ADNOC DRILLING COMPANY P.J.S.C.

Second Quarter 2023 Earnings

Management Discussion & Analysis Report

August 4, 2023

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Financial Highlights

Financial Summary

ADNOC Drilling Company P.J.S.C. ("ADNOC Drilling" or the "Company") delivered robust results in the second quarter of 2023 with revenue growing 8% year-on-year and 1% sequentially to $724 million. The strong top-line translated into EBITDA of $344 million, an increase of 15% year-on-year and 3% sequentially. Additionally, the Company's effective cost management initiatives led to a second quarter EBITDA margin of 48%, marking a 3-percentage points margin expansion year-on-year. Net profit also grew 12% year-on-year and 4% sequentially to $228 million. Excluding favorable dynamics in 2Q 2022 related to billing and recovery of costs escalation, in-line with contractual terms, the underlying growth would have been materially higher.

For the first half of 2023, the Company delivered revenue of $1,440 million, up 13% year-on-year from $1,270 million, driven by increased activity. Revenue growth and strong cost performance led to an EBITDA of $677 million and net profit of $446 million, a year-on-year increase of 17% and 18% respectively, with improved margins. Free cash flow in the first half of 2023 stood at $371 million, a decrease from $533 million in the same period last year which benefited from the collection of long overdue receivables.

The Company's strong performance in the first half of 2023 was attributable to the full operational impact of eight world-class H&P FlexRigs© commissioned in stages over the course of 2022, the performance of one land rig acquired in the second quarter of 2023, and five newly purchased jack-up rigs entering operations during the second half of 2022. Moreover, Oilfield Services continued to deliver strong growth on the back of increased activity across the entire portfolio. Following the addition of one land rig during the second quarter, the fleet consisted of 116 owned rigs with an overall fleet availability at 96% at the end of June 2023.

USD Million	2Q23	2Q22	*YoY*	1Q23	*QoQ*		1H23	1H22	*YoY*
Revenue	**724**	**669**	**8%**	**716**	**1%**		**1,440**	**1,270**	**13%**
Opex[1]	(380)	(369)	3%	(383)	-1%		(763)	(690)	11%
EBITDA[2]	**344**	**300**	**15%**	**333**	**3%**		**677**	**580**	**17%**
Depreciation and amortization	(103)	(89)	16%	(102)	1%		(205)	(190)	8%
Finance cost – net	(13)	(7)	86%	(12)	8%		(26)	(11)	136%
Net profit	**228**	**204**	**12%**	**219**	**4%**		**446**	**379**	**18%**
EBITDA margin	48%	45%	3%	47%	1%		47%	46%	1%
Net profit margin	31%	31%	0%	31%	0%		31%	30%	1%
Cash from operating activities	395	205	93%	226	75%		621	818	-24%
Capital expenditure[3]	(181)	(207)	-13%	(76)	138%		(257)	(285)	-10%
Free cash flow	218	(2)	NM	153	42%		371	533	-30%
Total equity	3,036	2,850	7%	3,150	-4%		3,036	2,850	7%
Net debt[4]	1,217	888	37%	1,077	13%		1,217	888	37%
Earnings per share ($)	0.014	0.013	12%	0.014	4%		0.028	0.024	18%
Capital employed	4,706	4,477	5%	4,827	-3%		4,706	4,477	5%
Return on capital employed	19%	16%	3%	18%	1%		19%	16%	3%
Net debt to LTM EBITDA	0.9	0.8	0%	0.8	0%		0.9	0.8	0%
Leverage ratio	29%	24%	5%	25%	4%		29%	24%	5%
Return on equity	29%	25%	4%	27%	2%		29%	25%	4%

NM = 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	2Q23	2Q22	YoY	1Q23	QoQ		1H23	1H22	YoY
Revenue	346	383	-10%	355	-3%		701	702	0%
OPEX[1]	(188)	(195)	-4%	(182)	3%		(369)	(362)	2%
EBITDA[2]	158	188	-16%	173	-9%		332	340	-2%
Net profit	111	149	-26%	127	-13%		239	262	-9%

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

First Half (Year-on-Year Performance)

Onshore revenue remained broadly stable year-on-year amounting to $701 million in the first half of 2023. The positive revenue impact from the full contribution of eight H&P rigs acquired and put into operations over the course of 2022, along with an additional rig entering operations in the second quarter of this year was offset by lower year-on-year reimbursement of cost escalation claims, particularly due to a reduction of diesel prices.

Operating expenses increased marginally year-on-year to $369 million in the first half of 2023 from $362 million in the prior year period. The increase in operating expenses was driven by our rig fleet expansion, partly offset by successful cost management initiatives, a decrease in diesel prices from the same period last year and the impact from the revised allocation of overhead expenses. The allocation of overhead expenses to the various segments was re-assessed in the first quarter of 2023 and resulted in slightly lower cost allocation to the Onshore segment relative to the other segments.

The combination of stable revenue and slightly higher operating expenses led to a 2% year-on-year decrease in EBITDA to $332 million. The Company continues to seek out and identify areas to realize efficiencies and offset increasing costs, mainly through initiatives aimed at optimizing the number of crew on each rig, diesel consumption and equipment rentals.

Second Quarter (Year-on-Year Performance)

Second quarter revenue decreased 10% year-on-year to $346 million from $383 million, as last year was positively impacted by the recovery of higher fuel costs, in-line with contractual terms and international accounting standards. Moreover, revenue was affected by the slight decrease in Onshore rig fleet availability to 94% due to major maintenance and rig moves.

Operating expenses decreased to $188 million from $195 million in the same quarter last year driven by decreasing diesel costs and realized cost efficiency measures. Nonetheless, the drop in revenue resulted in a 16% year-on-year EBITDA decrease to $158 million from $188 million.

Second Quarter (Sequential Performance)

Second quarter revenue decreased 3% sequentially to $346 million from $355 million. The two additional days in the quarter and the rig integrated into operations were offset by lower reimbursement of cost escalation claims due to lower diesel prices.

Operating expenses increased 3% sequentially to $188 million from $182 million driven by the additional rig integrated into operations. As a result, EBITDA decreased 9% quarter-on-quarter to $158 million from $173 million.

Offshore Jack-up

USD Million	2Q23	2Q22	*YoY*	1Q23	*QoQ*		1H23	1H22	*YoY*
Revenue	192	144	33%	184	4%		376	288	31%
OPEX[1]	(66)	(78)	-15%	(79)	-16%		(147)	(137)	7%
EBITDA[2]	126	66	91%	105	20%		229	151	52%
Net profit	83	32	159%	62	34%		143	76	88%

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

First Half (Year-on-Year Performance)

The Offshore Jack-up segment delivered strong revenue growth of 31% to $376 million in the first half of 2023 from $288 million in the same period of last year, driven by the full contribution of five new jack-up rigs that went into operations over the course of 2022.

Operating expenses amounted to $147 million in the first half of 2023 an increase of 7% from $137 million a year-ago. This was due to the increased rig fleet size. In addition, the segment was also impacted by the previously mentioned policy for overhead cost allocations, which ultimately resulted in a higher allocation to the segment.

Driven by the significant revenue growth, EBITDA increased 52% year-on-year to $229 million from $151 million.

Second Quarter (Year-on-Year Performance)

Second quarter revenue increased 33% year-on-year to $192 million from $144 million. The increase in revenue was mainly attributable to higher activity driven by the five new jack-up rigs integrated into operation, and lower major maintenance activity.

Despite the larger fleet, operating expenses decreased 15% to $66 million in the second quarter of 2023, mainly due to a seasonal decrease in major maintenance activity. As a result, EBITDA grew 91% year-on-year to $126 million from $66 million of the same period of last year.

Second Quarter (Sequential Performance)

Second quarter revenue increased 4% sequentially to $192 million from $184 million, driven by two additional operating days in the quarter along with less major maintenance activity. For the first quarter of 2023, one rig underwent major maintenance and exceeded its allocation of maintenance days, which in turn led to a loss of day rate.

As a result of the lower major maintenance activity in the second quarter, operating expenses decreased 16% quarter-on-quarter to $66 million from $79 million. The revenue increase and the lower operating expenses positively impacted EBITDA in the period, leading to a sequential increase of 20% to $126 million from $105 million.

Offshore Island

USD Million	2Q23	2Q22	YoY	1Q23	QoQ		1H23	1H22	YoY
Revenue	52	51	2%	51	2%		103	101	2%
OPEX[1]	(20)	(22)	-9%	(19)	5%		(39)	(43)	-9%
EBITDA[2]	32	29	10%	32	0%		64	58	10%
Net profit	20	19	5%	20	0%		40	35	14%

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

First Half (Year-on-Year Performance)

Offshore Island revenue increased 2% year-on-year to $103 million from $101 million, mainly driven by mobilization revenue for the re-activated island rig which has been allocated to the Hail and Ghasha Project.

Segmental EBITDA increased from $58 million in the prior-year period to $64 million in the first half of 2023. This was due to a number of cost efficiency measures which include price negotiations on consumables and spare parts, coupled with a decrease in overhead costs allocated to the segment, following our revised policy.

Second Quarter (Year-on-Year Performance)

Second quarter revenue increased 2% year-on-year reaching $52 million, as a result of increased activity related to the Hail and Ghasha field.

Operating expenses decreased 9% year-on-year to $20 million for the second quarter of 2023, mainly due to the previously mentioned cost efficiency measures. As a result, EBITDA increased 10% to $32 million in the quarter.

Second Quarter (Sequential Performance)

Second quarter revenue increased 2% sequentially to $52 million, mainly driven by the two additional days in the second quarter. Segmental operating expenses marginally increased to $20 million, in-line with the increased number of operating days. As a result, EBITDA remained flat between both quarters at $32 million.

Oilfield Services

USD Million	2Q23	2Q22	YoY	1Q23	QoQ		1H23	1H22	YoY
Revenue	134	91	47%	126	6%		260	179	45%
OPEX[1]	(106)	(74)	43%	(103)	3%		(208)	(148)	41%
EBITDA[2]	28	17	65%	23	22%		52	31	68%
Net profit	14	4	250%	10	40%		24	6	300%

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

First Half (Year-on-Year Performance)

The Oilfield Services segment continues to deliver strong top-line growth posting $260 million revenue in the first half of 2023, a 45% year-on-year increase, on the back of increased activity volume across the entire portfolio.

Operating expenses increased 41% year-on-year to $208 million from $148 million, mainly due to increased activity levels, along with an inflationary trend on cost of materials, equipment and associated logistical costs. Moreover, part of the increase was due to equipment hire tied to frac activity. The segment was allocated overhead costs for the first time in the first quarter of 2023, as previously the segment was undergoing an expansionary phase.

EBITDA increased 68% to $52 million in the current period from $31 million a year ago, reflecting increased activity across the segment along with a more favorable product mix, leading to an improved EBITDA margin.

Second Quarter (Year-on-Year Performance)

Second quarter revenue increased 47% to $134 million from $91 million in the same period a year ago driven by increased volume across the entire portfolio. The growth was also driven by an increase in Integrated Drilling Services ("IDS") rigs from 36 rigs in the year-ago period to 40 rigs in the current period.

Operating expenses grew to $106 million, mainly due to a significant increase in activity levels, along with an inflationary trend on cost of materials, equipment and associated logistical costs. Strong revenue expansion led to a 65% year-on-year EBITDA growth to $28 million from $17 million in the second quarter of last year.

Second Quarter (Sequential Performance)

Second quarter revenue increased 6% sequentially to $134 million from $126 million, driven by our Tubular Running and Cementing Service lines.

Operating expenses increased 3% in the period to $106 million from $103 million, primarily driven by inflationary pressures on various material costs and was partly offset by a decrease in equipment hire in relation to our frac activity.

Overall, EBITDA increased 22% sequentially to $28 million in the second quarter of 2023 versus $23 million in the first quarter.

Operating Working Capital

USD Million	30 Jun 23	30 Jun 22	YoY	31 Mar 23	QoQ
Current Assets[1]	**1,141**	**1,110**	**3%**	**1,091**	**5%**
Inventories	188	147	28%	190	-1%
Trade & other receivables	145	118	23%	115	26%
Due from related parties	808	845	-4%	786	3%
Current Liabilities[2]	**750**	**732**	**2%**	**649**	**16%**
Trade & other payables	445	339	31%	397	12%
Due to related parties	305	393	-22%	252	21%
Operating Working Capital	**391**	**378**	**3%**	**442**	**-12%**

(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 $391 million, increasing 3% year-on-year due to increased activity levels. Nonetheless, this represented a 12% sequential decrease, mainly attributable to lower related party balances, driven by increased collections. This resulted in a decrease in net working capital as a percentage of revenue to 13% at the end of the second quarter from 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. The Company continues to expect further improvements in working capital to reach the target of 10% - 11% of revenue by the end of the year.

Free Cash Flow

USD Million	2Q23	2Q22	YoY	1Q23	QoQ		1H23	1H22	YoY
Cash from operating activities	395	205	93%	226	75%		621	818	-24%
Cash used in investing activities	(177)	(207)	-14%	(73)	142%		(250)	(285)	-12%
Free Cash Flow	**218**	**(2)**	**NM**	**153**	**42%**		**371**	**533**	**-30%**

NM = Not Meaningful

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

Free cash flow stood at $371 million in the first half of 2023, a 30% decrease from $533 million in the prior year.

The decrease was mainly attributable to the non-recurring resolution and collection of long overdue receivables in the first half of 2022. Moreover, the increasing activity levels have generally led to an increase in working capital balances, something the company is actively managing.

Free cash flow increased from $153 million in the first quarter of 2023 to $218 million in the second quarter mainly due to increased collections in the quarter. This was offset by an increase in capital expenditures in the second quarter of 2023 as we continue to execute on fleet expansion program. CapEx in the period was still lower than expected, driven by some phasing in the payments for rig acquisitions and an overall efficient acquisition campaign.

Balance Sheet

USD Million	30 Jun 23	30 Jun 22	YoY	31 Mar 23	QoQ
Total Assets	**5,456**	**5,224**	**4%**	**5,476**	**0%**
Non-current assets	3,988	3,475	15%	3,911	2%
Current Assets[1]	1,141	1,110	3%	1,091	5%
Assets Held for sale	11	-	100%	11	100%
Cash and cash equivalents	316	639	-51%	463	-32%
Total Liabilities	**2,420**	**2,374**	**2%**	**2,326**	**4%**
Non-current liabilities	144	1,627	-91%	143	1%
Current liabilities	2,276	747	205%	2,183	4%
Total Equity	**3,036**	**2,850**	**7%**	**3,150**	**-4%**
Share capital	436	436	0%	436	0%
Statutory reserve	140	60	133%	140	0%
Retained earnings	2,460	2,354	5%	2,574	-4%
Total Equity and Liabilities	**5,456**	**5,224**	**4%**	**5,476**	**0%**

(1) Excludes cash and bank balances

Total Assets for the period ending June 30, 2023, increased 4% year-on-year to $5,456 million from $5,224 million in period ending 30 June 2022. This was mainly due to an increase in non-current assets by 15% to $3,988 million from $3,475 million on the back of the new rig acquisitions associated with our fleet expansion program.

The increase in non-current assets was partly offset by a decrease in cash and cash equivalents balance to $316 million from $639 million in the year-ago period due to rig purchases tied to ADNOC Drilling's fleet expansion plans. As of June 30, 2023, the Company's liquidity headroom (including unutilized syndicated term and revolving facilities) amounted to $1,566 million.

Total liabilities decreased 2% to $2,420 million at the end of the second quarter from $2,374 million in the prior year period. The change was mainly due to a decrease in non-current liabilities from $1,627 million a year-ago to $144 million in the current period offset by an increase in current liabilities from $747 million a year-ago to $2,274 million in the same periods respectively.

As disclosed in the prior reporting periods, 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 would have only slightly increased due to related party balances which have grown in-line with the Company's increased activity levels.

Total Assets for the period ending June 30, 2023, decreased to $5,456 million from $5,476 million in period ending 31 March 2023. This was mainly due to the decrease in cash and cash equivalents balances to $316 million, a 32% decrease, as a result of the dividend distribution made in the second quarter of 2023 of $341 million. Non-current assets increased 2% to $3,988 million from 3,911 million on the back of the new land rig acquisitions made in the period.

Total liabilities increased 4% to $2,420 million at the end of the second quarter from $2,326 million in the prior quarter. The change was mainly due to an increase in current liabilities driven by increased related party balances which have grown in-line with the Company's increased activity levels.

Capital Expenditure

Capital expenditure (CapEx), including prepayments, totaled $181 million for the quarter ending June 30, 2023. This level was lower than expected due to some phasing in the payments for rig acquisitions and the continued delivery of an efficient acquisition programme, during which we have managed to achieve considerably lower acquisition prices than originally anticipated.

Pre-payments in the period were mostly associated with the purchase of offshore jack-up rigs.

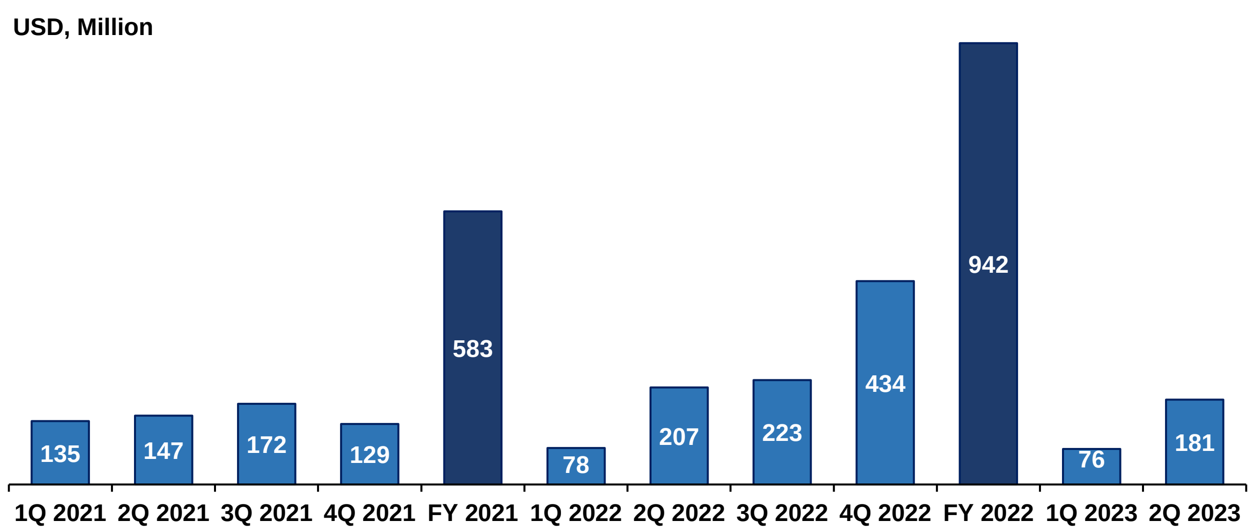
Rig purchases are usually spread out over at least two milestones with the first payment at signing of the sale and purchase agreement, whereas the final payment is then made on transfer of the title of the rig to the Company.

Over the course of the second quarter 2023, the company added one land rig to the fleet.

As our fleet expansion plan continues, CapEx is expected to grow in the second half of the year, compared to the first half.

Full year CapEx guidance of $1,300 – 1,750 million is confirmed, although we now anticipate spending CapEx at a level closer to the bottom end of the range as a result of net savings and increased forecasting visibility towards payments.

Quarterly and Annual Capital Expenditure



Operational Highlights

Drilling Services

USD Million	2Q23	2Q22	YoY	1Q23	QoQ	1H23	1H22	YoY
Fleet	**116**	**105**	**10%**	**115**	**1%**	**116**	**105**	**10%**
Onshore	75	71	6%	74	1%	75	71	6%
Offshore Jack-up	31	24	29%	31	-	31	24	29%
Offshore Island	10	10	-	10	-	10	10	-
Rented rigs	7	7	-	5	40%	7	7	-
Rigs Availability*	**96%**	**98%**	**-2%**	**95%**	**1%**	**96%**	**98%**	**-2%**
Onshore	94%	97%	*-3%*	93%	*1%*	94%	97%	-3%
Offshore Jack-up	100%	100%	-	97%	*3%*	100%	100%	-
Offshore Island	100%	100%	-	100%	-	100%	100%	-
Number of Wells Drilled*	**159**	**142**	**12%**	**142**	**12%**	**301**	**289**	**4%**
Onshore	133	118	*13%*	121	*10%*	254	246	*3%*
Offshore Jack-up	18	17	*6%*	14	*29%*	32	31	*3%*
Offshore Island	8	7	*14%*	7	*14%*	15	12	*25%*

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

The Company had a fleet of 116 owned rigs with availability of 96% in the first half of 2023 compared to a fleet of 105 owned rigs with 98% availability in the corresponding period of 2022. Operational highlights of note during the period are as follows:

- One land rig was integrated into the fleet in the second quarter.
- Achieved TRIR frequency of 0.46 against a target of 0.70 for the first half of 2023.
- Average rig move performance was 3.34 days for the first half of 2023.

2Q23 Highlights:

- Awarded $2 billion Offshore jack-up contracts for 5 rigs in support of ADNOC's accelerated production capacity growth.
- Completed drilling for the first fully sequestered CO2 injection well in a carbonate saline aquifer during the second quarter.
- AD-109 commenced batch-drilling in an onshore unconventional project.
- AD-33 commenced the first maximum reservoir contact well in the Hail & Ghasha.
- AD-68 delivered the world's longest extended reach well to a depth of 51,000 feet.
- Drilled longest 12 ¼ inch hole section in an offshore field at 9,410 feet.
- Drilled 8 ½ inch hole at a total depth of 27,500 feet (longest well in an offshore field).
- Performed the fastest rate of penetration (ROP) of 78 feet / hour for 8 ½ inch section through a rotary steerable system standalone bottom-hole assembly.
- Achieved the average ROP record for a deviated 16-inch hole section across an onshore field at 61.23 feet / hour.

Oilfield Services (OFS)

- Awarded of a five-year contract for the provision of Integrated Drilling Services (IDS) totaling $412 million.
- OFS performed IDS on 40 rigs in the second quarter, an order for extra 8 IDS rigs for ADNOC Onshore received.
- LTI and TRIR free across all OFS business segments for the first half of 2023.
- 13.8% improvement in 2Q23 IDS drilling efficiency versus the 2022 benchmark.
- 566 IDS wells were delivered since 2019 with 285 benchmarked wells delivered of which 211 wells were completed ahead of schedule and below budget.
- 84 wells delivered in the first half of 2023 with 34 benchmarked wells delivered of which 21 benchmarked wells were ahead of schedule and budget.
- ADNOC Drilling IDS drilled the longest 8 ½ inch hole section of 5,332 feet with the best 8 ½ inch ROP of 63 feet / hour in an offshore field; also, the longest 6-inch section in the same field of 11,014 feet. Delivered well total depth of 29,398 feet.

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 growth requires 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 fiscal year 2023 financial guidance is 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 Profit	**850 - 1,000**
Net Profit 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 brought 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.

In line with the Company's progressive dividend policy, the interim dividend for the current year is expected to increase by a minimum of 5% versus last year, continuing to demonstrate a commitment to sustained value creation for shareholders.

The interim dividend is expected to be announced in due course and distributed by the end of October 2023.

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 Monday, August 7, 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 June 30, 2023, was AED 3.56. In the period from April 1, 2023, through June 30, 2023, the share price traded in a range between AED 3.47 and AED 4.33. Market capitalization was AED 57.0 billion as of June 30, 2023, and an average of 5.1 million shares traded daily during the second quarter of 2023.

As of June 30, 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.

Third Quarter 2023 Results

We expect to announce our third quarter 2023 results on or around November 14, 2023.

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August 4, 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 consider 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 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.