordinary General Assembly Meeting (First Meeting) to be held on 25 Jan 2023 by voting on the election of independent members to the Board of Directors of the Company to fill two vacant seats from among the candidates to complete the current session.

• On 11-Jan-2023: Arabian Drilling announced a contract award with Saudi Aramco for a period of 5 years for one offshore drilling rig, with a contract value in excess of SAR 650 million.

• On 26-Jan-2023: The results of the Ordinary General Assembly (First Meeting) were announced, where the results of the General Assembly came with the election of two independent members to fill two vacant seats from among the candidates to complete the term of the current Board of Directors, namely Mr. Michael Mannering and Mr. Adnan Ghabris.

• On 12-Mar-2023: Arabian Drilling announced the date of release of its financial results for the fourth quarter and full year 2022 to be on 19 Mar 2023, before the opening of the trading session in the Saudi Tadawul market. In addition, Arabian Drilling also announced the date of its Quarterly Earnings conference call to be held on 20 Mar 2023.

• On 19-Mar-2023: The annual financial results for the quarter and full year ending on 31 December 2022 were announced,

• On 07-May-2023: Arabian Drilling announced the date of release of its financial results for the first quarter of 2023 to be on 14 May 2023, before the opening of the trading session in the Saudi Tadawul market. In addition, Arabian Drilling also announced the date of its Quarterly Earnings conference call to be held on May 16, 2023.

• On 14-May-2023: The financial results for the period ending on 31-Mar-2023 (three months) were announced, in addition to attaching a file containing the details of the announcement of these results.

• On 16-May-2023: Arabian Drilling announced the date of the Ordinary General Assembly Meeting (First Meeting) to be held on 07 Jun 2023.

• On 08-Jun-2023: The results of the Ordinary General Assembly (First Meeting) were announced.

• On 26-Jul-2023: Arabian Drilling announced the date of release of its intends to announce the financial results for the period ending on June 30, 2023 (six months) to be on 02 Aug 2023, before the opening of the trading session in the Saudi Tadawul market. In addition, Arabian Drilling also announced the date of its Quarterly Earnings conference call to be held on 03-Aug-2023.

• On 31-Jul-2023: Arabian Drilling announced new contract award with Saudi Aramco for ten (10) new land rigs for unconventional, with a contract value of more than SAR 3 billion.

• On 02-Aug-2023: The financial results for the period ending on 30-Jun-2023 (six months) were announced, in addition to attaching a file containing the details of the announcement of these results.

• On 14-Aug-2023: It was announced that a number of contracts with Saudi Aramco have been extended, ranging from 3 to 10 years, and the value of the contract reaches 3 billion Saudi riyals.

• On 11-Oct-2023: It was announced that the shareholders of Arabian Drilling were invited to attend the Ordinary General Assembly Meeting (First Meeting) to vote on the recommendation of the Board of Directors to distribute cash dividends and authorize the Board of Directors to distribute interim dividends for the year 2023. Whereas the General Assembly was held on 01-Nov-2023.

• On 31-Oct-2023: Arabian Drilling announced the date of its the financial results for the period ending on September 30, 2023 (nine months) to be on 05-Nov-2023, before the opening of the trading session in the Saudi Tadawul market. In addition, Arabian Drilling also announced the date of its Quarterly Earnings conference call to be held on 06 Nov 2023.

Decisions

• On 02-Nov-2023: The results of the Ordinary General Assembly (First Meeting) were announced, which includes the approval of the Board of Director's recommendation to distribute cash dividends and the approval of authorizing the Board of Directors to distribute interim dividends for the year 2023.

• On 05-Nov-2023: Arabian Drilling announced its financial results for the period ending on 30-Sep-2023 (nine months). .

Future Events and Forecasts for the Company's Business

Oil demand is expected to grow in 2024, which will positively impact the company's activities. Arabian Drilling is one of the largest drilling contractors in the Middle East and North Africa region, and has operations related to exploration and hydrocarbon production activities. The production phase of is the stage in which existing fields are drilled, representing the highest expenditure on drilling contractors and during which Arabian drilling generates the most revenue.

Training

A summary of the training courses provided to employees is as follows:

Training Topics:

- Health, safety and environment
- Compliance, Corporate Governance & Code of Conduct
- Leaderships
- Crane Operator Courses
- Emergency response Leaders
- First Aid
- H2S
- Management of Major Emergency
- Team Building
- Well Control Driller courses

Number of Trainings

Number of Attendees

Number of Training Hours

566

4,658

838,608

Disclosure According to Regulations:

Corporate Governance Regulations:

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

| Article Number | Article Text/Paragraph | Application Status | Notes |
|----------------|---|--------------------|----------------------------------|
| Article 67: | Formation of a risk management committee: A committee (Risk Management Committee) shall be formed by a decision of the company's Board of Directors, the chairman of which and the majority of its members shall be non-executive members of the Board of Directors. Its members are required to have an appropriate level of knowledge of risk management and financial affairs. | Not Applied | Indicative Article - Non-binding |
| Article 68: | Terms of reference of the Risk Management Committee | Not Applied | Indicative Article - Non-binding |
| Article 69: | Risk Management Committee meetings | Not Applied | Indicative Article - Non-binding |
| Article 82: | Motivating employees: The company establishes programs to stimulate the participation and performance of the company's employees, including programs to grant employees shares in the company or a share of the profits it achieves, retirement programs, and establishing an independent fund to spend on these programs. | Not Applied | Indicative Article - Non-binding |
| Article 92: | Formation of a corporate governance committee | Not Applied | Indicative Article - Non-binding |

Company Social Contributions:

| Social contributions | Entity | Breakdown of contributions |
|--|--|---|
| Tarahum Partners | Tarahum Association | The company provided financial support to care for the neediest families at Tarahum in the amount of SAR 334,050. |
| Asian Triathlon Championship | Saudi Triathlon Federation | Arabian Drilling is the exclusive sponsor of the Saudi Triathlon Federation Asian Championship, where the company contributed SAR 1,000,000. |
| Nama Association for Orphans | Nama Association for Orphans | The contribution to the Nama Association for Orphans in the amount of SAR 100,000. |
| Seaside Cleanup Campaign | Khobar Municipality | Seashore Cleaning Campaign (Khobar) |
| Khobar International Half Marathon Sponsorship | Saudi Arabian Athletics Federation | Sponsorship of the Khobar International Half Marathon, where the company contributed SAR 200,000. |
| Jubail Industrial Marathon Sponsorship | Saudi Arabian Athletics Federation | Sponsorship of the half marathon of the Royal Commission in Jubail, where the company contributed SAR 200,000. |
| Providing the Arab Drilling Academy with a drilling rig for educational purposes | Saudi Arabian Drilling Academy (SADA) | Provided the Saudi Arabian Drilling Academy with a rig to drill a well for educational purposes (AD29), this will be used in developing thousands of local talents. |
| Saudi Environment Week | Ministry of Environment, Water and Agriculture | During the Saudi #Environment_Week, led by the Saudi Ministry of Environment, Water and Agriculture, volunteers from Arabian Drilling participated in Beach Cleaning Campaign organized by TAQA (Industrialization & Energy Services Company), in collaboration with Eastern Region Municipality and Dhahran Municipality. |
| Sponsoring a selected group of trainees | Saudi Arabian Drilling Academy (SADA) | Arabian Drilling is sponsoring a selective cohort of trainees to be enrolled in the Saudi Arabian Drilling Academy (SADA) for a special training program for a period of two years, as part of Arabian Drilling commitment to Vision 2030 and dedication to develop the next generation of the upstream industry professionals. |



Measures Taken by the Board of Directors to Inform its Members, Especially Non-Executives, of the Shareholders' Proposals and Observations Regarding the Company and its Performance.

The Company has a dedicated investor relations department responsible for answering all inquiries, complaints, opinions, or suggestions from Shareholders via phone or e-mail. In addition, the Board is kept informed of the Shareholders' communications and observations through the submission of periodic reports that include information related to Shareholders' affairs, inquiries raised, and actions

taken to answer their inquiries in a satisfactory and appropriate manner. Through these measures, all of the Board members, especially Non-Executives, are informed of Shareholders' proposals and observations regarding the Company and its performance.

Board of Directors

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

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

Meetings of the Board of Directors

The Board of Directors held 5 meetings during 2023, and attendance was as follows:

| Name | First 16- Feb 2023 | Second 11-May-2023 | Third 01-Aug-2023 | Fourth 19- Oct-2023 | Fifth 10-Dec-2023 |
|----------------------------|-----------------------|-----------------------|----------------------|------------------------|----------------------|
| Khalid Mohammed Nouh | ● | ● | ● | ● | ● |
| Tarek Rizk | ● | ● | ● | ● | ● |
| Waleed Abdullah Al-Mulhim | ● | ● | ● | ● | ● |
| Vijay Kasibhatla | ● | ● | ● | *● | ● |
| Samir Seth | ● | ● | ● | ● | ● |
| Jesus Lamas Rios | ● | ● | ● | ● | ● |
| Khlood Abdulaziz Aldukheil | ● | ● | ● | ● | ● |
| Adnan Ghabris | ● | ● | ● | ● | ● |
| Michael Mannering | ● | ● | ● | ● | ● |

● Attended

*Mr. Tarek Rizk received a proxy from Mr. Vijay Kasibhatla who could not attend the meeting

○ Not Attended

Audit Committee

The Audit Committee held 6 meetings during 2023, and they were attended by the members as follows:

| Name | First 27-Feb-2023 | Second 09-Mar-2023 | Third 09-May-2023 | Fourth 25-Jul-2023 | Fifth 05-Sep-2023 | Sixth 31-Oct-2023 |
|---------------------|----------------------|-----------------------|----------------------|-----------------------|----------------------|----------------------|
| Khlood Aldukheil | ● | ● | ● | ● | ● | ● |
| Vijay Kasibhatla | ● | ● | ● | ● | ● | ● |
| Moustafa Abdullatif | ● | ● | ● | ● | ● | ● |

● Attended

○ Not Attended

Annual Audit Committee Report 2023

Audit Committee Report for the financial year ended 31-Dec-2023

During the fiscal year 2023, the Audit Committee monitored the company's business, verified the integrity and integrity of annual and preliminary reports and financial statements, and ensured the application of internal control systems in it, and the adequacy of the internal control system in the company, and this report deals with the work carried out by the Audit Committee during the year 2023 according to the tasks and responsibilities mentioned in the company's audit committee work regulations, which were prepared in accordance with the requirements of the Companies Law and the Corporate Governance Regulations issued by the Board of the Capital Market Authority, as follows:

1. Study the interim and annual consolidated financial statements the year 2023 to verify their fairness and transparency in light of the presentation and disclosure of the information contained in the financial statements in accordance with the generally accepted and approved international accounting standards in the Kingdom of Saudi Arabia before they are published on the Company's page at «Tadawul» on the date specified by the Capital Market Authority, in addition to submitting a recommendation to the Board of Directors for approval of the annual consolidated financial statements in preparation for submission to the General Assembly for approval.
2. Study the reports and notes submitted by the external auditor and meet with him to consider the financial statements before approving them in order to verify his independence, objectivity and effectiveness of the audit work, as well as answer his inquiries and ensure that there are no obstacles that may affect the progress of his work
3. Recommending to the Board of Directors appointment of the External Auditor and reviewing their plan and actions
4. Study the reports and notes submitted by the internal auditor and meet with the Executive management to discuss the departments' work plans to address the risks resulting from these reports in order to reach a tight and effective control environment.

Within the limits of the Audit Committee mandate, and by the Internal Audit Department plan and follow-up, and in discussions with the External Auditor and the Executive Management for the year 2023, the Audit Committee did not find material weakness within the internal control environment.

Respectfully submitted; Audit Committee Chair

Audit Committee Functions

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

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

The Audit Committee shall have the following responsibilities:

Financial Statements and Reports:

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

Internal Control:

- Consider and review the Company's internal and financial control and risk management systems, and their effectiveness, including information technology, security, and controls.

considering the accuracy and completeness of the information.

- Reviewing all matters required to be referred to the Committee in light of the generally accepted auditing standards, in cooperation with the Management and the external Auditor.
- Considering the Company's accounting policies, expressing an opinion thereon, and making recommendations to the Board.
- Identifying how the financial management team develops preliminary financial information, and the nature and extent of involvement of the Internal Audit Department and the external Auditor.
- At the request of the Board, providing a technical opinion regarding whether the Board's report and Company's financial statements are fair, balanced, and understandable and contain information that enables the Shareholders and investors to assess the Company's financial position, performance, business model, and strategy.
- Verifying accounting estimates with regard to significant matters contained in the Company's financial statements and reports.

- Understand the scope of the internal audit of financial reports by the Internal Audit Department and obtain reports including important findings and recommendations, and Management's observations and comments.

Internal Audit:

- Adopting the Internal Audit Charter.
- Reviewing the performance and activities of the Head of the Internal Audit Department and ensure that there are no unjustified restrictions on his/her activities and making recommendations to the Board with respect to his/her appointment, dismissal, annual remuneration, and salary.
- Overseeing and supervising the performance and activities of the Company's Internal Audit Department to verify the availability of the necessary resources and its effectiveness in performing its duties in accordance with appropriate professional standards.
- Approving the annual audit plan and all changes thereto and reviewing the performance and activities of the Internal Audit Department compared to the plan set for it.
- Working with the Head of the Internal Audit Department to review the Internal Audit budget, resource plan, activities, and organizational structure for the Internal Audit duties.
- Reviewing the Company's Internal Audit procedures.
- Reviewing Internal Audit reports and monitoring the implementation of corrective measures with regard to the observations contained therein.
- Holding separate meetings with the Head of the Internal Audit Department on a regular basis to discuss any matters that the Committee or Internal Audit officials deem necessary to be discussed in separate sessions.

External Audit:

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

Compliance:

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

Reporting:

- Submitting periodic reports to the Board regarding the Committee's activities and issues identified and providing recommendations to the Board that it deems appropriate on any matter within its competencies.
- Providing an open avenue of communication amongst the Internal Audit Management, the external Auditor, and the Board.
- Providing an Annual Report to Shareholders describing the Committee's formation, duties, and performance of such duties in addition to other information as may be required by applicable rules, including approving services outside the auditing scope.
- Reviewing any other reports issued by the Company concerning the Committee's responsibilities.
- Preparing an annual written report assessing the efficiency and effectiveness of the Company's internal control, financial, and risk management systems – including information technology security and controls – and its recommendations in this regard, in addition to any other work performed within the scope of the Committee's responsibility. Copies of the report shall be made available for collection by the Company's Shareholders at the Company's head office and published on the Company's corporate website as well as the Saudi Stock Exchange, while the invitation is published to convene the relevant Annual General Assembly Meeting. The report shall be read out during the meeting.
- Preparing a written report for the Board regarding the Company's Internal Audit procedures and the Committee's recommendations in this regard.

Miscellaneous:

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

Nomination and Remuneration Committee

The Nomination and Remuneration Committee held 7 meetings in 2023, and attendance was as follows:

| Name | Capacity | First 10-May-2023 | Second 10-Jul-2023 | Third 27-Jul-2023 | Fourth 21-Aug-2023 | Fifth 18-Sep-2023 | Sixth 16-Oct-2023 | Seventh 07-Dec-2023 |
|------------------------|--|----------------------|-----------------------|----------------------|-----------------------|----------------------|----------------------|------------------------|
| Adnan Ghabris | Committee Chairman Independent Board Member | ● | ● | ● | ● | ● | ● | ● |
| Jesus Lamas Rios | Committee Member Board Member Non-Executive | ● | ● | ● | ● | ● | ● | ● |
| Moataz Mohammad Mashor | Committee Member External Board Member Non-Executive | ● | ● | ○ | ● | ● | ● | ● |

● Attended

○ Not Attended

Nomination and Remuneration Committee Functions

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

1. Leading the process of nominating and evaluating the Directors, Senior Executives, and employees of the Company
 2. Ensuring the effectiveness and integrity of the Board of Directors ("the Board") and Executive Management structures, and the relevant internal policies and procedures
 3. Assisting the Board in the reviewing and determining the remuneration of Directors, members of the Board Committees, Senior Executives, and employees of the Company.
- In addition, the Nomination and Remuneration Committee shall perform the following responsibilities:

Nominations:

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

- Developing, and periodically reviewing, procedures for filling vacancies on the Board or the Company's Executive Management and making recommendations to the Board regarding the selection and approval of candidates to fill such vacancies.

• Review and Evaluation:

- A periodic review of the structure, size, composition, strengths, and weaknesses of the Company's Board and Senior Management (including

skills, knowledge, and experience). In addition, submitting recommendations, and proposing appropriate solutions to the Board, in line with the Company's best interests.

- Developing and overseeing an orientation program for new Directors.

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

Remuneration:

- Preparing, recommending, and overseeing the implementation and disclosure of a policy for the remuneration of Directors, the Senior Executives, and members of the Committees of the Board ("Remuneration Policy"), which shall be presented before the General Assembly for approval.

- Preparing an Annual Report on the remuneration and other payments (in cash or in kind) received by Directors, Executive Management and Committee members, and the basis for the remuneration received with reference to the Remuneration Policy (including a description of any significant departures from the Remuneration Policy) (the "Annual Report on Remuneration"), and submitting it to the Board for consideration.

- Regularly reviewing and evaluating the effectiveness and appropriateness of the Remuneration Policy and making recommendations to the Board in this regard.

- Recommending to the Board the remuneration for Directors, Committee members, and Senior Executives (including the nature and amount of the remuneration), in accordance with the approved Remuneration Policy.

- Reviewing the Company's incentive plans for Directors and employees, and make recommendations to the Board regarding the adoption, amendment, and termination of such plans.

- Preparing and supervising a career progression framework for the Company's employees, clarifying the general range of professional ranks and levels, salary scale, benefits, and allowances (in cash or in kind) for the relevant professional rank and level.

- Preparing the required disclosures related to remuneration, required under the policies of the Company, and systems, rules, regulations applicable to the Company, including the disclosures relating to the Remuneration Policy and the Annual Report on Remuneration.

Executive Committee

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

| Name | Membership | First 17-Jan-2023 | Second 09-March-2023 | Third 04-May-2023 | Fourth 29-Sep-2023 | Fifth 10-Dec-2023 |
|---------------------------|--------------------|----------------------|-------------------------|----------------------|-----------------------|----------------------|
| Khalid Mohammed Nouh | Committee Chairman | 👤 | 👤 | 👤 | 👤 | 👤 |
| Tarek Rizk | Committee Member | 👤 | 👤 | 👤 | 👤 | 👤 |
| Waleed Abdullah Al-Mulhim | Committee Member | 👤 | 👤 | 👤 | 👤 | 👤 |
| Jesus Lamas Rios | Committee Member | 👤 | 👤 | 👤 | 👤 | 👤 |
| Samir Seth | Committee Member | 👤 | 👤 | 👤 | 👤 | 👤 |

👤 Attended

👤 Not Attended

Executive Committee Functions

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

Review and Evaluation:







- The Committee shall review and provide recommendations to the Board on the following matters, where applicable:
 - Annual operating plans, capital expenditure budgets, and any material changes to them.
 - Interim and annual declaration and distribution of dividends.
 - Changes in the Company's share capital or equity.

- The Company's investment plans and strategies, including those related to expansion into new business sectors or geographic areas.
- Any decision to stop operating all, or any material part, of the Company's business operations.
- Joint ventures, acquisitions, and investments, in line with the Company's long-term business, financial, and operating plans.
- Project financing arrangements such as; bank loans or any capital market transaction.
- Changes in delegation levels as specified in the Authority Matrix.

Safety, Health, Environment and Sustainability Committee

The Board of Directors issued a resolution to form the Safety, Health, Environment and Sustainability Committee on July 26, 2023.

The Committee held two meetings during the year 2023, as follows:

| Name | Membership classification | First July 30, 2023 | Second December 06, 2023 |
|-----------------------|--|---|---|
| Michael Mannering | Member of the Board of Directors Independent |  |  |
| Fahd Saleh Al Hadyani | A member from outside the council |  |  |
| Mario Pepe | A member from outside the council |  |  |

 Attended

 Not Attended

Committee Functions & Responsibilities:

1. Set long-term HSE and sustainability goals with the Arabian Drilling executive team, assess its progress against those goals and report to the Board of Directors.
2. Advising the Executive Team on HSE issues that may affect Arabian Drilling business, performance or reputation.
3. Develop strategic plans to maintain and improve health, safety, environment and sustainability creating value consistent with maintaining and enhancing the company's long-term value
4. Provide recommendations to the Arabian Drilling Executive Team on economically, environmentally and socially responsible business practices that are consistent with the HSE objectives of Arabian Drilling.
5. Monitoring HSE risk processes in Arabian drilling
6. Oversee the construction, review the ongoing effectiveness and ensure that the processes and systems necessary to ensure compliance with HSE policies, rules and regulations are up-to-date

Where applicable, the means relied upon by the Board of Directors to evaluate its performance and the performance of the committees and its members, the third party that carried out the evaluation and its relationship with the Company, if any.

- The Board of Directors and its committees periodically conduct annual self-assessment assessments by submitting periodic reports from the committees to the Board of Directors and discussing them at these meetings.
- The Nomination and Remuneration Committee conducted an evaluation of the Board and Committees and this evaluation is presented to the Board of Directors.



Names, Current and Previous Positions, Qualifications and Experience of the Board of Directors, Members of the Board Committees, and Executive Management, and the Names of Companies in Which a Board Member of the Company Works as a Board Member, Both Inside and Outside Saudi Arabia



Khalid Mohammad Nouh

Position

Chairman of the Board and the Executive Committee

Membership Status

Non-Executive

Academic and Professional Qualifications

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

Current Positions

- Chairman of the Board of Directors of the Company
- Chief Executive Officer, Industrialization & Energy Services Company (TAQA) (Closed Joint-Stock Company), operating in the oilfield equipment and service industry, November 2019 - now.
- Chairman of the Board of Directors, Arabian Geophysical and Surveying Company (ARGAS) (Limited Liability Company), operating in the oil and energy sector, 2020 - now.

- Board Member, OPT Petroleum Technologies Company Limited (Limited Liability Company), operating in the oilfield chemicals industry, 2020 - now.
- Board Member, TAQA Well Services Company (formerly known as TAQA Sanjel) (Single-Shareholder Limited Liability Company), operating in the oilfield equipment and service industry, 2018 - now.

Previous Professional Experience

- Chairman of the Board of Directors, TAQA Drilling Solutions, Inc (Private Company located in Canada), operating in the oilfield equipment and service industry, 2019 - 2021.
- Chairman of the Board of Directors, Jubail Energy Services Company (JESCO) (Closed Joint-Stock Company), operating in the oil and energy sector, 2019 - 2021.
- Executive Vice President, Production and Completions, Industrialization and Energy Services Company (TAQA) (Closed Joint-Stock Company), operating in the oilfield equipment and service industry, 2019.
- Chief Technology Officer, Emirates National Oil Company Limited (ENOC) (Limited Liability Company), operating in the integrated oil and gas industry, 2018.
- President of Middle East and Asia Pacific, Baker Hughes EHO Ltd (Private Corporation), operating in the oil and energy sector, 2009 - 2016.
- Vice President of Saudi, Bahrain, Kuwait, and Pakistan, SLB Middle East S.A. (Private Joint Stock Company registered in Panama), operating in the oilfield services sector, 2004 - 2008.
- Director of Recruiting, Training and Development, SLB N.V. (SLB Limited) (Public Limited Company registered in Curaçao), operating in the oilfield services sector, 2002 - 2003.
- Vice President of Wireline Drilling Operations, SLB Middle East S.A., UAE (Private Joint Stock Company registered in Panama), operating in the oilfield services sector, 2000 - 2000.
- Product Development Engineer, SLB N.V. (SLB Limited) (Public Limited Company registered in Curaçao), operating in the oilfield services sector, 1998 - 2000.
- Engineer in Charge of Wireline Operations, SLB N.V. (SLB Limited) (Public Limited Company registered in Curaçao), operating in the oil services industry, 1996 - 1998.
- Wireline Drilling Operations Specialist Engineer, SLB Middle East S.A. (Private Joint Stock Company registered in Panama), operating in the oilfield services industry, 1994 - 1996.
- Test and Inspection Engineer in the Industry of Manufacturing, Supply and Transport, Saudi Aramco (Public Joint Stock Company), operating in the oil and energy sector, 1989 - 1994.



Tarek Rizk

Position

Vice Chairman of the Board and Member of the Executive Committee

Membership Status

Non-Executive

Academic and Professional Qualifications

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

Current Positions

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

Previous Professional Experience

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



Waleed Abdullah Al-Mulhim

Position

Board Member and Member of the Executive Committee

Membership Status

Non-Executive

Academic and Professional Qualifications

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

Current Positions

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

Previous Professional Experience

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

Board Member of

- Aramco Digital Company (non listed)
- Aramco Service Company (USA)
- Saudi Aramco Upstream Technology Company (non listed)



Vijay Kasibhatla

Position

Board Member and Member of the Audit Committee

Membership Status

Non-Executive

Academic and Professional Qualifications

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

Current Positions

- Member of the Board of Directors for the Company since 2022.
- Board Member, Sherwater Geo Services Holding Company (Private Limited Liability Company in the Kingdom of Norway), operating in the geophysical services sector, 2017 - now.
- Director of Mergers and Acquisitions, SLB N.V. (SLB Limited) (Public Corporation with Limited Liability registered in Curaçao), operating in the oilfield services sector, 2013 - now.

Previous Professional Experience

- Financial and Commercial Director of the Production Management Department, SLB N.V. (SLB Limited) (Public Limited Liability Company registered in Curaçao), operating in the oilfield services sector, 2011 - 2012.
- Financial Controller in the Integrated Projects Division, SLB N.V. (SLB Limited) (Public Limited Liability Company registered in Curaçao), operating in the oilfield services sector, 2008 - 2011.



Samir Seth

Position

Board Member and Member of the Executive Committee

Membership Status

Non-Executive

Academic and Professional Qualifications

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

Current Positions

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

Previous Professional Experience

- Board Member, TAQA Al Rushaid for Marine Works Limited (Limited Liability Company), operating in the offshore and oil and gas facilities' manufacturing, operation, and maintenance sector, 2020 - 2022.
- Vice President of Companies' Development Division, Baker Hughes Ltd. (Limited Company registered in Delaware, USA), operating in the industrial services sector, 2016 - 2017.
- Vice President of Finance in the Middle East and North Africa, International Professional Resources Limited (a wholly owned subsidiary of Baker Hughes) (Limited Company registered at the Dubai International Financial Center, UAE), operating in the oilfield services sector, 2012 - 2016.
- Treasurer of Western Hemisphere, SLB Technology Corporation (Limited Company registered in Texas State, USA), operating in the oilfield services sector, 2008 - 2012.
- Financial Controller of Pressure Products Line, SLB Technology Corporation (Limited Company registered in Texas, USA), operating in the oilfield services sector, 2004 - 2008.
- Financial Controller of Geographic Market in Canada, SLB Canada Limited (Limited Company registered in Alberta, Canada), operating in the oilfield services sector, 2003 - 2004.

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



Jesus Lamas Rios

Position

Board Member, Member of the Nomination and Remuneration Committee, and Member of the Executive Committee

Membership Status

Non-Executive

Academic and Professional Qualifications

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

Current Positions

- Member of the Board of Directors of the Company since 2022.
- President of Well Construction Division, SLB Technology Corporation (Private Company registered in Texas, USA), operating in the oil services sector, 2019 - now.

Previous Professional Experience

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





Khlood Abdulaziz Aldukheil

Position

Board Member, Chairman of the Audit Committee, and Chairman of the Nomination and Remuneration Committee

Membership Status

Independent

Academic and Professional Qualifications

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

Current Positions

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

- Member of Audit Committee, Sports Boulevard (Saudi Arabia government-owned enterprise), Kingdom of Saudi Arabia, 2020 - now.
- Member of Audit Committee, Saudi Pharmaceutical Industries and Medical Appliances Corporation (SPIMACO) (Public Joint Stock Company), operating in pharmaceutical and medical appliances sector, 2019 - now.

- Board Member, Safa Industrial Company (Limited Liability Company), operating in the industrial sector, 2018 - now.
- Member of Audit Committee, Riyadh Cables Group (Closed Joint Stock Company), operating in the industrial sector, 2018 - now.

Previous Professional Experience

- Member of Audit Committee, Public Pension Agency (Saudi government agency), operating in the financial sector, 2020 - 2021.
- Member of Financial Institutions Committee, Capital Market Authority (Saudi government agency), 2019 - 2021.
- Board Member and Chairman of Audit Committee, Technical and Vocational Training Corporation (Saudi government agency), operating in the education sector, 2018 - 2021.
- Board Member, Saudi Credit Bureau (SIMAH) (Limited Liability Company), operating in the industrial sector, 2017 - 2021.
- Chairman of Audit Committee, Saudi ORIX Leasing Company (Closed Joint Stock Company), operating in the financing sector, 2016 - 2021.
- Member of Executive Committee and Member of Finance and Infrastructure Working Group, Business Group (B20), Kingdom of Saudi Arabia, International Business Summit, 2020.
- Chairman of National Committee for Statistics, Federation of Saudi Chambers of Commerce (Saudi government agency), 2017 - 2020.
- Managing Director, Aldukheil Financial Group

- (Closed Joint Stock Company), operating in the financial services sector, 2006 - 2020.
- Member of Risk Committee for Market Members, Saudi Tadawul Group (Public Joint Stock Company), operating in the financial sector, 2008.
- Associate General Manager, Samba Financial Group (merged with Saudi National Bank) (Public Joint Stock Company), operating in the banking and financial services sector, 1998 - 2006.
- Credit Analyst, The Saudi British Bank (SABB) (Public Joint Stock Company), operating in the banking and financial services sector, 1997 - 1998.
- Assistant General Manager, International Finance Corporation (a member of the World Bank Group), an international financial institution, operating in the investment advisory services sector, 1994 - 1995.



Adnan Ghabris

Position

Board Member

Membership Status

Independent

Academic and Professional Qualifications

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

Current Positions

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

Previous Professional Experience

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

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



Michael Mannering

Position

Board Member

Membership Status

Independent

Academic and Professional Qualifications

- Bachelor's degree with Mechanical Engineer, University of Southampton, 1974.

Current Positions

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

Previous Professional Experience

- Drilling Engineer and Supervisor of Onshore and Offshore Activities (Holand), Shell International Company. 1974 -1980
- Drilling Engineer and Supervisor of Onshore and Offshore Activities (Egypt), Deminex Company, 1980-1985
- Technical Director and Marketing Manager, Sedco Forex (Singapore); General Manager, Sedco Forex (Nigeria); Vice President, IPM Paris; Vice President , Sedco Forex (Singapore); General Manager and President, SLB UK; and Vice President, QHSE Global, President Rig Management Group 1985 - 2015.
- Chairman of Navitas Energy Co.; Director, Songa Offshore SE Co.; and Chairman, Polarcus Co., 2008 - 2021.

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



Mostafa Ahmed Abdullatif

Position

Member of the Audit Committee

Membership Status

Independent / Non-Board

Academic and Professional Qualifications

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

Current Positions

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

Previous Professional Experience

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



Moutaz Mohammed Othman Mashhour

Position

Member of the Nomination and Remuneration Committee

Membership Status

Independent / Non-Board

Academic and Professional Qualifications

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

Current Positions

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

Previous Professional Experience

- Board Member, Jubail Energy Services Company (JESCO) (Closed Joint Stock Company), operating in the oil and energy sector, 2020 - 2021.
- Head of Human Resources Department, Johns Hopkins Aramco Healthcare (JHAH) (Limited Liability Company), operating in the healthcare sector, 2016 - 2020.
- Vice President - Industrial Relations, Yanbu Aramco Sinopec Refining Company Ltd. (YASREF) (Limited Liability Company), operating in the oil and gas production sector, 2013 - 2016.
- Secretary of Remunerations Committee, Yanbu Aramco Sinopec Refining Company Ltd. (YASREF) (Limited Liability Company), operating in the oil and gas production sector, 2013 - 2016.
- Director of Industrial Relations, Aramco Services Company (ASC) (Company registered in the state of Delaware, USA), operating in the oil and gas sector, 2010 - 2013.
- Consultant on Human Resources Policies and to the Planning Department, Saudi Aramco (Public Joint Stock Company), operating in the oil and gas sector, 2009 - 2010.
- Chairman of Off-Policies Matters Committee - Human Resources Policies and Planning Department, Saudi Aramco (Public Joint Stock Company), operating in the oil and gas sector, 2009 - 2010.
- Director of Career Development - Training and Career Development Department, Saudi Aramco (Public Joint Stock Company), operating in the oil and gas sector, 2008 - 2009.
- Interim Vice President of Human Resources (seconded from Saudi Aramco), King Abdullah University of Science and Technology (KAUST), a private university and research center, 2007 - 2008.
- Head of Leadership Development Function (Leadership Center) - Training and Career Development Department, Saudi Aramco (Public Joint Stock Company), operating in the oil and gas sector, 2005 - 2007.
- Administrator, Talents Development Function in Training and Career Development Department, Saudi Aramco (Public Joint Stock Company), operating in the oil and gas sector, 2002 - 2005.
- Performance Improvement Consultant of Employee Relations and Training, Saudi Aramco (Public Joint Stock Company), operating in the oil and gas sector, 2000 - 2001.
- Supervisor of Talents Development and Consulting Unit - Training and Career Development Department, Saudi Aramco (Public Joint Stock Company), operating in the oil and gas sector, 1999 - 2000.
- Supervisor of Saudi Academic Unit, Aramco Services Company (Company registered in the state of Delaware, USA), operating in the oil and gas sector, 1998 - 1999.
- Industrial Relations Consultant, Aramco Services Company (Company registered in the state of Delaware, USA), operating in the oil and gas sector, 1996 - 1998.
- Career Consultant for Career Development Department, Saudi Aramco (Public Joint Stock Company), operating in the oil and gas sector, 1994 - 1996.
- Professor of Advanced Industrial Training Center - Academic Training Function, Saudi Aramco (Public Joint Stock Company), operating in the oil and gas sector, 1990 - 1994.
- Delivery Control Coordinator, Corporate Planning Department, Eastern Petrochemical Company - SHARQ (Public Joint Stock Company), operating in the oil and gas sector, 1989 - 1989.



Fahad Saleh Al, Hadiani

Position

Member of the Health, Safety and Environment Committee

Membership Status

Non-Executive

Academic and Professional Qualifications

- Bachelor of Science in Mechanical Engineering from the University of Toledo, USA
- Master of Science in Oil and Gas Industry Management from Heriot-Watt University, UK.

Current Positions

- Managing Director of TAQA Frack

Previous Professional Experience

• Mr. Fahad Al-Hadiani has more than 22 years of experience in the oil and gas industry, holding multiple positions in the management of operations, sales, marketing and supply chain activities in multiple geographies with SLB. Mr. Al-Hadiani joined TAQA in 2017 as General Manager of TAQA Well Services, responsible for the General Management of Coiled Pipe, Cement and Fracking Operations. In 2020, Mr. Al-Hadiani assumed the position of Vice President of QHSSE Energy Group (Quality, Health & Safety, Security & Environment),

was responsible for the overall development and implementation of the QHSSE program for the entire group of companies, as well as the implementation of the integrated management system and the digitization of the QHSE reporting platform. He served as a member of the Board of Directors of Airliquide Arabia W.L.L. (ALAR). He is also a Board Member of OPT Petroleum Technologies Co., Ltd. Specialized Chemicals Company for Oilfields.



Mario Pepe

Position

Member of the Health, Safety and Environment Committee

Membership Status

Non-Executive

Academic and Professional Qualifications

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

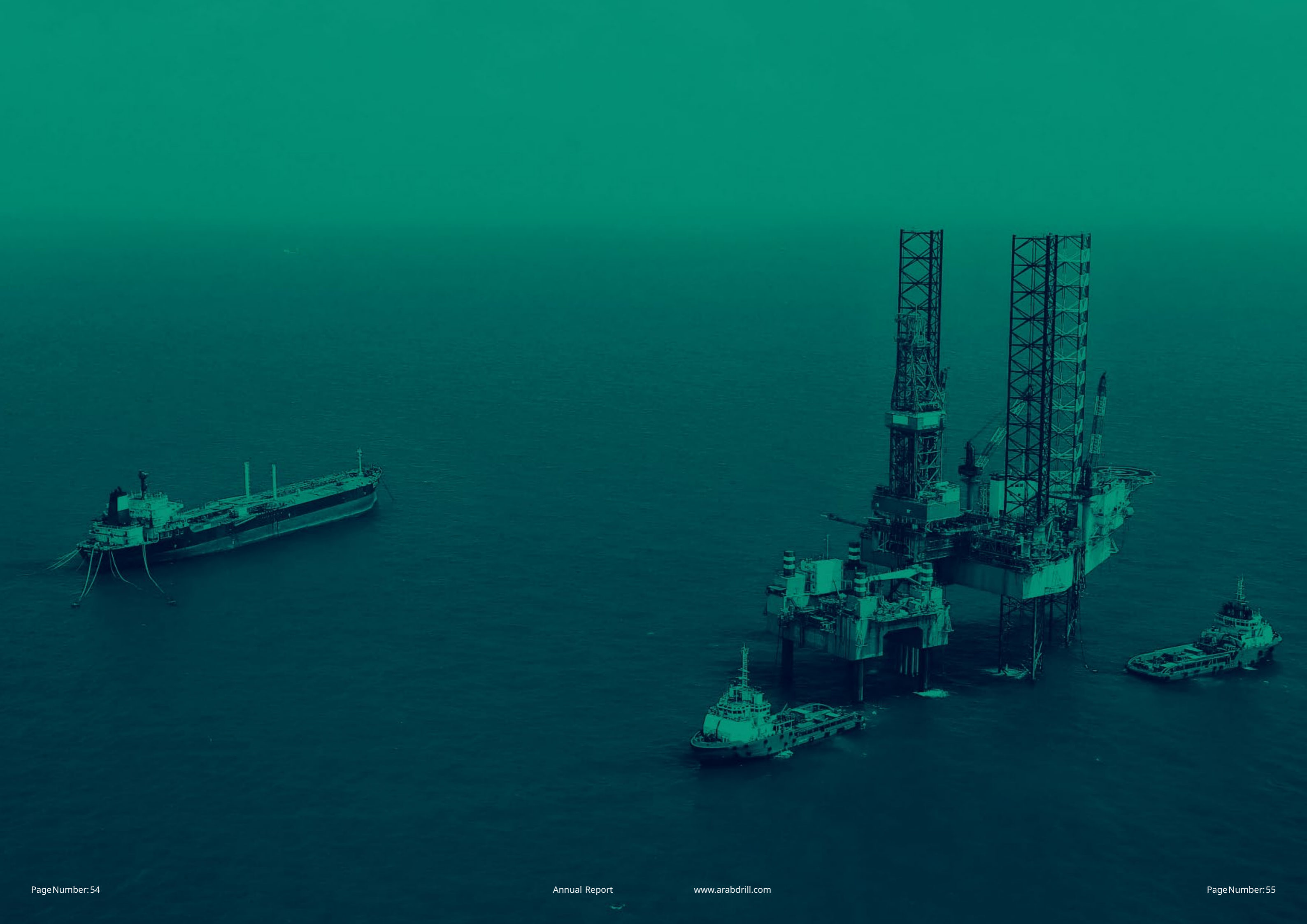
Current Positions

- Member of the Health, Safety and Environment Committee

Previous Professional Experience

- EME HSE Manager OFS (Abu Dhabi, United Arab Emirates) Quality & HSE, 2019 – 2020.
- Integrated Services Project Manager ISM (St. John's, Canada) Line & Operations Management, 2016 – 2019.
- Operations Integrity Global Account Manager – ExxonMobil, OFS, Quality & HSE (Houston, United States) 2013 – 2016.
- Alaska Operations Manager, D&M (Anchorage, United States), Line & Operations Management, 2008 – 2013.
- Libya Operations Manager, D&M (Tripoli, Libya) Line & Operations Management, 2007 – 2008.
- ECA Training, Development and Staffing Manager, D&M (Paris, France), Human Resources, 2004 - 2007.

- Field Service Manager for Southern Continental Europe, D&M (Ravenna, Italy), Line & Operations Management, 2001 – 2004.
- EIC, Directional Driller, D&M (Las Morochas, Venezuela), Operations PTEs, Engineers & Specialists, Worked as EIC and as Directional Driller (Horizontal Wells for PDVSA), 2000 – 2001.
- EIC for International Clients (Chevron and Philips), D&M (Maracaibo, Venezuela), Operations PTEs, Engineers & Specialists, Jul 2000 - Oct 2000.
- MLWD Field Engineer (DSE), D&M (Las Morochas and Maracaibo, Venezuela) Operations PTEs, Engineers & Specialists, Field Engineer - MWD, LWD, 1998 - 2000.
- Reserve Officer (Lieutenant), Italian Engineer Corps (Rome), 1996 – 1997.



Enterprise Risk Management (ERM)

The Arabian Drilling's (AD) Enterprise Risk Management (ERM) Framework is developed based on the best practices guidelines in the 2017 COSO Framework. AD applies ERM system to identify, evaluate, priorities, prevents, mitigate and manage the continuing risks that may limit the company's ability to achieve its objectives.

The ERM (a system that includes managing risks that affect the achievement of AD's Objectives), is not only aimed at eliminating risks, but also works as an effective enterprise risk management program that aims to create an environment in which risks are embraced. It allows the management to make comprehensive, intelligent and strategic risk decisions. ERM is a comprehensive program designed to proactively and continuously identify real and potential threats/risks that may affect AD's operations.

ERM Framework

Risk Management Structure

ERM Objectives

1 Vision, Mission & Objectives

2 ERM Scope & Context

Governance

3 ERM Governance Structure

4 Roles & Responsibilities

Risk Management Enablers

Tools & Techniques

1 Risk Universe

2 Risk Assessment Matrix

3 Risk Appetite

4 Risk Escalation

5 Risk Register

Risk Management Process

1 Risk Identification

3 Risk Response

5 Information & Communications

2 Risk Assessment

4 Control Activities

6 Monitoring

Risk Culture

Risk Culture

1 Awareness Sessions & Trainings

2 Risk Management Communication

The Company has implemented an ERM system that showcases its commitment to protecting the business and the interest of all stakeholders. This ERM system facilitates risk informed strategic planning to achieve business objectives and identify potential business risks and opportunities. It also strengthens AD's resilience to market disruption and evolving business practices.

Potential Risks

Principally, Arabian Drilling (AD) is exposed to inherent risks, such as;

- Strategic Risks that limits the ability to achieve its strategic objectives.
- Operational Risks derived from the nature of its operations.
- Financial Risks that affect the profitability.
- Legal & Compliance Risks due to the failure to comply with any laws and regulations.

Strategic Risks

Below are some of the risks related to our business and brief description on the Potential Risk;

Business Continuity

1. Risks Related to Global Transition to Renewable or Other Alternative Energy Source

The transition to renewable and other alternative energy sources may impact global oil and gas demand. In addition, it may require the group to adapt certain parts or its operations to potentially changing government requirements, customer preferences and to a potentially changing customer base. Energy transition may adversely affect the demand for the

Company's services and this trend may be more rapid and pronounced than it is anticipated. Furthermore, if investors or financial institutions shift funding away from companies in fossil fuel-related industries, the Company's access to capital or the market for the shares could be negatively impacted.

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

The Company's operating results, financial condition and prospects depend substantially on the level of demand for the exploration, development and production of crude oil and gas by major international and national oil and gas companies that make up the company's customer base. The oil and gas exploration, development and production industry has been historically characterized by volatile and significant changes in the level of exploration, development and production of crude oil and gas reserves, which is in turn, drives the prices of oil and gas. The demand for operating rigs may change as oil and gas prices

rise or fall, in turn influencing the expenditures the company's customers make and, in turn, the company's revenue. As such, the customers' expenditure on exploration, appraisal and development of oil and gas fields depends, among other factors, on current and expected short-term and long-term oil and gas prices. Should overall levels of exploration, development and production activities of the company's customer base fall short of the expectations, this could have a material adverse effect on the business, financial condition and results of operation.

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

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

levels of revenue to be received by the company may be reduced. In general, the initial term of the company's contract typically ranges from 3 to 5 years with an option for the customer to extend the contract

at its discretion for an additional year, exercisable once or twice. The contracts typically include an early termination fee for the benefit of the company if the customer opts to terminate the contract for convenience during the principal term. In addition, customers may also have early termination rights upon

default or non-performance by the Company. In such circumstances, the company may or may not have the right to receive compensation in respect of such early termination, and the company may not be able to fully eliminate costs associated with the contract.

Cyclical Nature of Drilling Industry

4. Risks Related to the Contract Drilling Industry Being Highly Competitive with Intense Price Competition or Periods of Low Demand with Excess Rig Availability

The onshore and offshore contract drilling industry historically have been cyclical, with periods of high demand, limited supply and high day rates and periods of low demand, excess supply and low day rates. Drilling contracts are traditionally awarded on a competitive bid basis. Factors affecting competition among contract drillers include pricing, rig availability, location and suitability, experience and skill of the workforce, efficiency, safety performance record, technical capability and condition of equipment,

operating integrity, reputation, industry standing, client relations and government preference. Price competition is often the primary factor in determining which prequalified contractor is awarded a contract, which may limit revenues from the existing and future contracts. Price competition is often the primary factor in determining which prequalified contractor is awarded a contract, which may limit revenues from the existing and future contracts.

Mergers & Acquisitions

5. Risks related to Potential Business Mergers and Acquisitions

Any potential merger or acquisition may be undertaken to achieve more efficient use of resources, promote economies of scale and further enhance technical expertise. The company may incur significant transaction costs, including administrative, legal and other advisory costs, expenses related to the integration process, or expenses associated with eliminating duplicate facilities or assets and the company may

not accurately assess the value, liabilities, strengths and weaknesses of the acquisition or investment targets. Therefore, any future merger or acquisition could affect the performance and risk profile of the company and could have a material adverse effect on the company's business, financial position, results of operations and prospects.

Geopolitical

6. Risks Related to Political Instability and Security Concerns in the Middle East Region

The company's assets, operations, and customer base are situated in the Kingdom. The wider Middle East region is subject to several geopolitical and security risks that may impact the geographies in which the company operates. Moreover, as the political, economic and social environments in the Middle East region remain subject to continuing developments,

investments in the Middle East region are characterized by uncertainty. Any unexpected changes in the political, social, economic or other conditions in the Middle East region may have a material adverse effect on the markets in which the Group operates.

Operational Risks

Safe Operations Execution

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

Oil and natural gas extraction on the company's rigs are dangerous operations, subject to the hazards and risks normally associated with the exploration and extraction of natural resources. Any occurrence of such incidents could result in extraction shortfalls or damage to persons or property. The principal hazards and risks associated with the company's extraction operations include:

- unusual or unexpected geological conditions;

- various industrial accidents, including well blowouts, well collapses, falls from height, light vehicle accidents, electrocutions, incidents involving equipment, fires, explosions and emissions of harmful gases or chemicals often odorless and toxic (such as Hydrogen Sulphur);
- natural disasters such as flooding, typhoons and fires; and
- spills, discharges or other releases of oil and hazardous substances into the environment.

Rig Move, Maintenance & Projects

8. Risks Related to Rig Move, Upgrade, Repair, Refurbishment and Construction Projects

The Company often incurs upgrade and refurbishment expenditures for its rig fleet to comply with contractual requirements, international standards, quality management and preventative maintenance and periodic certification requirements. Furthermore, the company may incur substantial capital expenditure for the maintenance of its rigs, especially as its rig fleet gets older, as well as construction or acquisition of additional rigs. Rig move, upgrade, repair, refurbishment and construction projects often involve complex design and engineering services and are especially vulnerable to the risks of delay and cost overrun, which, among other factors, can result from the following:

- shortages of material or skilled labor;

- failure or delay with third party service providers and suppliers;
- increased cost of, and/or delays with, shipping of material;
- work stoppages;
- commodity price increases, including steel;
- adverse weather conditions; and
- long lead time for manufactured rig components.

Rig Technology / Technology Obsolescence

9. Risks Related to the Inability to Keep Pace with Significant Technological Developments

The market for the company's services is affected by significant technological developments that have resulted in, and will likely continue to result in, substantial improvements in equipment functions and performance throughout the industry. Changes in technology or improvements by competitors could make the company's equipment less competitive. There can be no assurance that it will:

- have sufficient capital resources to improve existing rigs or build new, technologically advanced drilling rigs;
- avoid cost overruns inherent in large projects resulting from numerous factors, such as shortages or unscheduled delays in delivery of equipment or materials, inadequate levels of skilled labor,

unanticipated increases in costs of equipment, materials and labor, design and engineering problems, and financial or other difficulties;

- successfully deploy idle, stacked, new or upgraded drilling rigs;
- effectively manage the increased size or future growth of its organization and drilling fleet;
- maintain crews necessary to operate existing or additional drilling rigs; or
- successfully improve its financial condition, results of operations, business or prospects as a result of improving existing drilling rigs or building new drilling rigs.

Health, Safety & Environment

10. Risks related to Unanticipated Costs Related to Compliance with Health and Safety and Environmental Laws and Regulations

The company has adopted safety standards to comply with applicable laws and regulations in the Kingdom. Safety requirements are also contractually agreed with its customers. The company's operations are affected by laws and regulations relating to the oil and gas industry. The legal framework in the Kingdom and the wider MENA region for environmental protection, health and safety compliance is continuously changing. There can be no assurance that stricter regulations, restrictions or requirements will not be introduced in future, such as regulations on discharges into air and water, the handling and disposal of solid

and hazardous waste, land use and reclamation and remediation of contamination. Amendments to existing laws and regulations relating to health, safety and environmental standards may impose heavy requirements on the company. The company's compliance with such laws or regulations may necessitate further capital expenditure or subject it to other obligations or liabilities. Any failure to comply with such increased obligations or responsibilities may result in reputational damage to the company, administrative and civil penalties, suspension or termination of the company's operations.

Supply Chain

11. Risks Related to Dependence on Third Parties, Distributors, Manufacturers and Strategic Partners

The company has a network of different suppliers with which it deals. The reliance on third-party suppliers, equipment manufacturers, sub-contractors and service providers to secure parts, components

and subsystems used in its operations exposes the company to volatility in the quality, prices and availability of such items. Certain critical parts and equipment that the company uses in its operations

are available only from a small number of suppliers, manufacturers or service providers. However, there can be no assurance that the company will not be exposed to delays in deliveries from such third-party suppliers, manufacturers or service providers, production constraints, price increases, quality issues, recalls on defective parts from the relevant authorities or other decreased availability of parts and equipment. In addition, the company is required to have its well

control equipment for each rig certified every 3 to 5 years by the original suppliers of such equipment. If suppliers are unable to perform such certification for any reason at the required times, the company will be unable to operate the affected rigs without certification. As a result, the failure of a sub-contractor or manufacturer to deliver such services, equipment or materials on time or at all could adversely affect the company's business.

Cybersecurity

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

The company uses technologies, systems, and networks to conduct the majority of its operations, to collect payments from clients and to pay vendors and employees, which are managed by the company's internal IT department. The risks associated with cyber incidents and attacks to the company's information technology systems could include: disruptions of certain systems on the company's rigs; other impairments of the company's ability to conduct its operations; loss of

intellectual property, proprietary information or client data; disruption of its clients' operations; and increased costs to prevent, respond to or mitigate cybersecurity events. Any failure or breach of company's system or a cyber-attack or incident could material adverse effect on the company's reputation, business, financial position, results of operations, and its ability to service its indebtedness.

Human Resources

13. Risks Related to the Company's ability to Recruit and Retain Skilled Personnel

The company relies on the efforts, diligence, skill, network of business contacts, close supervision of its Executive Management Team and other key personnel for the implementation of its strategy and its day-to-day operations. Competition for appropriately qualified personnel and skilled labor with the relevant expertise has intensified due to the increased global demand for oil rigs. If one or more members of the Executive Management team or key personnel were to resign, the loss of such personnel could result in, among other things, a disruption in organizational focus, poor execution of operations, and a failure or delay to achieve some or all of its business strategies and may require the diversion of management resources. In addition, its future success as it expands its scope of operations will depend, in part, on its ability to attract, retain and motivate qualified personnel. The loss of services of an Executive Management member or key personnel could prevent or delay

the implementation and completion of its strategic objectives and divert the management's attention to seek qualified replacements. However, during periods of high utilization, it is more difficult and costly to recruit and retain qualified employees. Moreover, Compliance with Saudization requirements is a Saudi regulatory requirement, under which all companies in the Kingdom, including the Company and the Subsidiary, are required to employ and maintain a certain ratio of Saudi personnel among their staff. The percentage of Saudi workers varies based on each company's activities. Additionally, recruiting and hiring crew members for client contracts would typically require a certain level of localization. Competition for such personnel could increase the company's future operating expenses, or impact the company's ability to fully staff and operate its fleet.

Financial Risks

Credit Risk

14. Risks Related to Backlog

The backlog represents the company's estimate of the amount of future revenue expected to be recorded under existing awarded contracts. The amount of contract backlog does not necessarily indicate future earnings, and may be adjusted up or down depending on the award of new contracts or extensions, the exercise by the customer of extension options, early cancellation of existing contracts, renegotiation of contract day rates, failure by customers to complete existing contracts or to pay amounts owed or the unavailability of equipment to fulfil a contract due

to repairs, maintenance or inspections. Moreover, any decrease in the rig efficiency index ("REI") score may decrease the likelihood of renewing or extending the company's existing contracts, or awarding new contracts to the company, therefore negatively impacting the backlog. Should the company receive less revenue than expected in the light of its backlog, it will have a material adverse effect on the company's business, financial position, results of operations and prospects.

Liquidity / Cash Flow Risk

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

The company's ability to meet its debt service obligations or to refinance debt or to fund working capital and capital expenditures, depends on its future operating and financial performance, which will be affected by its ability to successfully implement its business strategy as well as general economic, financial, competitive, regulatory and other factors beyond its control. If insufficient cash is generated or if future cash flows from other capital resources

(including existing borrowings) are insufficient to meet the company's obligations as they mature or fund its liquidity needs, the company may, among other things, be required to restructure or refinance all or a portion of its debt, obtain additional financing, delay planned capital expenditures or investments or sell material assets, which will have a material adverse effect on the company's business, financial position, results of operations and prospects.

Insufficient Insurance Policies

16. Risks Related to Failure to Secure Adequate Insurance Coverage

The company maintains insurance or otherwise insures against certain hazards including in relation to its assets, rig operations and employees. However, no assurance can be given that any of the company's existing insurance policies will be sufficient to cover losses arising from certain events or will be renewed on equivalent, commercially reasonable terms or at all. However, certain types of risks and losses are

either uninsurable or uneconomical to insure, (for example, among others, risks or losses relating to war, terrorism, geopolitical climate, threats to cyber security, currency fluctuation, general economic crisis and inadequate succession planning). Furthermore, it may be difficult to identify appropriate insurance solutions to cover these risks, given the complexity of operations conducted by the company.



Legal & Compliance Risks

Disputes and/or Litigation

17. Risks Related to Legal Disputes and/or Litigation

The company may be involved as claimant or defendant in lawsuits and regulatory proceedings related to its business operations with multiple parties, including suppliers, customers, employees or regulatory authorities. The company may also be the claimant in

such lawsuits or litigations. Any unfavorable outcome in such lawsuits and regulatory proceedings would have a material adverse effect on the company's business, financial position, results of operations and prospects.

Non-Compliance with Laws & Regulations

18. Risks Related to Non-Compliance with Laws & Regulations

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

company's operations. The company may be subject to fines, penalties and/or closure of its facilities, including its rigs, if it does not comply with those laws and regulations or if it does not comply with the permitting, licensing or accreditation requirements, which may change from time to time. As a result, the company may be unable to pursue activities, it may face increased costs or harm to its reputation, it could be delayed or prevented from meeting customers demand, operating rigs, or implementing its growth plan.

2024 - A Year Ahead

Arabian Drilling (AD) at this stage cannot predict other dynamics that may expose the company to further risk, such as cybersecurity and data security, geopolitical uncertainty, business continuity – crisis management, and corporate governance. AD instead continues to remain diligent in positioning itself to be able to capture opportunities as they arise. At the same time,

AD will ensure that it maintain a robust risk framework to mitigate the impact of downside risks. As the outlook for 2024 remains uncertain, AD continues to evaluate its risk framework and positions the company to identify and seize market opportunities, as well as manage potential risks.

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

The Shareholder register was requested 10 times in 2023.

| Date | Reasons |
|------------|--------------------|
| 25-01-2023 | General Assembly |
| 28-02-2023 | Company Procedures |
| 07-11-2022 | Company Procedures |
| 23-05-2023 | Company Procedures |
| 07-06-2023 | General Assembly |
| 01-08-2023 | Company Procedures |
| 17-09-2023 | Company Procedures |
| 17-09-2023 | Company Procedures |
| 01-11-2023 | General Assembly |
| 05-11-2023 | Dividend File |

Remuneration of the Board of Directors and Senior Executives a

| Board of Directors | Attendance allowance (total) | Rewards | Total |
|-------------------------------|------------------------------|------------------|------------------|
| Independent members | | | |
| Khlood Abdulaziz Aldukheil | 15,000 | 200,000 | 215,000 |
| Mr. Adnan Hani Ghabris | 15,000 | 186,849.32 | 201,849.32 |
| Mr. Michael Eric Mannering | 15,000 | 186,849.32 | 201,849.32 |
| Total | 45,000 | 573,699 | 618,699 |
| Non-executive members | | | |
| Eng. Khalid Mohammed Nouh | 15,000 | 400,000 | 415,000 |
| Mr. Tarek Rizk | 15,000 | 200,000 | 215,000 |
| Mr. Waleed Abdullah Al-Mulhim | 15,000 | 200,000 | 215,000 |
| Mr. Samir Seth | 15,000 | 200,000 | 215,000 |
| Mr. Vijay Kasibhatla | 12,000 | 200,000 | 212,000 |
| Mr. Jesus Lamas Rayos | 15,000 | 200,000 | 215,000 |
| Total | 87,000 | 1,400,000 | 1,487,000 |

Committee remuneration statement

| Review Committee | Attendance (total allowance) | Rewards | Total |
|---------------------------------|------------------------------|----------------|----------------|
| Ms. Khlood Abdulaziz Abdulkheil | 18,000 | 150,000 | 168,000 |
| Mr. Vijay Kasibhatla | 18,000 | 150,000 | 168,000 |
| Mr. Mustafa Ahmed Abdel Latif | 18,000 | 150,000 | 168,000 |
| Total | 54,000 | 450,000 | 504,000 |

| Nominations and Remunerations Committee | Attendance (total allowance) | Rewards | Total |
|---|------------------------------|----------------|----------------|
| Mr. Adnan Hani Ghabris | 21,000 | 131,095.89 | 152,095.89 |
| Mr. Jesus Lamas Rayos | 21,000 | 150,000 | 171,000 |
| Mr. Moataz Muhammad Mashoor | 18,000 | 150,000 | 168,000 |
| Total | 60,000 | 431,096 | 491,096 |

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

| HSE Committee | Attendance (total allowance) | Rewards | Total |
|----------------------------|------------------------------|----------------|----------------|
| Mr. Michael Mannering | 9,000 | 65,342.47 | 74,342.47 |
| Mr. Fahad Saleh Al Hadyani | 9,000 | 65,342.47 | 74,342.47 |
| Mr. Mario Pepe | 9,000 | 65,342.47 | 74,342.47 |
| Total | 27,000 | 196,027 | 223,027 |

Payment to Five Senior Executives Including CEO and CFO

| Description | The rewards of the top 5 executives |
|---|-------------------------------------|
| -Salaries and compensation | 12,770,568.47 |
| -Allowances | |
| -Periodic and annual bonuses and incentive plan | |
| Total | 12,770,568.47 |

Description of Any Transaction Between the Company and a Related Party

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

| Company | Counter party to the agreement | Nature of the agreement | Amounts of transaction for the year ended 31 December 2023 in SAR | Details |
|--------------------------|--------------------------------|---|---|--|
| Arabian Drilling Company | SLB Middle East S.A. | Master Secondment Agreement (expense in AD's Books) | 5,600,799 | The Master Secondment Agreement entered into between the Company and SLB Middle East S.A. "SLB", where Board Member, Vijay Kasibhatla has indirect interest as an employee in SLB Middle East S.A., given the value of the transactions related to such agreement amounting to Saudi Riyals 5,600,799.00 in financial year ended 31 December 2023G. There are no preferential terms in this agreement. |
| Arabian Drilling Company | SLB Rig Technology Inc. | Purchase of Equipment and Spare Parts | 495,889 | The transactions, on a purchase order basis, for supply of equipment and spare parts Agreement entered into between the Company and SLB Rig Technology Inc, where Board Member, Vijay Kasibhatla , has indirect interest as Director of Mergers and Acquisitions at SLB N.V. (SLB Limited), an affiliate of SLB Rig Technology Inc. and Jesus Lamas Rios, as President of the Well Construction Division, SLB Technology Corporation, an affiliate of SLB Rig Technology Inc, given the value of the transactions related to such agreement amounting to Saudi Riyals 495,889.48 in financial year ended 31 December 2023G. There are no preferential terms in this agreement. |
| Arabian Drilling Company | Cameron Al Rushaid Co. Ltd. | Purchase of Equipment and Spare Parts | 36,773,812 | The transactions, on a purchase order basis, for supply of equipment and spare parts on an agreement entered into between the Company and Cameron Al Rushaid Co. Ltd., where Board Member, Vijay Kasibhatla, has indirect interest as Director of Mergers and Acquisitions at SLB N.V. (SLB Limited), an affiliate of Cameron Al Rushaid Co. Ltd. and Jesus Lamas Rios, as President of the Well Construction Division, SLB Technology Corporation, an affiliate of Cameron Al Rushaid Co. Ltd., given the value of the transactions related to such agreement amounting to Saudi Riyals 36,773,812.16 in financial year ended 31 December 2023G. There are no preferential terms in this agreement. |

| | | | | |
|--------------------------|----------------------------|---|------------|---|
| Arabian Drilling Company | Cameron Drilling System | Purchase of Equipment and Spare Parts | 75,447 | The transactions and contract of Supplier Pricing Agreement entered between the Company and Cameron Drilling System, where Board Member, Vijay Kasibhatla, has indirect interest as Director of Mergers and Acquisitions at SLB N.V. (SLB Limited), an affiliate of Cameron Drilling System, given the value of the transactions related to such agreement amounting to Saudi Riyals 75,447.49 in financial year ended 31 December 2023G. There are no preferential terms in this agreement. |
| Arabian Drilling Company | Cameron France S.A.S. | Purchase of Equipment and Spare Parts | 38,161,650 | The transactions, on a purchase order basis, for supply of equipment and spare parts agreement entered between the Company and Cameron France S.A.S., where Board Member, Vijay Kasibhatla, has indirect interest as Director of Mergers and Acquisitions at SLB N.V. (SLB Limited), an affiliate of Cameron France S.A.S. given the value of the transactions related to such agreement amounting to Saudi Riyals 38,161,650.39 in financial year ended 31 December 2023G. There are no preferential terms in this agreement. |
| Arabian Drilling Company | Cameron Sense A.S. | Purchase of Equipment and Spare Parts | 15,026,553 | The transactions, on a purchase order basis, for supply of equipment and spare parts agreement entered between the Company and Cameron Sense A.S., where Board Member, Vijay Kasibhatla, has indirect interest as Director of Mergers and Acquisitions at SLB N.V. (Schlumberger Limited), an affiliate of Cameron Sense A.S., given the value of the transactions related to such agreement amounting to Saudi Riyals 15,026,552.54 in financial year ended 31 December 2023G. There are no preferential terms in this agreement. |
| Arabian Drilling Company | Cameron Middle East FZE | Purchase of Equipment and Spare Parts | 36,298,520 | The transactions, on a purchase order basis, for supply of equipment and spare parts agreement entered between the Company and Cameron Middle East FZE., where Board Member, Vijay Kasibhatla, has indirect interest as Director of Mergers and Acquisitions at SLB N.V. (SLB Limited), an affiliate of Cameron Middle East FZE, given the value of the transactions related to such agreement amounting to Saudi Riyals 36,298,520.10 in financial year ended 31 December 2023G. There are no preferential terms in this agreement. |
| Arabian Drilling Company | Cameron Singapore Pte Ltd. | Transactions, on a purchase order basis, for supply of equipment and spare parts. | 506,161 | The transactions, on a purchase order basis, for supply of equipment and spare parts agreement entered between the Company and Cameron Singapore Pte Ltd., where Board Member, Vijay Kasibhatla, has indirect interest as Director of Mergers and Acquisitions at SLB N.V. (SLB Limited), an affiliate of Cameron Singapore Pte Ltd, given the value of the transactions related to such agreement amounting to Saudi Riyals 506,161.02 in financial year ended 31 December 2023G. There are no preferential terms in this agreement. |

| | | | | |
|--------------------------|--|--|-------------|---|
| Arabian Drilling Company | SLB Middle East S.A. | Revenue Contract for Onshore Drilling Rig (Contract No. SLB-AD-201802 Rig AD41, 42, 43, 46, 55, 56, 59,64, 65, 66 and 67) | 773,763,813 | The Contract for Onshore Drilling Rig (Contract No. SLB-AD-201802 Rig AD41, 42, 43, 46, 55, 56, 59,64, 65, 66 and 67) entered into between the Company and SLB Middle East S.A., where Board Member, Vijay Kasibhatla, has indirect interest as Director of Mergers and Acquisitions at SLB N.V. (SLB Limited), an affiliate of SLB Middle East S.A., given the value of the transactions related to such agreement amounting to Saudi Riyals 773,763,812.70 in financial year ended 31 December 2023G. There are no preferential terms in this agreement. |
| Arabian Drilling Company | Dowell SLB Saudi Arabia Ltd. | Revenue Contract for Onshore Drilling Rig (Contract No. SLB-AD-201804 Rig AD57,58, 62, and 68) (AD 62 & AD68 was transferred to a third party contractor in 2023) | 166,943,914 | The Contract for Onshore Drilling Rig (Contract No. SLB-AD-201804 Rig AD57, 58, 62, 63 and 68) entered into between the Company and Dowell SLB Saudi Arabia Ltd., where Board Member, Vijay Kasibhat-la, has indirect interest as Director of Mergers and Acquisitions at SLB N.V. (SLB Limited), an affiliate of Dowell SLB Saudi Arabia Ltd., given the value of the transactions related to such agreement amounting to Saudi Riyals 166,943,917.07 in financial year ended 31 December 2023G. There are no preferential terms in this agreement. |
| Arabian Drilling Company | Services Petroliers SLB | Cost recharges for KJO Tax Assessment | 5,359,834 | |
| Arabian Drilling Company | Arabian Geophysical and Surveying Company | Commercial Lease Agreement | 173,826 | The Commercial Lease Agreement entered into between the Company and Arabian Geophysical and Surveying Company, where Board Member, Khalid Mohammed Nouh, has indirect interest as Chairman of the Arabian Geophysical and Surveying Company and Samir Seth, as Executive Vice President of Corporate Finance and Planning of The Industrialization and Energy Services Company (TAQA), an affiliate of the Arabian Geophysical and Surveying Company, given the value of the transactions related to such agreement amounting to Saudi Riyals 173,825.61 in financial year ended 31 December 2023G. There are no preferential terms in this agreement. The Contract ended in Financial Year 2023. |
| Arabian Drilling Company | Industrialization and Energy Services Company (TAQA) | Transactions, on a purchase order basis, for supply of equipment. | 3,103,103 | The transactions, on a purchase order basis, for supply of equipment rental agreement entered into between the Company and The Industrialization and Energy Services Company "TAQA", where Board Member, Khalid Mohammed Nouh, has indirect interest as Chief Executive Officer of TAQA and Samir Seth, as Executive Vice President of Corporate Finance and Planning of TAQA, given the value of the transactions related to such agreement amounting to Saudi Riyals 3,103,102.50 in financial year ended 31 December 2023G. There are no preferential terms in this agreement. |
| OFSAT Arabia LLC | TAQA Well Services (formerly known as TAQA Sanjel) | Service Agreement | 2,207,884 | The Master Service Agreement entered into between the OFSAT Arabia LLC (Fully own Subsidiary of the company) and The Industrialization and Energy Services Company "TAQA", where Board Member, Khalid Mohammed Nouh has indirect interest as Chief Executive Officer of TAQA and Samir Seth, as Executive Vice President of Corporate Finance and Planning of TAQA, given the value of the transactions related to such agreement amounting to Saudi Riyals 2,207,884.25 in financial year ended 31 December 2023G. There are no preferential terms in this agreement. |

Comparison of Business Results

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

| SAR in 000s | 2019 Audited | 2020 Audited | 2021 Audited | 2022 Audited | 2023 Audited |
|----------------------------------|------------------|------------------|------------------|------------------|-------------------|
| Property and equipment | 5,799,454 | 5,562,212 | 5,258,884 | 6,490,621 | 7,737,835 |
| Intangible assets | 16,883 | 11,132 | 5,518 | - | - |
| Long-term Deposits | - | - | - | - | 16,200 |
| Right-of-use assets | 7,717 | 4,756 | 1,792 | 199,263 | 131,836 |
| Mobilization cost | 22,458 | 4,972 | 2,384 | 15,026 | - |
| Total non-current assets | 5,846,512 | 5,583,072 | 5,268,578 | 6,704,910 | 7,885,871 |
| Inventories | 167,257 | 157,930 | 143,329 | 172,541 | 279,741 |
| Trade and other receivables | 1,025,468 | 532,050 | 701,043 | 825,059 | 1,072,329 |
| Advance income tax | 16,241 | - | 9,269 | - | - |
| Mobilization cost | 38,784 | 20,538 | 2,587 | 6,733 | - |
| Derivative financial instrument | - | - | - | 378 | - |
| Short-term deposits | - | - | - | 1,000,000 | - |
| Cash and cash equivalents | 221,273 | 639,520 | 411,621 | 832,025 | 1,435,422 |
| Non-current assets held for sale | 11,037 | 11,037 | 7,793 | 12,402 | 13,111 |
| Total current assets | 1,480,060 | 1,361,075 | 1,275,642 | 2,849,138 | 2,800,603 |
| Total assets | 7,326,572 | 6,944,147 | 6,544,220 | 9,554,048 | 10,686,474 |
| Share capital | 22,580 | 22,580 | 22,580 | 890,000 | 890,000 |
| Share premium | - | - | - | 790,676 | 790,676 |
| Additional paid-in capital | 97,421 | 97,421 | 97,421 | - | - |
| Statutory reserve | 18,884 | 18,884 | 18,884 | 267,000 | 267,000 |
| Fair value of cash flow hedge | (13,099) | (15,133) | (4,441) | - | - |
| Retained earnings | 3,500,914 | 3,788,415 | 4,057,325 | 3,642,149 | 4,013,745 |
| Total equity | 3,626,700 | 3,912,167 | 4,191,769 | 5,589,825 | 5,961,421 |
| Long-term Murabaha borrowings | 1,735,479 | 1,377,434 | 835,617 | 2,481,138 | 2,885,626 |
| Lease liabilities | 4,778 | 1,810 | - | 136,014 | 67,892 |
| Employee benefit obligations | 247,626 | 252,653 | 250,966 | 273,216 | 304,407 |

| SAR in 000s | 2019 Audited | 2020 Audited | 2021 Audited | 2022 Audited | 2023 Audited |
|--|------------------|------------------|------------------|------------------|-------------------|
| Mobilization revenue | 38,975 | 14,424 | 5,965 | 115,614 | 211,516 |
| Deferred tax liability | 153,501 | 178,227 | 207,377 | 148,799 | 164,135 |
| Trade payables | 16,001 | 38,381 | 15,190 | - | - |
| Fair value of cash flow hedge | 13,099 | 15,133 | 4,441 | - | - |
| Total non-current liabilities | 2,209,459 | 1,878,062 | 1,319,556 | 3,154,781 | 3,633,576 |
| Trade payables and other payables | 622,383 | 462,537 | 456,551 | 584,811 | 729,393 |
| Current portion of long-term Murabaha borrowings | 794,065 | 639,623 | 545,473 | 46,460 | 168,470 |
| Current portion of lease liabilities | 2,947 | 3,028 | 1,847 | 63,806 | 67,168 |
| Mobilization revenue | 62,470 | 36,539 | 8,459 | 60,217 | 94,314 |
| Zakat payable | 8,548 | 12,191 | 20,565 | 54,148 | 32,132 |
| Total current liabilities | 1,490,413 | 1,153,918 | 1,032,895 | 809,442 | 1,091,477 |
| Total liabilities | 3,699,872 | 3,029,843 | 2,352,451 | 3,964,223 | 4,725,052 |
| Total equity and liabilities | 7,326,572 | 6,944,147 | 6,544,220 | 9,554,048 | 10,686,474 |

Geographical Analysis of Company and Subsidiary Revenues (million)

| Province | Geographical analysis of the total revenues of the Company and its subsidiaries | |
|---------------|---|-------------|
| | Total Revenues | Percentage |
| Central | | |
| Eastern | 3,476.5 | 100% |
| Western | | |
| Main accounts | | |
| Total | | 100% |

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

| SAR in 000s | 2023 | 2022 | Change | Change % |
|--|----------------|----------------|---------|----------|
| Revenue | 3,476,524 | 2,703,535 | 772,989 | 29% |
| Cost of revenue | (2,500,620) | (1,902,092) | 598,528 | 31% |
| Gross profit | 975,904 | 801,443 | | |
| Provision for impairment on financial assets | (620) | (47) | 573 | -1219% |
| General and administrative expenses | (181,120) | (179,601) | 1,520 | 0% |
| Other expense - net | 7,069 | (2,702) | (9,771) | 362% |
| Operating income | 801,233 | 619,093 | | |
| Finance cost | (160,882) | (94,318) | 66,564 | -71% |
| Finance income | 47,596 | 27,525 | 20,071 | 73% |
| Finance cost - net | (113,286) | (66,793) | | |
| Profit before zakat and income tax | 687,947 | 552,300 | | |
| Zakat and income tax credit / (expenses) | (83,333) | 5,420 | 88,753 | -1638% |
| Profit for the year | 604,614 | 557,721 | | |
| Other comprehensive income | | | | |
| Items that may be reclassified to the consolidated statement of profit or loss in subsequent periods: | | | | |
| Cash flow hedge reserve - reclassified to consolidated statement of profit or loss | - | 4,441 | 4,441 | 100% |
| Cash flow hedge reserve - effective portion of changes in fair value | - | - | - | - |
| Items that will not be reclassified to the consolidated statement of profit or loss in subsequent periods: | | | | |
| Remeasurements of employee benefit obligations | (8,425) | (8,126) | 299 | 4% |
| Impact of deferred tax | 578 | 793 | 215 | -27% |
| Other comprehensive (loss) / income for the year | (7,847) | (2,892) | | |
| Total comprehensive income for the year | 596,767 | 554,828 | | |
| Earnings per share (Saudi Riyals) Basic and diluted | 6.79 | 6.85 | | |

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

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

Share and Debt Instruments Activities

For the period ended on 31 December 2023, there are debt instruments issued by the Company.

| Long term borrowings | All amounts in SAR '000 | |
|------------------------------------|-------------------------|------------------|
| | 31 December 2023 | 31 December 2022 |
| Sukuk | 2,000,000 | 2,000,000 |
| Murabaha borrowings | 999,985 | 500,000 |
| Add: accrued finance costs | 68,470 | 46,460 |
| | 3,068,455 | 2,546,460 |
| Less: unamortized transaction cost | (14,359) | (18,861) |
| Total Loans | 3,054,096 | 2,527,599 |

Statutory Payments Made and Due for the Payment of Any Zakat, Taxes, Fees, or Any Other Dues Not Paid Until the End of the Annual Financial Period, with a Brief Description and Reasons Thereof

| Item | 2023 (Saudi Riyals Actuals) | | Reasons |
|--|-----------------------------|------------------------------|---|
| | Paid | Current year charge not paid | |
| Zakat | 16,173 | 28,273 | Regulatory requirement. FY 2023 charge will be paid in April 2024 |
| Tax (including Advance accelerated payments and Tax on Rigs operating in Neutral Zone) | 69,394 | 5,009 | Regulatory requirement. FY 2024 charge will be paid in April 2024 |
| GOSI | 79,700 | 8,182 | Regulatory requirement. Charge for December 2023 got paid in January 2024 |
| Visa, Passport & labor fees | 29,412 | - | Regulatory requirement |

Dividend Distribution for the year 2023

| Item | 2023 | | Percentage of Dividend to the Share Par Value |
|--------------------------------------|-----------------|-----------|---|
| | Paid | Per Share | |
| H1 2023 | 225,170,000 SAR | 2.53 SAR | 25.3% |
| H2 2023 | 225,170,000 SAR | 2.53 SAR | 25.3% |
| Total distribution for the year 2023 | 450,340,000 SAR | 5.06 SAR | 50.60% |

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

The Company does not have any employee savings schemes.

Declarations of the Board of Directors

The Board of Directors declares the following:

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





Arabian Drilling 

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