



HALF YEAR 2023

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

Half Year Report – Main Events

- The recycling of the WilHunter rig was successfully concluded
- Tribunal decision ruling received resulting in an adverse award for Awilco Rig 1 Pte Ltd
- A further short-term shareholder loan facility with Awilhelmsen Offshore AS was agreed, and later redeemed in July
- Preparations for and participation in the remaining arbitration case against Keppel FELS
- Successful completion of raising USD 8.1 million through Private Placement

Key financial figures:

In USD million, except EPS

USD million	H1 2023	Q4 2022	2022
Contract revenue	-	-	-
Operating expenses	-	0.0	4.9
EBITDA	(11.2)	(5.4)	(25.1)
Net profit/(loss)	(11.1)	(19.2)	(36.2)
EPS (loss)	(2.47)	(0.40)	(0.68)
Total assets	2.8	11.5	11.5
Total equity	(138.0)	(4.4)	(4.4)

Financial Results – Half Year, 2023

Comprehensive Income Statement

Awilco Drilling ('the Company') reports a total comprehensive loss for the first half 2023 of USD 11.1 million.

There was no revenue earned in the first half of the year.

In the first half of the year Awilco Drilling had general and administration expenses of USD 11.2 million.

Other financial items show a credit of USD 0.1 million, mainly due to the reassessment of the office lease liability.

Loss before tax was USD 11.1 million. There was no tax expense for the first half of the year resulting in a net loss of USD 11.1 million. EPS (loss) for the first half of the year was USD (2.47).

Statement on financial position

As of 30 June 2023, total assets amounted to USD 2.8 million. At the same date, Awilco Drilling had USD 2.5 million in cash and cash equivalents.

Funding Requirements

The Company has a cash balance at the end of the first half of the year of USD 2.5 million and an outstanding balance of USD 4.0 million on the short-term shareholder loan with Awilhelmsen Offshore AS. The shareholder loan was redeemed on 11 July.

Following the successful completion of the private placement, gross proceeds of approximately USD 8.1 million were raised by allocation of 9,680,040 Offer Shares at a price per Offer Share of NOK 9.

The net proceeds from the Private Placement will be used to finance the costs of Awilco Drillings' remaining arbitration case concerning Rig 2 against Keppel FELS Limited, the outcome of which is expected to be received no earlier than Q4 2023 or Q1 2024.

Organisation

At the end of Q2 2023, Awilco Drilling's Aberdeen based employees numbered 6. The Awilhelmsen Group continues to supply some support personnel via a management agreement.

Contingent Liability

It is recognised that Keppel FELS has submitted a claim in respect of an amount it considers recoverable due to termination provisions in the contracts for Nordic Spring. A statement of claim was received from Keppel FELS in the amount of Singapore Dollars 356.18 million (USD 268.9 million) for Awilco Rig 2 Pte. Ltd. but this claim is strongly denied. Due to the non-recourse nature of the contracts, this is considered as a contingent liability only of the subsidiary and not the parent company. No provision has been made. It is expected that the final arbitration outcome for Awilco Rig 2 Pte Ltd including any appeal process, will be no earlier than Q4 2023 or Q1 2024.

Contingent Asset

Following the termination of Nordic Spring, the subsidiary company, Awilco Rig 2 Pte. Ltd. has entered an arbitration with Keppel FELS in respect of deposit and variation order payments. A total amount of USD 43.0 million, plus interest and costs 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 second quarter of 2023, 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 July, a total of 9,680,040 new shares were issued following the successful placement of Sponsored Norwegian Depositary Receipts (SNDR's) in a private placement in the Company at a subscription price of NOK 9 per SNDR. Following the issuance of the new shares, Awilco Drilling has a share capital of GBP 9,196,677.75 divided into 14,148,735 shares, each with a nominal value of GBP 0.65.

During July, an EGM was held with all resolutions approved, including a special resolution to reduce the nominal value of each issued fully paid up share from GBP 0.65 to GBP 0.02.

Also during July, the Company issued 9,680,040 Warrants to the subscribers of the Private Placement. Each Warrant will give the investor the right, but not the obligation, to subscribe for one SNDR at a price of NOK 1 per SNDR, subject to the Company undertaking a prior reduction of capital.

During August, the Company resolved to proceed with the Subsequent offering. The Subsequent Offering will comprise an offer of up to 469,400 Offer Shares, which may raise total gross proceeds of the NOK equivalent of up to USD 0.4 million.

Aberdeen, 30 August 2023

The Board of Directors of Awilco Drilling PLC

CEO:

Eric Jacobs

Phone: + 44 1224 737900

Investor Relations:

Cathrine Haavind

Mobile: +47 93 42 84 64

E-mail: ch@awilcodrilling.com

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 and transferred to Oslo Euronext Growth in December 2022. 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 14,148,735.

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

	YTD 30.06.23 (unaudited)	YTD 30.06.22 (unaudited)
Rig operating expenses	(10)	5,073
General and administrative expenses	11,248	9,083
Depreciation	-	35
Impairment	-	205
Net gain on disposal of property, plant and equipment	12	(2,872)
	<u>11,250</u>	<u>11,525</u>
Operating loss	<u>(11,250)</u>	<u>(11,525)</u>
Interest income	66	5
Interest expense	(18)	(32)
Other financial items	143	(115)
Net financial items	<u>191</u>	<u>(142)</u>
Loss before tax	(11,059)	(11,666)
Tax expense	-	-
Net loss	<u>(11,059)</u>	<u>(11,666)</u>
Total comprehensive loss	<u>(11,059)</u>	<u>(11,666)</u>
Attributable to shareholders of the parent	(11,059)	(11,666)
Basic and diluted loss per share *	(2.47)	(2.61)

* A reverse share split was undertaken during 2022, and as a result, the weighted average number of shares for the purposes of determining EPS has been retrospectively restated.

Condensed statement of financial position

in USD thousands

	30.06.2023	30.06.2022
	(unaudited)	(unaudited)
Rigs, machinery and equipment	-	384
	<u>-</u>	<u>384</u>
Trade and other receivables	8	-
Prepayments and accrued revenue	285	2,844
Cash and cash equivalents	2,494	10,474
	<u>2,787</u>	<u>13,318</u>
Total assets	<u>2,787</u>	<u>13,702</u>
Paid in capital	226,408	218,905
Retained earnings	(364,422)	(219,673)
	<u>(138,014)</u>	<u>(768)</u>
Shareholder loan	4,000	-
Trade and other creditors	1,402	959
Accruals and provisions	126,246	4,358
Current tax payable	9,153	9,153
	<u>140,801</u>	<u>14,470</u>
Total equity and liabilities	<u>2,787</u>	<u>13,702</u>

**Condensed statement of changes in equity for the period from
1st January 2022 to 30 June 2023**

in USD thousands

	Paid-in-equity	Other equity (retained earnings)	Total equity
Equity at 1 January 2022	218,906	(208,007)	10,899
Equity issue at 22 December 2022	7,852	-	7,852
Equity issue costs at 22 December 2022	(350)	-	(350)
Total comprehensive loss to 31 December 2022	-	(145,356)	(145,356)
Balance as at 31 December 2022	226,408	(353,363)	(126,955)
Total comprehensive loss to 30 June 2023	-	(11,059)	(11,059)
Balance as at 30 June 2023	226,408	(364,422)	(138,014)

Condensed statement of cash flow for the period

in USD thousands

	YTD Q2 2023 (unaudited)	YTD Q2 2022 (unaudited)
Cash flow from operating activities		
Profit/(Loss) before tax	(11,059)	(11,666)
Depreciation	-	35
Net loss/(gain) on disposal of property, plant and equipment	12	(2,872)
Impairment	-	205
Interest cost	(48)	(10)
Decrease in trade and other receivables	(5)	15
Decrease/(Increase) in stock	-	115
Decrease in prepayments and accrued revenue	2,347	(2,181)
Decrease/(increase) in trade and other payables	101	(569)
Interest paid	(18)	(32)
Interest received	66	5
Taxation paid	(21)	(98)
Net cash flow from operating activities	(8,625)	(17,055)
Cash flow from investing activities		
Disposal of property, plant and equipment	-	(205)
Proceeds from sale of property, plant and equipment	-	18,217
Net cash flow from investing activities	0	18,012
Cash flow from financing activities		
Issue of loans	4,000	-
Repayment of loans	(1,500)	-
Payment of principal portion of lease liabilities	(261)	(167)
Net cash flow from financing activities	2,239	(167)
Net increase/(decrease) in cash and cash equivalents	(6,386)	789
Cash and cash equivalents at beginning of the period	8,880	9,685
Cash and cash equivalents at the end of the period	2,494	10,474

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, 2022. 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 - Related party transactions

in USD thousands

Transactions with Awilhelmsen are specified as follows:

	<u>YTD Q2 2023</u>
Sales	
Purchases	(203)
Loan Interest	(40)
Payables	(98)

Note 2 - Share capital

As of 30 June 2023 total outstanding shares in the Company was 4,468,695 with a nominal value per share of GBP 0.65. 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 2023	4,468,695	£0.65	3,581,230	223,177,679
Basic/diluted average number of shares, 1 January - 30 June	4,468,695			
Basic/diluted average number of shares, YTD	4,468,695			

Ranking	Shares	Ownership
AWILHELMSEN OFFSHORE AS	2,257,777	50.5%
State Street Bank and Trust Comp	1,019,000	22.8%
AKASTOR AS	305,097	6.8%
The Bank of New York Mellon SA/NV	229,146	5.1%
Skandinaviska Enskilda Banken AB	220,000	4.9%
Pershing LLC	110,874	2.5%
CAMACA AS	55,455	1.2%
BOJO INDUSTRIES AS	22,927	0.5%
FIDUCIA AS	20,000	0.4%
Citibank, N.A.	18,961	0.4%
ASK MEDIA AS	11,957	0.3%
AVARUS HOLDING AS	10,000	0.2%
Avanza Bank AB	9,532	0.2%
CLEARSTREAM BANKING S.A.	8,823	0.2%
Citibank, N.A.	7,635	0.2%
Nordnet Bank AB	6,801	0.2%
OLSBORG	6,405	0.1%
ACIER AS	5,940	0.1%
NORDNET LIVSFORSIKRING AS	5,890	0.1%
ARNE HELLESTØ AS	5,605	0.1%
Other	130,870	2.9%
	<u>4,468,695</u>	<u>100.00%</u>

Note 3 - Subsequent events

During July, a total of 9,680,040 new shares were issued following the successful placement of Sponsored Norwegian Depositary Receipts (SNDR's) in a private placement in the Company at a subscription price of NOK 9 per SNDR. Following the issuance of the new shares, Awilco Drilling has a share capital of GBP 9,196,677.75 divided into 14,148,735 shares, each with a nominal value of GBP 0.65.

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