ADNOC Drilling

ADNOC DRILLING COMPANY P.J.S.C.

First Quarter 2023 Earnings

Management Discussion & Analysis Report

May 11, 2023

Table of Contents

Financial Highlights

Financial Summary

ADNOC Drilling Company P.J.S.C. ("ADNOC Drilling" or the "Company") announced a robust performance in the first quarter ending March 31, 2023, with revenue amounting to $716 million in the period, up 19% year-on-year from $601 million. Sequentially, the quarter was impacted by two less operating days and less of an impact from cost escalation claim reimbursements when compared with the fourth quarter of 2022.

A strong top line performance translated into EBITDA of $333 million and net profit of $219 million, an increase of 19% and 25% respectively over the prior year. ADNOC Drilling continues delivering a strong EBITDA margin of 47%, flat year-on-year, while the net profit margin increased to 31% in the first quarter of 2023 from 29% in the year-ago period.

Free cash flow generated in the first quarter stood at $153 million, a decrease from $535 million in the same period last year which significantly benefited from the resolution and collection of long overdue receivables.

ADNOC Drilling continues to capitalize on its unique position as a critical enabler of ADNOC's plans to responsibly accelerate production capacity growth to 5 million barrels per day by 2027, as global demand for energy continues to rise. The Company's first quarter performance was attributable to the full operational impact of eight world-class H&P FlexRigs© which were delivered and commissioned in stages over the course of 2022 and five newly purchased jack-up rigs which went into operation over the course of the second half of 2022. Overall, the rig fleet remained flat from the prior reporting period at 115 owned rigs with a fleet availability of 95%.

USD Million	1Q23	1Q22	*YoY %*	4Q22	*QoQ %*
Revenue	716	601	19%	733	-2%
Opex[1]	(383)	(321)	19%	(380)	1%
EBITDA[2]	**333**	**280**	**19%**	**353**	**-6%**
Depreciation and amortization	(102)	(101)	1%	(110)	-7%
Finance cost - net	(12)	(4)	200%	(9)	33%
Net Profit	**219**	**175**	**25%**	**234**	**-6%**
EBITDA Margin	47%	47%	0%	48%	-2%
Net Profit Margin	31%	29%	1%	32%	-1%
Cash generated from operating activities	226	613	-63%	389	-42%
Capital Expenditure[3]	(76)	(78)	-3%	(434)	-82%
Free Cash Flow	153	535	-71%	(42)	NM
Total Equity	3,150	2,970	6%	2,931	7%
Net debt[4]	1,077	556	94%	1,214	-11%
Earnings per Share ($)	0.014	0.011	25%	0.015	-6%
Capital employed	4,827	4,605	5%	4,610	5%
Return on capital employed	18%	15%	3%	16%	2%
Net debt to LTM EBITDA	0.8	0.5	0%	1.0	0%
Leverage ratio	25%	16%	10%	29%	-4%
Return on equity	27%	23%	4%	24%	3%

NM = Not Meaningful
(1) Opex includes allocation of G&A expenses and other income
(2) EBITDA represents Earnings Before Interest, Tax, Depreciation and Amortization
(3) Payments for purchase of property and equipment including prepaid delivery payments
(4) Interest bearing liabilities less cash and cash equivalents

Segmental Results

Onshore

USD Million	1Q23	1Q22	YoY %	4Q22	QoQ %
Revenue	355	319	11%	379	-6%
OPEX[1]	(182)	(166)	10%	(191)	-5%
EBITDA[2]	173	153	13%	188	-8%
Net Profit	127	113	12%	145	-12%

(1) Opex includes allocation of G&A expenses and other income
(2) Underlying EBITDA includes other income

Year-on-Year Performance

Onshore revenue was up 11% to $355 million from $319 million in the year-ago period. The increase was mainly attributable to growth in drilling activity driven by the addition, and full contribution over the period, of the eight H&P rigs acquired and put into operations over the course of 2022.

Operating expenses were up 10% to $182 million in the first quarter of 2023 from $166 million in the prior year period. The increase in operating expenses grew in-line with the rig fleet expansion coupled with inflationary pressures associated with the rise in year-on-year diesel costs.

We continue to seek out and identify areas where we can realize efficiencies and offset increasing cost. In addition to the initiative to optimize the number of crew on each rig, which we expect to translate to a reduction in our incremental manpower per new rig in 2023, we are exploring additional opportunities to reduce diesel consumption and optimize equipment rentals.

Despite the increase in operating expenses, Onshore delivered $173 million in EBITDA, an increase of 13% from $153 million in the prior year. As explained above, the jump was largely attributable to incremental drilling activity.

Sequential Performance

Onshore revenue decreased 6% sequentially to $355 million in the first quarter of 2023 from $379 million. The impacts in the period were:

(i) Two less calendar days leading to lower operating activity in the period
(ii) The fourth quarter of 2022 benefitted more than the current period from reimbursement of cost escalation claims, particularly on diesel prices.

Operating expenses decreased by 5% to $182 million in the period from $191 million in the fourth quarter, which was in-line with the decrease in diesel prices. Additionally, the Company's allocation of overhead expenses to the various segments were re-assessed in the first quarter, following our policy, which ultimately resulted in slightly lower cost allocation to the Onshore segment relative to the other segments. As a result, segmental EBITDA decreased by 8% quarter-on-quarter to $173 million from $188 million.

Offshore Jack-up

USD Million	1Q23	1Q22	YoY %	4Q22	QoQ %
Revenue	184	144	28%	180	2%
OPEX[1]	(79)	(59)	34%	(72)	10%
EBITDA[2]	105	85	24%	108	-3%
Net Profit	62	44	41%	60	3%

(1) Opex includes allocation of G&A expenses and other income
(2) Underlying EBITDA includes other income

Year-on-Year Performance

The Offshore Jack-up segment delivered a 28% increase in revenue to $184 million in the period from $144 million in the same period a year ago. The increase was largely attributable to the full contribution in the quarter of five new jack-up rigs that went into operations over the course of 2022. This was partly offset by one rig undergoing major maintenance and exceeding its allocation of maintenance days, which in turn led to a loss of day rate for the majority of the quarter.

Segmental operating expenses rose 34% to $79 million in the first quarter, up from $59 million a year-ago due to the increased size of the rig fleet, the impact of inflation on maintenance activity in the period and costs related to the rig which underwent major maintenance. Major maintenance activity on jack-ups in fiscal year 2022 commenced in the second quarter and went through the end of the year. In addition, in order to streamline the process of new rigs joining the fleet, the Company started to incur pre-operating costs in anticipation of the acquisition of new jack-ups.

Despite the increase in operating expenses, EBITDA increased to $105 million in the first quarter of 2023. This 24% increase from $85 million in the prior year was attributable to the increase in drilling activity associated with the five new jack-ups that commenced operations in 2022.

Sequential Performance

First quarter revenue increased a marginal 2% to $184 million from $180 million sequentially due to a full quarter of day rate contribution from two jack-ups that were integrated into operations during the fourth quarter. This was partially offset by a lower number of operating days in the first quarter.

Operating expenses increased $7 million, or 10% quarter-on-quarter, to $79 million from $72 million. This was in-line with the increase in rig activity levels coupled with a slight increase in routine repair and maintenance expenses. The segment was also impacted by the previously mentioned policy for overhead cost allocations, which ultimately resulted in higher cost allocation to the Offshore Jack-up segment. This impacted EBITDA in the period, leading to a sequential decrease of $3 million, or 3% to $105 million from $108 million in the prior quarter.

Offshore Island

USD Million	1Q23	1Q22	YoY %	4Q22	QoQ %
Revenue	51	50	2%	51	0%
OPEX[1]	(19)	(22)	-14%	(23)	-17%
EBITDA[2]	32	28	14%	28	14%
Net Profit	20	16	25%	15	33%

(1) Opex includes allocation of G&A expenses and other income
(2) Underlying EBITDA includes other income

Year-on-Year Performance

Offshore Island revenue witnessed a marginal year-on-year increase to $51 million from $50 million. The move was largely attributable to mobilization revenue for the re-activated island rig which has been allocated to the Hail and Ghasha Project.

Segmental EBITDA increased from $28 million in the prior-year period to $32 million in the first quarter of 2023 due to a number of cost efficiency measures which include price negotiations on consumables and spare parts.

Sequential Performance

Overall activity was flat quarter-on-quarter with revenue totaling $51 million in both quarters. The lower number of operating days in the current period were offset by the previously mentioned mobilization revenue.

EBITDA increased by 14%, or $4 million, to $32 million from $28 million in the quarter as a result of the previously mentioned cost efficiency measures coupled with a decrease in overhead costs allocated to the segment, following our policy.

Oilfield Services

USD Million	1Q23	1Q22	YoY %	4Q22	QoQ %
Revenue	126	88	43%	123	2%
OPEX[1]	(103)	(74)	39%	(94)	10%
EBITDA[2]	23	14	64%	29	-21%
Net Profit	10	2	400%	14	-29%

(1) Opex includes allocation of G&A expenses and other income
(2) Underlying EBITDA includes other income

Year-on-Year Performance

The Oilfield Services segment continues to deliver strong top-line growth posting $126 million in the first quarter of 2023, a 43% increase from the same period a year ago. This was attributable to increased activity volume across the entire portfolio. The number of Integrated Drilling Services ("IDS") rigs increased from 36 rigs in the year-ago period to 40 rigs in the current period.

Operating expenses increased 39% year-on-year to $103 million from $74 million, mainly due to a significant increase in activity levels, along with an inflationary trend on cost of materials, equipment and associated logistic costs. Moreover, part of the increase was due to equipment hire tied to increased frac activity.
EBITDA increased 64% from $14 million in 2022 to $23 million in the current period, reflecting increased activity volumes across the segment partially offset by the activity mix. The EBITDA growth offset in activity mix related specifically to our Drilling and Completion Fluid business which was the most impacted by increasing material costs.

Sequential Performance

Revenue increased 2% quarter-on-quarter to $126 million from $123 million, mainly due to the Directional Drilling and Drilling Fluids product line activity levels which were in-line with increased offshore drilling activity and the launch of the Hail and Ghasha project.

Operating expenses increased 10% in the period to $103 million from $94 million, primarily driven by inflationary pressures on various material costs and increased equipment hire in relation to our frac activity. The segment was also impacted by the previously mentioned change in overhead cost allocations. Since inception, overhead costs were not allocated to the OFS segment as it was undergoing an expansionary phase.

As a result of the increased operating expenses and overhead costs, reported EBITDA decreased 21% to $23 million in the first quarter versus $29 million in the year-ago period.

Operating Working Capital

USD Million	31 Mar 23	31 March 22	YoY %	31 Dec 22	QoQ %
Current Assets[1]	**1,091**	**1,135**	**-4%**	**1,197**	**-9%**
Inventories	190	180	6%	153	24%
Trade & other receivables	115	106	8%	115	0%
Due from related parties	786	849	-7%	929	-15%
Current Liabilities[2]	**649**	**850**	**-24%**	**883**	**-27%**
Trade & other payables	396	331	20%	416	-5%
Due to related parties	253	519	-51%	467	-46%
Operating Working Capital	**442**	**285**	**55%**	**314**	**41%**

(1) Excludes cash and bank balances
(2) Excludes lease liabilities
See Appendix 1 (Glossary) for the calculation of certain metrics referred to above.

Operating working capital ended the period at $442 million, increasing both year-on-year and sequentially. The year-on-year trend was mainly driven by increased activity levels and lower periodic collections which last year were higher due to resolution and collection of long overdue receivables.

The quarter-on-quarter change was due to an increase in related party balances and inventories, with the latter supporting the expected acceleration in the business in the second half of the year. This represented a rise in net working capital as a percentage of revenue to 15% at the end of the first quarter.

As the Company growth plans materialize, the evolving business mix leads to structural increases in working capital. Despite this trend, the Company continues to expect further improvements in working capital to reach the target of 10% - 11% of revenue.

Free Cash Flow

USD Million	1Q23	1Q22	YoY %	4Q22	QoQ %
Cash generated from operating activities	226	613	-63%	389	-42%
Cash used in investing activities	(73)	(78)	-6%	(431)	-83%
Free Cash Flow	**153**	**535**	**-53%**	**(42)**	**NM**

NM = Not Meaningful

See Appendix 1 (Glossary) for the calculation of certain metrics referred to above.

Free cash flow stood at $153 million in the first quarter, a 53% decrease from $535 million in the prior year.

The decrease was mainly attributable to the resolution and collection of long overdue receivables in the first quarter of 2022. Moreover, the decrease was also driven by increasing working capital balances, which have grown along with the increased activity levels.

Free cash flow increased from negative $42 million in the fourth quarter of 2022 to $153 million in the current period mainly due to a decrease in capital expenditures in the first quarter of 2023. CapEx in the period was in-line with anticipated payment plans for rig acquisitions.

Balance Sheet

USD Million	31 Mar 23	31 Mar 22	YoY %	31 Dec 22	QoQ %
Total Assets	**5,476**	**5,483**	**0%**	**5,493**	**0%**
Non-current assets	3,911	3,365	16%	3,970	-1%
Current Assets[1]	1,091	1,135	-4%	1,197	-9%
Assets Held for sale	11	-	100%	-	100%
Cash and cash equivalents	463	983	-53%	326	42%
Total Liabilities	**2,326**	**2,513**	**-7%**	**2,562**	**-9%**
Non-current liabilities	143	1,635	-91%	160	-11%
Current liabilities	2,183	878	149%	2,402	-9%
Total Equity	**3,150**	**2,970**	**6%**	**2,931**	**7%**
Share capital	436	436	0%	436	0%
Statutory reserve	140	60	133%	140	0%
Retained earnings	2,574	2,474	4%	2,355	9%
Total Equity and Liabilities	**5,476**	**5,483**	**0%**	**5,493**	**0%**

(1) Excludes cash and bank balances

Total Assets for the period ending March 31 decreased marginally to $5,476 million from $5,483 million in the year-ago period. This was mainly due to an increase in non-current assets by 16% to $3,911 million from $3,365 million on the back of the new rig acquisitions associated with our fleet expansion program.

The increase in non-current assets in the first quarter was offset by a decrease in cash and cash equivalents balance to $463 million from $983 million in the year-ago period due to planned rig purchases tied to ADNOC Drilling's fleet expansion plans. As of March 31, 2023, the Company's cash headroom (unutilized syndicated term and revolving facilities) amounted to $1,713 million.

Total liabilities decreased by 7% to $2,326 million at the end of the first quarter from $2,513 million in the prior year period. The change was mainly due to a decrease in non-current liabilities from $1,635 million a year-ago to $143 million in the current period offset by a corresponding increase in current liabilities from $878 million a year-ago to $2,183 million in the same periods respectively.

As disclosed in the prior reporting period, the utilized syndicated loan of $1,500 million has been reclassified from a non-current liability to a current liability as the facility will mature in less than 12 months. The Company intends to put another facility in place which would replace the existing debt before maturity. Excluding the reclassification of the loan facility, current liabilities decreased due to related party balances which have grown in-line with the Company's increased activity levels.

Capital Expenditure

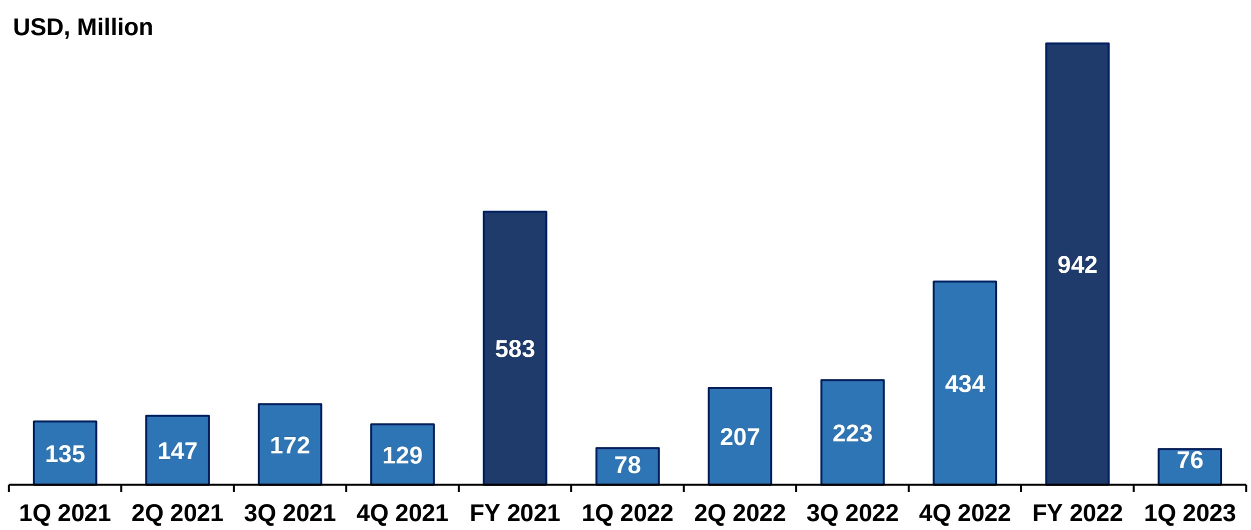
Capital expenditure (CapEx), including prepayments, totaled $76 million for the period ending March 31, 2023, in-line with payment plans for our rig fleet expansion program. Pre-payments in the period were mostly associated with the purchase of offshore jack-up rigs.

Rig purchases are usually spread out over at least two milestones with the first payment at signing of the sale and purchase agreement, whereas the final payment is then made on transfer of the title of the rig to the Company.

While we have signed various sales and purchase agreements to support our planned rig expansion, rig titles were not transferred to ADNOC Drilling as the terms and the conditions of the transfer were not yet completed as of March 31, 2023.

As CapEx will ramp-up in the next three quarters, the full year guidance of $1,300 – 1,750 million is confirmed.

Quarterly and Annual Capital Expenditure



Operational Highlights

Drilling Services

USD Million	1Q23	1Q22	*YoY %*	4Q22	*QoQ %*
Fleet	**115**	**104**	**11%**	**115**	**0%**
Onshore	74	70	6%	74	0%
Offshore Jack-up	31	24	29%	31	0%
Offshore Island	10	10	0%	10	0%
Rented rigs	5	8	-38%	6	-17%
Rigs Availability*	**95%**	**96%**	**-1%**	**94%**	**1%**
Onshore	93%	95%	-2%	91%	2%
Offshore Jack-up	97%	98%	-1%	98%	-1%
Offshore Island	100%	98%	2%	100%	0%
Number of Wells Drilled*	**142**	**147**	**-3%**	**177**	**-20%**
Onshore	121	128	-5%	151	-20%
Offshore Jack-up	14	14	0%	18	-22%
Offshore Island	7	5	40%	8	-13%

* See Appendix 1 (Glossary) for the calculation of certain metrics referred to above.

Through the end of the first quarter, the Company had a fleet of 115 owned rigs with availability of 95% compared to a fleet of 104 owned rigs with 96% availability in the corresponding period of 2022. Operational highlights of note during the period are as follows:

- A land rig completed 23 years LTI free operations.
- Achieved TRIR frequency of 0.43 against a target of 0.70.
- Witnessed an improvement in rig move performance which averaged 3.25 days per move.
- Drilled the longest well for ADNOC Onshore at 37,605 ft including a 21,122 ft 8 ½” open hole section.
- Drilled the longest 12 ¼” section (8,543 ft measured depth) and longest 8 ½” sections (21,122 ft measured depth) for ADNOC Onshore.
- Five new jack-up rigs joined the operational fleet in the second half of 2022, contributing to year-on-year offshore revenue growth. The Company expects to integrate nine jack-ups into operations over the next two years.
- Drilled 8 ½" section to measured depth at 26,500 ft, the longest well drilled by any jack-up rig in ADNOC Offshore.
- Drilled the longest 6” hole in Lower Zakum field (9,553 ft) for ADNOC Offshore.
- Drilled the longest well in SARB field with the well total depth at 27,867 ft.

Oilfield Services (OFS)

- OFS performed IDS on 40 rigs in the first quarter, which led to market share of 39%.
- 39 wells delivered in the first quarter of 2023 with 18 benchmarked wells delivered of which 13 benchmarked wells were ahead of schedule and budget.
- 16.1% year-on-year improvement in drilling efficiency.
- 521 IDS wells were delivered since 2019 with 269 benchmarked wells delivered of which 203 wells were completed ahead of schedule and below budget.
- During the first quarter, 3 frac stages were performed.

Outlook

To enable ADNOC's strategic imperative of expanding production capacity from four to five million barrels per day by 2027, ADNOC Drilling accelerated its own growth plans.

The Company continues to expect its owned rig count to total 142 by the end of 2024, which compares to IPO guidance of 127 rigs by the end of 2030.

The additional rigs require CapEx of $2.0 - $2.5 billion over the two-year period ending 2024, a net increase of some $1 billion over and above the original IPO guidance.

ADNOC Drilling reiterates its fiscal year 2023 financial guidance as presented below:

USD Million	FY 2023 Guidance
Revenue	**3,000 - 3,200**
Onshore Revenue	1,500 - 1,600
Offshore Jack-up Revenue	800 - 900
Offshore Island Revenue	200 - 250
Oilfield Services Revenue	500 - 550
EBITDA	**1,350 - 1,500**
EBITDA Margin	*45% - 47%*
Net Income	**850 - 1,000**
Net Income Margin	*28% - 31%*
CapEx	**1,300 - 1,750**
Leverage Target	**< 2.0x**

ADNOC Drilling's medium-term guidance remains as follows:

- Revenue CAGR in the 12% - 16% range.
- EBITDA Margins around 50% with drilling margins exceeding 50% and OFS Margin in a range of 22% - 26% medium term versus 2021.
- Conservative long-term leverage target of up to 2.0x net debt / EBITDA, excluding material M&A.
- Net working capital as percentage of revenue target of 10% - 11%.
- Maintenance CapEx post-2024 of $200 - $250 million per annum.

The Company's longer-term growth remains supported by the maintenance of production capacity, the UAE's goal to achieve gas self-sufficiency and the development of its vast unconventional resources, continued expansion of the OFS segment's Integrated Drilling Solutions and the pursuit of both regional expansion opportunities and new revenue streams such as complimentary services, manufacturing opportunities and technology, including entry to renewables technology and solutions. ADNOC Drilling continues to strive to make strong progress on delivering growth and maximizing returns for our shareholders. The immediate focus remains on meeting robust financial targets, whilst maintaining operational excellence.

Dividend Policy

The Company's ability to pay dividends is dependent on several factors, including the availability of distributable reserves, capital expenditure plans and other cash requirements in future periods. Any level or payment of dividends will depend on, among other things, future profits and the business plan of the Company, at the discretion of our Board of Directors and ultimately shareholder approvals.

As per the Company's announced policy, dividends are to be paid semi-annually with a final annual dividend distributed to shareholders in the first half and the payment of the interim dividend in the second half of each fiscal year. The dividend policy is progressive, reflecting robust underlying cash flow, and the annual distribution is expected to grow by at least 5% per annum on a dividend per share basis over the next four years (2023-2026).

This policy is designed to reflect our strong and visible long-term cash flow and our expected long-term earnings potential, while allowing us to retain sufficient cash to fund ongoing operating requirements and continued investment for long-term growth. The policy is subject to consideration by our Board of Directors and will cover the cash management requirements of our business for operating expenses, interest expense, anticipated capital expenditures and market conditions. In line with the progressive policy, the Board considers dividend a capital allocation priority alongside investment in profitable growth and is committed to returning a competitive and growing cash dividend to our shareholders.

Subject to the foregoing, shareholders at the Annual General Meeting in April of 2023 approved a final dividend payment for the second half of 2022 totaling $341.25 million, or 7.83 fils per share, which was distributed to shareholders on April 25, 2023. This follows the interim cash dividend for the first half of fiscal year 2022 which totaled $341.25 million, or 7.83 fils per share, and was distributed to shareholders in September 2022. This brings the total full-year 2022 dividend to $682.5 million, or 15.67 fils per share, a 5% year-on-year increase from 2021 and in-line with the Company's dividend policy.

Earnings Webcast and Conference Call

ADNOC Drilling will host the earnings webcast and conference call followed by a Q&A session for investors and analysts on Thursday, May 11, 2023, at 12:00 pm UAE time / 09:00 am UK time.

The call will be hosted by Abdulrahman Alseiari (CEO), Esa Ikaheimonen (CFO) and Emri Zeineldin (Senior Vice President OFS). Interested parties are invited to join the call by clicking here.

A replay and transcript will be made available following the event, accessible from the Investor Relations section of ADNOC Drilling's website.

Share Price and Ownership

Our shares are traded on the Abu Dhabi Securities Exchange (ADX) under the symbol ADNOCDRILL. The closing share price as of March 31, 2023, was AED 3.95. In the period from January 1, 2023, through March 31, 2023, the share price traded in a range between AED 2.96 and AED 3.99. Market capitalization was AED 63.2 billion as of March 31, 2023, and an average of 6.6 million shares traded daily during the first quarter of 2023.

As of March 31, 2023, the Abu Dhabi National Oil Company ("ADNOC") owned a majority 84% stake in the Company and Baker Hughes Holding SPV Ltd. ("Baker Hughes") owned 5% stake in the Company, while 11% of our outstanding shares were publicly owned by other institutional and retail investors.

ADNOC Drilling is included in three of FTSE Russell's globally recognized indices including the FTSE Emerging Index, FTSE Global Large Cap Index and FTSE All-World Index. Furthermore, in the first quarter of 2022, ADNOC Drilling was also included as an inaugural member of the FADX 15 Index. The index is uniquely designed by ADX and FTSE Russell to track the performance of the most liquid and largest companies on the ADX main market.

Second Quarter 2023 Results

We expect to announce our second quarter 2023 results on or around August 8, 2023.

Contacts

Massimiliano Cominelli
Vice President, Investor Relations
mcominelli@adnoc.ae

Adham Kamel
Senior Analyst, Investor Relations
akamel@adnoc.ae

May 11, 2023
ADNOC Drilling Company P.J.S.C.

Appendix: Glossary

Financial Terms

EBITDA represents Earnings Before Interest, Tax, Depreciation and Amortization

Net debt is calculated as total interest-bearing debt less cash and bank balances (including term deposits with banks) adjusted for lease liabilities.

Net debt to EBITDA ratio is calculated as interest-bearing net debt as of the end of the period presented, divided by EBITDA for the twelve months ended on the last day of the period presented.

Capital employed is calculated as the sum of total assets minus non-interest-bearing current liabilities.

Return on capital employed is calculated as operating profit for the twelve months ended on the last day of the period presented divided by capital employed on the last day of the period presented. Operating Profit is defined as profit excluding financing, tax and income and expenses from investments.

Leverage ratio is calculated as (a) interest-bearing net debt, divided by (b) the sum of interest-bearing net debt plus total equity.

Return on equity is calculated as profit for the period for the twelve months ended on the last day of the period presented divided by total equity on the last day of the period presented.

Operating Working capital is calculated as current assets excluding cash and bank balances minus current liabilities excluding lease liabilities.

Operating Cashflows are Net cash generated from operating activities as stated in the cash flow statement.

Free cash flow is calculated as net cash generated from operating activities less payments for purchase of property & equipment and advances to contractors and finance income received.

Opex represents Operating expenditure that includes direct cost and general and administrative expenses excluding depreciation, amortization and impairment as stated in the statement of profit or loss and other comprehensive income.

Capital expenditure is total cash capital expenditure for payments made for purchase of property and equipment including prepaid delivery payments as stated in the cash flow statement.

All financial terms have meaning as defined in the International Financial Reporting Standards (“IFRS”) unless otherwise stated.

IFRS are accounting standards issued by the IFRS Foundation and the International Accounting Standards Board (IASB). They constitute a standardized way of describing the company's financial performance and position so that company financial statements are understandable and comparable across international boundaries.

Industry Terms

Rig means a drilling unit and equipment package and is an integrated system that drills Oil and gas wells, in the earths subsurface.

Standby is period when the works are unable to proceed and when the rig is put on standby for various reasons, waiting-on-weather or inspection, or any other reason based on the mutual understanding between the Company and the customer and as defined in the contract.

Planned Maintenance is a scheduled Turnaround maintenance. and it varies based on built year, class and design. Usually drilling rigs undergo major maintenance every five years subject to HSE and Asset Integrity Protocols. However, jack-up rigs may require outages during the intermediate two and half years for class renewal surveys.

Owned Rig includes rigs acquired through rig-built project or purchased from market, the title of which is transferred to ADNOC Drilling.

Rented Rigs are rigs rented from 3rd party rig providers on the basis of back-to-back contracts with customers with minimal mark-up to cover for administrative overheads.

Rig availability is Cumulative of (Rig days less actual maintenance days less rig related non-productive time less actual rig move days) divided by Cumulative of (Rig days less planned maintenance days less planned rig move days).

Cautionary Statement Regarding Forward-Looking Statements

This communication includes forward-looking statements which relate to, among other things, our plans, objectives, goals, strategies, future operational performance, and anticipated developments in markets in which we operate and in which we may operate in the future. These forward-looking statements involve known and unknown risks and uncertainties, many of which are beyond our control and all of which are based on management's current beliefs and expectations about future events. Forward-looking statements are sometimes identified by the use of forward-looking terminology such as "believes", "expects", "may", "will", "could", "should", "would", "intends", "estimates", "plans", "targets", or "anticipates" or the negative thereof, or other comparable terminology. These forward-looking statements and other statements contained in this communication regarding matters that are not historical facts involve predictions and are based on the beliefs of our management, as well as the assumptions made by, and information currently available to, our management. Although we believe that the expectations reflected in such forward-looking statements are reasonable at this time, we cannot assure you that such expectations will prove to be correct. Given these uncertainties, you are cautioned not to place undue reliance on such forward-looking statements. Important factors that could cause actual results to differ materially from our expectations include, but are not limited to: our reliance on ADNOC Onshore and ADNOC Offshore for deploying rigs as per existing terms and conditions; failure to successfully implement our operating initiatives and growth plans, including our cost savings initiatives, due to general economic conditions, our reliance on information technology to manage our business; laws and regulations pertaining to environmental protection, operational safety, the extent of our related party transactions with ADNOC Group; the introduction of VAT and other new taxes in the UAE; failure to successfully implement new policies, practices, systems and controls that we implemented in connection with or following our IPO; any inadequacy of our insurance to cover losses that we may suffer; general economic, financial and political conditions in Abu Dhabi and elsewhere in the UAE; instability and unrest in regions in which we operate; the introduction of new laws and regulations in Abu Dhabi and the UAE; and other risks and uncertainties detailed in our International Offering Memorandum dated September 6, 2021 relating to our initial public offering and the listing of our shares on the Abu Dhabi Securities Exchange, and from time to time in our other investor communications. Except as expressly required by law, we disclaim any intent or obligation to update or revise these forward-looking statements.