

CHIEF EXECUTIVE OFFICER'S MESSAGE

Strategic Progress, Resilient Results

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

Positive Outcomes in a Challenging Market

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

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

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

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

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

Exploring Opportunities for Growth

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

Innovation, Efficiency, and Safety

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

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

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

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

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

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



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

Ghassan Mirdad

Chief Executive Officer



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

Beneficial Structural Changes

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

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

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

Accelerating Our Strategic Ambitions

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

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

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

Acknowledgements

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