

CHIEF FINANCIAL OFFICER'S REVIEW (continued)

CASE STUDY

A COMPANY-WIDE COMMITMENT TO COST EFFICIENCY

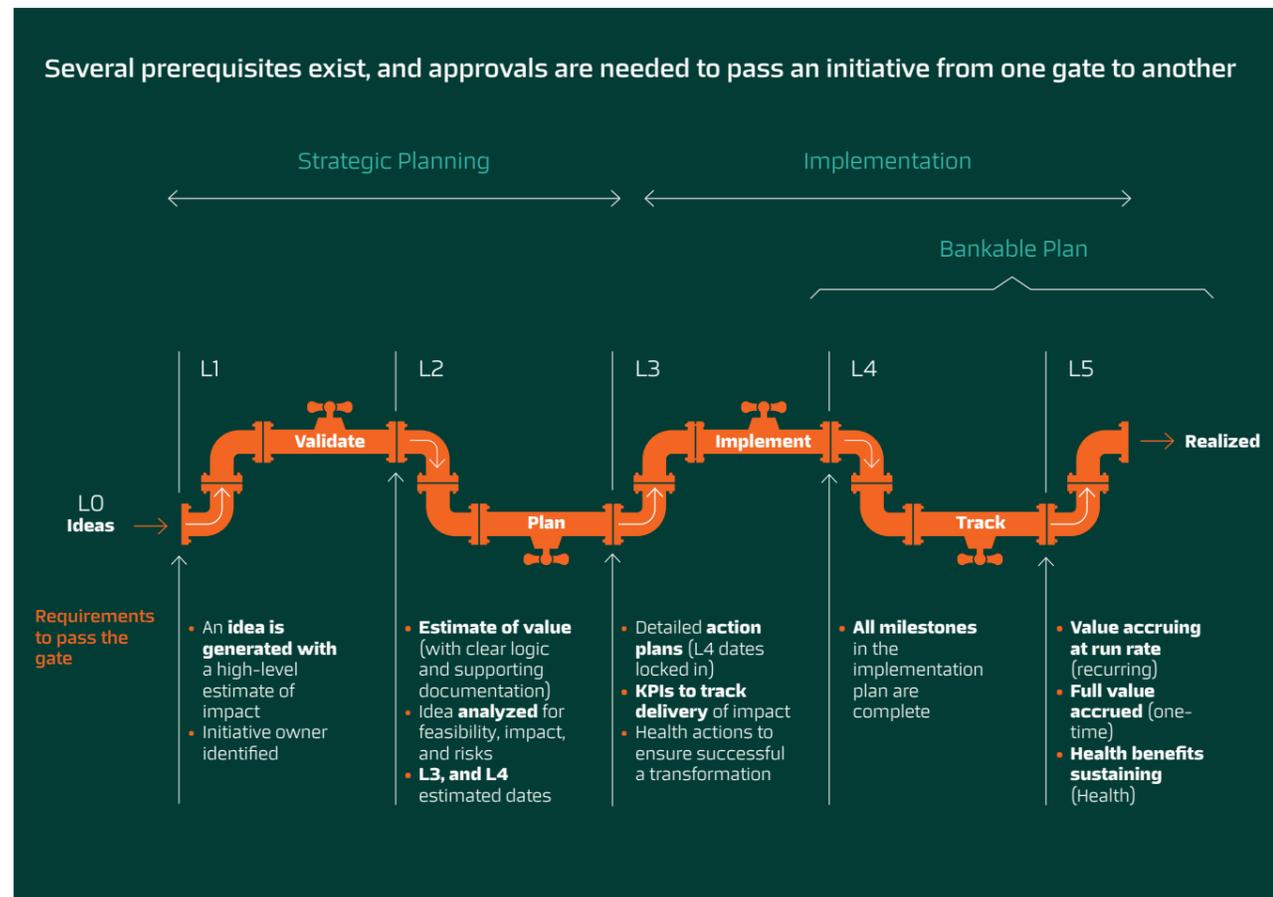
At Arabian Drilling, cost efficiency is more than just a financial goal – it is a mindset that drives continuous improvement, innovation, and long-term success. We recognized an opportunity to elevate our operational model by embedding a culture of cost-conscious decision-making across the organization. The challenge was not just to reduce costs but to also to engage employees at every level, ensuring that every idea contributed meaningfully to

our transformation. To succeed, we needed to generate broad participation, evaluate ideas for feasibility, and ensure tangible savings were realized without compromising service quality.

A Structured Approach to Unlocking Value

To turn this vision into reality, we launched a company-wide cost optimization initiative designed to harness collective intelligence and drive meaningful impact. A dedicated Strategy Department was

established to oversee and manage the process, ensuring alignment with operational objectives. Collaboration was at the core of our approach, with departments including Operations, Asset, Supply Chain, IT, and Finance working together to develop and evaluate cost-saving opportunities. By implementing a structured framework for assessing initiatives based on feasibility, implementation difficulty, and expected savings, we prioritized high-impact solutions that delivered measurable results.



Outstanding Initiatives and Impact

This systemic process generated a range of high-impact initiatives that delivered substantial cost savings and improved operational efficiency.

Employee Hotel: Long-Term Contract with Supplier / Alternate Supplier	Optimization of Operational Maintenance Days	VAT Recovery
<ul style="list-style-type: none"> Lack of long-term contracts and reliance on premium hotels increased costs. No alternative accommodations considered, limiting cost-saving opportunities. 	<p>The 2024 maintenance days budget had discrepancies including:</p> <ul style="list-style-type: none"> Unbudgeted maintenance leading to unforeseen costs. Excessive days allocation beyond actual requirements. Unnecessary shipyard days impacting efficiency. 	<p>The Company was not routinely recovering the VAT on certain service types:</p> <ul style="list-style-type: none"> Medical Insurance. Air tickets and accommodation. Onboarding costs.
<p>Approach and Solution:</p> <ul style="list-style-type: none"> Conducted market benchmarking for cost-effective accommodations. Negotiated long-term contracts with suppliers to secure better rates. Identified alternative suppliers such as 3-star hotels and guest houses. Transitioned crew accommodation to guest houses where feasible. 	<p>Approach and Solution:</p> <ul style="list-style-type: none"> Conducted a detailed review of maintenance planning. Identified redundant maintenance days and optimized scheduling. Aligned planned and unplanned maintenance activities. Enhanced coordination to improve asset utilization. 	<p>Approach and Solution:</p> <ul style="list-style-type: none"> Conduct a thorough review of what types of services are eligible for VAT recovery. Confirmed the tax position with tax advisors. Amended the VAT return to recover VAT from previously paid.
<p>Results and Impact:</p> <ul style="list-style-type: none"> Achieved ₪ 9.7 million in savings. Secured cost-efficient, sustainable accommodation solutions. Improved financial efficiency in crew logistics. 	<p>Results and Impact:</p> <ul style="list-style-type: none"> Achieved ₪ 30.072 million in savings. Improved operational efficiency and cost control. Optimized asset deployment. 	<p>Results and Impact:</p> <ul style="list-style-type: none"> Achieved ₪ 38.8 million in cash savings in VAT recoveries.

A Culture of Ownership and Operational Excellence

Overall, the initiative exceeded expectations, generating 833 cost-saving ideas, with 768 employees actively participating. Of these, 241 ideas were successfully implemented, contributing to ₪ 207 million in Capex savings and ₪ 175 million in Opex reductions. Beyond financial gains, the program enhanced service quality, improved operational efficiency, and reinforced a sense of ownership among employees. Shareholders, employees, and customers alike benefited from a more agile and financially resilient organization, positioning us for sustained growth and long-term competitiveness.

“Harnessing the collective power of our people, we delivered ₪ 382 million in savings while enhancing efficiency and service quality. With 833 ideas generated and 768 employees engaged, we proved that transformation is driven from within – one idea at a time.”