



SECOND QUARTER 2022

Awilco Drilling PLC is a North Sea Drilling Contractor listed at the Oslo Stock Exchange under the ticker code AWDR.

Q2 Report – Main Events

- Awilco Drilling had no rig operations during the quarter
- The sale of the WilHunter for recycling was concluded
- The sale of the WilPhoenix to Well-Safe Solutions Ltd. was concluded
- The short-term shareholder loan with Awilhelmsen Offshore AS and QVT Family Office Fund LP was redeemed
- Preparations for the arbitration cases against Keppel FELS continued

Key financial figures:

In USD million, except EPS

USD million	Q2 2022	Q1 2022	Q4 2021	2021
Contract revenue	-	-	1.0	33.1
Operating expenses	2.5	2.6	8.8	27.6
EBITDA	(7.9)	(6.2)	(10.4)	(6.9)
Net loss	(5.1)	(6.6)	(61.1)	(72.2)
EPS (loss)	(0.09)	(0.12)	(1.12)	(1.32)
Total assets	13.7	18.6	26.2	26.2
Total equity	(0.8)	4.3	10.9	10.9

Financial Results – Quarter 2, 2022

Comprehensive Income Statement

Awilco Drilling ('the Company') reports total comprehensive loss for the second quarter 2022 of USD 5.1 million.

There was no revenue earned in the second quarter.

In the second quarter Awilco Drilling had rig operating expenses of USD 2.5 million. General and administration expenses were USD 5.5 million. There was a gain on disposal of property, plant and equipment of USD 2.9 million.

EBITDA for the second quarter was USD 7.9 million loss while the operating loss was USD 5.1 million.

Loss before tax was USD 5.1 million. There was no tax expense for the quarter resulting in a net loss of USD 5.1 million. EPS (loss) for the second quarter was USD (0.09).

Statement on financial position

As of 30 June 2022, total assets amounted to USD 13.7 million. At the same date, Awilco Drilling had USD 10.5 million in cash and cash equivalents.

Rig Sales

WilPhoenix

The WilPhoenix rig was delivered to Well-Safe Solutions Ltd. on 8 June 2022.

WilHunter

The sale of WilHunter for environmentally responsible recycling in Turkey was concluded on 22 June 2022.

Funding Requirements

The Company has a cash balance at the end of the second quarter of USD 10.5 million and no outstanding debt. The short-term shareholder loan with Awilhelmsen Offshore AS and QVT Family Office Fund LP of USD 4 million was redeemed on 9 June. The remaining arbitration costs may exceed the Company's current cash balance if both cases run to their current timetable. If new funding is necessary, this is expected to be required by October 2022. Potential financing alternatives are being explored. Awilhelmsen Offshore AS and QVT Family Office Fund LP remain committed to enable Awilco Rig 1 Pte. Ltd and Awilco Rig 2 Pte. Ltd to pursue the arbitration cases to their conclusion.

Organisation

At the end of Q2 2022, Awilco Drilling's Aberdeen based employees numbered 12. The Awilhelmsen Group continues to supply some support personnel via a management agreement.

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 Keppel FELS 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.

Reporting Schedule

Due to the nature of the Company's remaining business, i.e. the arbitration cases, the Board of Directors has resolved that the Company from now and onwards will provide half-yearly financial reporting to the market. Reference is made to the Oslo Stock Exchange's Oslo Rule Book II – Issuer Rules dated 1 March 2022, Chapter 4.3.1 Annual Reports and Half-Yearly Reports, and Sections 5-5 and 5-6 of the Securities Trading Act.

Statement of Responsibility

We confirm that, to the best of our knowledge, the condensed set of financial statements for the second 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.

Aberdeen, 8 August 2022

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Company background

Awilco Drilling was incorporated in December 2009 and listed on the Oslo Stock Exchange (Oslo Axess) in June 2011 under ticker code AWDR. The Company 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

	Q2 2022	YTD	Q2 2021	YTD
	(unaudited)	30.06.22 (unaudited)	(unaudited)	30.06.21 (unaudited)
Contract revenue	-	-	11,633	24,099
Reimbursables	-	-	308	463
Other revenue	-	-	17	36
	<u>-</u>	<u>-</u>	<u>11,958</u>	<u>24,598</u>
Rig operating expenses	2,463	5,073	6,280	11,442
Reimbursables	-	-	41	65
General and administrative expenses	5,458	9,083	2,675	6,437
Depreciation	17	35	1,417	3,901
Impairment	-	205	-	-
Net gain on disposal of property, plant and equipment	(2,872)	(2,872)	-	-
	<u>5,067</u>	<u>11,525</u>	<u>10,413</u>	<u>21,845</u>
Operating (loss)/profit	<u>(5,067)</u>	<u>(11,525)</u>	<u>1,545</u>	<u>2,752</u>
Interest income	5	5	-	-
Interest expense	(24)	(32)	(16)	(32)
Other financial items	8	(115)	40	128
Net financial items	<u>(11)</u>	<u>(142)</u>	<u>24</u>	<u>96</u>
(Loss)/Profit before tax	(5,077)	(11,666)	1,569	2,848
Tax expense	-	-	(1)	(2)
Net (loss)/profit	<u>(5,077)</u>	<u>(11,666)</u>	<u>1,568</u>	<u>2,846</u>
Total comprehensive (loss)/profit	<u>(5,077)</u>	<u>(11,666)</u>	<u>1,568</u>	<u>2,846</u>
Attributable to shareholders of the parent	(5,077)	(11,666)	1,568	2,846
Basic and diluted (loss)/profit per share	(0.09)	(0.21)	0.03	0.05

Condensed statement of financial position

in USD thousands

	<u>30.06.2022</u>	<u>30.06.2021</u>
	(unaudited)	(unaudited)
Rigs, machinery and equipment	384	63,146
Right-of-use asset	-	936
Deferred tax asset	-	12
	<u>384</u>	<u>64,094</u>
Trade and other receivables	-	4,533
Prepayments and accrued revenue	2,844	4,522
Inventory	-	3,267
Cash and cash equivalents	10,474	15,373
	<u>13,318</u>	<u>27,695</u>
Total assets	<u><u>13,702</u></u>	<u><u>91,789</u></u>
Paid in capital	218,905	218,905
Retained earnings	(219,673)	(132,932)
	<u>(768)</u>	<u>85,973</u>
Trade and other creditors	959	1,456
Accruals and provisions	4,358	4,360
Current tax payable	9,153	-
	<u>14,470</u>	<u>5,816</u>
Total equity and liabilities	<u>13,702</u>	<u>91,789</u>

**Condensed statement of changes in equity for the period from
1st January 2021 to 30 June 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 30 June 2022	-	(11,666)	(11,666)
Balance as at 30 June 2022	218,905	(219,673)	(768)

Condensed statement of cash flow for the period

in USD thousands

	YTD Q2 2022 (unaudited)	YTD Q2 2021 (unaudited)
Cash flow from operating activities		
(Loss)/profit before tax	(11,666)	2,848
Depreciation	35	3,901
Net gain on disposal of property, plant and equipment	(2,872)	-
Impairment	205	-
Interest cost	(10)	32
Sharebased payment	-	(29)
Decrease in trade and other receivables	15	(53)
Decrease/(Increase) in stock	115	(240)
Decrease in prepayments and accrued revenue	(2,181)	(1,722)
Decrease/(increase) in trade and other payables	(569)	(3,610)
Interest paid	(32)	(32)
Interest received	5	-
Taxation paid	(98)	(65)
Net cash flow from operating activities	(17,055)	1,030
Cash flow from investing activities		
Purchase of property, plant and equipment	-	(87)
Disposal of property, plant and equipment	(205)	-
Proceeds from sale of property, plant and equipment	18,217	-
Net cash flow from investing activities	18,012	(87)
Cash flow from financing activities		
Payment of principal portion of lease liabilities	(167)	(308)
Net cash flow from financing activities	(167)	(308)
Net increase/(decrease) in cash and cash equivalents	789	635
Cash and cash equivalents at beginning of the period	9,685	14,738
Cash and cash equivalents at the end of the period	10,474	15,373

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
Disposals	(310,394)	(111,280)	-	(421,674)
Closing balance	-	-	2,016	2,016
Depreciation				
Opening balance 1 January 2022	(294,844)	(111,280)	(1,597)	(407,721)
Depreciation charge	-	-	(35)	(35)
Impairment	(205)	-	-	(205)
Disposals	295,049	111,280	-	406,329
Accumulated depreciation per ending balance	-	-	(1,632)	(1,632)
Net carrying amount at end of period	0	0	384	384
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 Q2 2022
Purchases	(433)
Payables	(218)

Note 3 - Segment information

The company has had no rig operations during the year.

Note 4 - Corporation taxes

Corporation tax provision is based on the tax laws and rates in the countries where the rigs were formerly operated. During Q2 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 2

Note 6 - Share capital

As of 30 June 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 30 June 2022	54,581,500	£0.0065	524,699	218,380,597
Basic/diluted average number of shares, 1 January - 30 June	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	11,089,012	20.3%
AKASTOR AS	3,049,673	5.6%
Euroclear Bank S.A./N.V.	2,142,616	3.9%
Skandinaviska Enskilda Banken AB	2,000,000	3.7%
Citibank, N.A.	1,834,536	3.4%
State Street Bank and Trust Comp	1,566,179	2.9%
Bank of America, N.A.	888,330	1.6%
Northern Trust Global Services SE	848,319	1.6%
Avanza Bank AB	748,734	1.4%
CLEARSTREAM BANKING S.A.	520,069	1.0%
Citibank, N.A.	510,457	0.9%
TVECO AS	500,000	0.9%
Merrill Lynch Professional Clearin	453,091	0.8%
Nordnet Bank AB	446,902	0.8%
BNP Paribas	417,057	0.8%
NORDNET LIVSFORSIKRING AS	353,427	0.6%
CAMACA AS	330,051	0.6%
Danske Bank A/S	319,385	0.6%
DZ Privatbank S.A.	209,272	0.4%
Other	6,113,576	11.2%
	<u>54,581,500</u>	<u>100.00%</u>