



FIRST QUARTER 2022

Awilco Drilling PLC is a North Sea Drilling Contractor owning and operating two refurbished and enhanced UK compliant 3rd generation mid-water semi-submersible drilling rigs. The Company is listed at the Oslo Stock Exchange under the ticker code AWDR.

Q1 Report – Main Events

- A Sale and Purchase Agreement to recycle WilHunter was signed
- Negotiations with Well-Safe Solutions Ltd. for the sale of WilPhoenix commenced
- Preparations for the arbitration cases against Keppel FELS continued
- Awilco Drilling had no rig operations during the quarter

Key financial figures:

In USD million, except EPS

USD million	Q1 2022	Q4 2021	Q3 2021	2021
Contract revenue	-	1.0	7.4	33.1
Operating expenses	2.6	8.8	7.4	27.6
EBITDA	(6.2)	(10.4)	(3.1)	(6.9)
Net profit/(loss)	(6.6)	(61.1)	(4.6)	(72.2)
EPS (loss)	(0.12)	(1.12)	(0.08)	(1.32)
Total assets	18.6	26.2	87.6	26.2
Total equity	4.3	10.9	81.3	10.9

Financial Results – Quarter 1, 2022

Comprehensive Income Statement

Awilco Drilling ('the Company') reports total comprehensive loss for the first quarter 2022 of USD 6.6 million.

There was no revenue earned in the first quarter.

In the first quarter Awilco Drilling had rig operating expenses of USD 2.6 million. General and administration expenses were USD 3.6 million.

EBITDA for the first quarter was USD 6.2 million loss while the operating was USD 6.5 million.

Loss before tax was USD 6.6 million. The tax expense for the quarter was less than USD 0.1 million resulting in a net loss of USD 5.9 million. EPS (loss) for the first quarter was USD (0.12).

Statement on financial position

As of 31 March 2022, total assets amounted to USD 18.6 million. At the same date, Awilco Drilling had USD 1.9 million in cash and cash equivalents.

Operations and Contract Status

WilPhoenix

In Q1 2022 the WilPhoenix was warm stacked in Invergordon after completing operations for Ithaca in Q4 2021. After the end of the quarter, the Company signed a Memorandum of Agreement (MOA) for the sale of the WilPhoenix rig to Well-Safe Solutions Ltd. Expected time of delivery of the rig is on or around 1 June 2022.

WilHunter

During Q1 2022 the WilHunter remained cold stacked in Invergordon. During the quarter, the Company signed a Sale and Purchase Agreement with Rota Shipping Inc to recycle the rig at the Aliaga Shipyard in Turkey. The sale is expected to be concluded by mid-June 2022.

Funding Requirements

The Company has a cash balance at the end of the first quarter of USD 1.9 million. After the end of the quarter, the Company signed a short-term shareholder loan with Awilhelmsen Offshore AS and QVT Family Office Fund LP for a total of up to USD 4 million.

Capital Requirements and Dividend

Should the Company elect to enter into new investments, additional capital may be required. The Company is currently not in position to pay any dividends. However, the Company's intentions are to resume dividends if and when the Company again becomes cash-flow positive.

Organisation

At the end of Q1 2022, Awilco Drilling's Aberdeen based employees numbered 19. Awilco Drilling Pte. Ltd. offshore personnel numbered 22. The Awilhelmsen Group continues to supply some support personnel via a management agreement.

Market Outlook

A broad based recovery in rig markets globally is underway across all segments underpinned by reduced marketed supply and high commodity prices.

Contingent Liability

It is recognised that Keppel FELS has submitted claims in respect of amounts it considers recoverable due to termination provisions in the contracts for both Nordic Winter and Nordic Spring. Statement of claims have been received from Keppel FELS in the amount of Singapore Dollars 562.75 million (USD 424.9 million) for Awilco Rig 1 Pte. Ltd. and Singapore Dollars 356.18 million (USD 268.9 million) for Awilco Rig 2 Pte. Ltd. but these claims are strongly denied. Due to the non-recourse nature of the contracts, this is considered as a contingent liability only of the subsidiaries and not the parent company. No provision has been made. It is expected that the final arbitration outcome for Awilco Rig 1 Pte Ltd will be no earlier than Q4 2022. It is also expected that the arbitration outcome for Awilco Rig 2 Pte Ltd will be no earlier than Q2 2023.

Contingent Asset

Following the termination of Nordic Winter and Nordic Spring, the subsidiary companies, Awilco Rig 1 Pte. Ltd and Awilco Rig 2 Pte. Ltd. have entered arbitration with KFELS in respect of deposit and variation order payments. A total amount of USD 97.7 million is considered to be recoverable and is therefore disclosed as a contingent asset.

Statement of Responsibility

We confirm that, to the best of our knowledge, the condensed set of financial statements for the first quarter of 2022, which has been prepared in accordance with IAS 34 Interim Financial Statements, gives a true and fair view of the Company's consolidated assets, liabilities, financial position and results of operations, and that the interim management report includes a fair review of the information required under the Norwegian Securities Trading Act section 5-6 fourth paragraph.

Subsequent Events

During May 2022, the Company announced that its fully owned subsidiary Awilco Drilling Offshore (UK) Limited signed a Memorandum of Agreement (MOA) for the sale of the WilPhoenix rig to Well-Safe Solutions Ltd. The agreed purchase price is USD 15.5 million. Expected time of delivery of the rig is on or around 1 June 2022.

Also during May 2022, the Company announced that it signed a short-term shareholder loan with Awilhelmsen Offshore AS and QVT Family Office Fund LP. The loan is for a total of up to USD 4 million, structured as a draw-down facility, with interest rate of 10 percent per annum on the aggregated outstanding principal amount. In addition, there is an arrangement fee of 2 percent on the total amount. Maturity date for the loan is 1 July 2022. The loan shall be used for general working capital purposes.

Aberdeen, 24 May 2022

The Board of Directors of Awilco Drilling PLC

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Company background

Awilco Drilling was incorporated in December 2009. Awilco Drilling owns two semi submersible drilling rigs; WilPhoenix built in 1982 and upgraded in 2011 and WilHunter built in 1983 and upgraded in 1999 and 2011.

Awilco Drilling was listed on the Oslo Stock Exchange (Oslo Axess) in June 2011 under ticker code AWDR and transferred to the Oslo Stock Exchange main list early September 2018. Awilco Drilling's headquarters are located in Aberdeen, UK.

The total number of outstanding shares of Awilco Drilling at the date of this report is 54,581,500 .

www.awilcodrilling.com

Forward Looking Statements

This Operating and Financial Review contains certain forward-looking statements that involve risks and uncertainties. Forward-looking statements are sometimes, but not always, identified by such phrases as “will”, “expects”, “is expected to”, “should”, “may”, “is likely to”, “intends” and “believes”. These forward-looking statements reflect current views with respect to future events and are, by their nature, subject to significant risks and uncertainties because they relate to events and depend on circumstances that will occur in the future. These statements are based on various assumptions, many of which are based, in turn, upon further assumptions, including Awilco Drilling’s examination of historical operating trends. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements, including the competitive nature of the offshore drilling industry, oil and gas prices, technological developments, government regulations, changes in economical conditions or political events, inability of the Company to obtain financing on favourable terms, changes of the spending plan of our customers, changes in the Company’s operating expenses including crew wages, insurance, dry-docking, repairs and maintenance, failure of shipyards to comply with delivery schedules on a timely basis and other important factors mentioned from time to time in our report.

Condensed statement of comprehensive income

in USD thousands, except earnings per share

	Q1 2022 (unaudited)	Q1 2021 (unaudited)
Contract revenue	-	12,466
Reimbursables	-	155
Other revenue	-	19
	<u>-</u>	<u>12,640</u>
Rig operating expenses	2,611	5,162
Reimbursables	-	24
General and administrative expenses	3,625	3,762
Depreciation	17	2,485
Impairment	205	-
	<u>6,458</u>	<u>11,433</u>
Operating (loss)/profit	<u>(6,458)</u>	<u>1,207</u>
Interest income	0	-
Interest expense	(8)	(16)
Other financial items	(123)	88
Net financial items	<u>(131)</u>	<u>72</u>
(Loss)/Profit before tax	(6,589)	1,279
Tax expense	-	(1)
Net (loss)/profit	<u>(6,589)</u>	<u>1,278</u>
Total comprehensive (loss)/profit	<u>(6,589)</u>	<u>1,278</u>
Attributable to shareholders of the parent	(6,589)	1,278
Basic and diluted (loss)/profit per share	(0.12)	0.02

Condensed statement of financial position

in USD thousands

	<u>31.03.2022</u>	<u>31.03.2021</u>
	(unaudited)	(unaudited)
Rigs, machinery and equipment	15,747	64,482
Right-of-use asset	-	1,016
Deferred tax asset	-	15
	<u>15,747</u>	<u>65,513</u>
Trade and other receivables	269	4,711
Prepayments and accrued revenue	542	4,873
Inventory	159	3,026
Cash and cash equivalents	1,911	13,195
	<u>2,881</u>	<u>25,805</u>
Total assets	<u><u>18,628</u></u>	<u><u>91,318</u></u>
Paid in capital	218,905	218,905
Retained earnings	(214,596)	-141,758
	<u>4,309</u>	<u>77,147</u>
Trade and other creditors	743	1,139
Accruals and provisions	4,325	5,708
Current tax payable	9,251	66
	<u>14,319</u>	<u>6,913</u>
Total equity and liabilities	<u>18,628</u>	<u>84,060</u>

**Condensed statement of changes in equity for the period from
1st January 2021 to 31 March 2022**

in USD thousands

	Paid-in-equity	Other equity (retained earnings)	Total equity
Equity at 1 January 2021	218,905	(135,778)	83,127
Total comprehensive loss to 31 December 2021	-	(72,229)	(72,229)
Balance as at 31 December 2021	218,905	(208,007)	10,898
Total comprehensive loss to 31 March 2022	-	(6,589)	(6,589)
Balance as at 31 March 2022	218,905	(214,596)	4,309

Condensed statement of cash flow for the period

in USD thousands

	Q1 2022 (unaudited)	Q1 2021 (unaudited)
Cash flow from operating activities		
Profit/(Loss) before tax	(6,589)	1,279
Depreciation	17	2,485
Interest cost	8	16
Sharebased payment	-	(10)
Decrease in trade and other receivables	(254)	(231)
Decrease/(Increase) in stock	(44)	-
Decrease in prepayments and accrued revenue	82	(2,063)
Decrease/(increase) in trade and other payables	(902)	(2,762)
Interest paid	(8)	(16)
Interest received	0	-
Net cash flow from operating activities	(7,690)	(1,302)
Cash flow from investing activities		
Purchase of property, plant and equipment	-	(87)
Net cash flow from investing activities	0	(87)
Cash flow from financing activities		
Payment of principal portion of lease liabilities	(84)	(154)
Net cash flow from financing activities	(84)	(154)
Net increase/(decrease) in cash and cash equivalents	(7,774)	(1,543)
Cash and cash equivalents at beginning of the period	9,685	14,738
Cash and cash equivalents at the end of the period	1,911	13,195

SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

Basis of preparation

These unaudited interim condensed financial statements have been prepared in accordance with IAS 34 “Interim financial reporting”.

Significant accounting policies

The accounting policies used in the preparation of the interim financial statements are consistent with those used in the annual audited financial statements for the year ended December 31, 2021. This interim report should be read in conjunction with the audited 2021 financial statements, which include a full description of the Group’s significant accounting policies.

Notes

Note 1 - Rigs, machinery and equipment

in USD thousands

	Semi submersible drilling rigs/SPS	Assets Under Construction	Other fixtures and equipment	Total
Cost				
Opening balance 1 January 2022	310,189	111,280	2,016	423,485
Additions	205	-	-	205
Closing balance	310,394	111,280	2,016	423,690
Depreciation				
Opening balance 1 January 2022	(294,844)	(111,280)	(1,597)	(407,721)
Depreciation charge	-	-	(17)	(17)
Impairment	(205)	-	-	(205)
Accumulated depreciation per ending balance	(295,049)	(111,280)	(1,614)	(407,943)
Net carrying amount at end of period	15,345	0	402	15,747
Expected useful life	5-20 years		3-10 years	
Depreciation rates	5% - 20%		10% - 33%	
Depreciation method	Straight line		Straight line	

Note 2 - Related party transactions

in USD thousands

Transactions with Awilhelmsen are specified as follows:

	YTD Q1 2022
Purchases	(249)
Payables	(249)

Note 3 - Segment information

The company owns the semi submersible rigs WilHunter and WilPhoenix. Currently, the company is only operating in the mid water segment in the UK sector of the North Sea. The potential market for the rigs will be the international drilling market. As the rigs are managed as one business segment, the Company has only one reportable segment.

Note 4 - Corporation taxes

Corporation tax provision is based on the tax laws and rates in the countries the rigs are operated and where the rigs are owned. During Q1 the average tax rates have been applied consistent with the prevailing average tax rate for the year.

Note 5 - Capital commitments

There were no outstanding Capital Commitments as at the end of Quarter 1.

Note 6 - Share capital

As of 31 March 2022 total outstanding shares in the Company was 54,581,500 with a nominal value per share of GBP 0.0065. The share capital and share premium reserve below are expressed in USD at the exchange rate at time of conversion from USD to GBP.

	Shares	Par value per share	Share capital	Share premium reserve
Share capital per 31 March 2022	54,581,500	£0.0065	524,699	218,380,597
Basic/diluted average number of shares, 1 January - 31 March	54,581,500			
Basic/diluted average number of shares, YTD	54,581,500			

Ranking	Shares	Ownership
AWILHELMSSEN OFFSHORE AS	20,240,814	37.1%
Pershing LLC	10,906,647	20.0%
AKASTOR AS	3,049,673	5.6%
Euroclear Bank S.A./N.V.	2,146,616	3.9%
Skandinaviska Enskilda Banken AB	2,000,000	3.7%
Citibank, N.A.	1,836,136	3.4%
State Street Bank and Trust Comp	1,604,279	2.9%
Bank of America, N.A.	1,036,167	1.9%
Northern Trust Global Services SE	848,319	1.6%
Avanza Bank AB	786,612	1.4%
Nordnet Bank AB	570,483	1.0%
Citibank, N.A.	506,007	0.9%
CLEARSTREAM BANKING S.A.	504,740	0.9%
TVECO AS	500,000	0.9%
EIDE	489,444	0.9%
Merrill Lynch Professional Clearin	453,091	0.8%
BNP Paribas	417,057	0.8%
Danske Bank A/S	377,585	0.7%
NORDNET LIVSFORSIKRING AS	229,891	0.4%
DZ Privatbank S.A.	209,272	0.4%
Other	5,868,667	10.8%
	<u>54,581,500</u>	<u>100.00%</u>

Note 7 - Subsequent events

During May 2022, the Company announced that its fully owned subsidiary Awilco Drilling Offshore (UK) Limited signed a Memorandum of Agreement (MOA) for the sale of the WilPhoenix rig to Well-Safe Solutions Ltd. The agreed purchase price is USD 15.5 million. Expected time of delivery of the rig is on or around 1 June 2022

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