



AQUADRILL LLC REPORTS FULL YEAR 2021 RESULTS

LONDON, United Kingdom – April 27, 2022 – Aquadrill LLC provides full year 2021 financial results, comprised of the Predecessor period, from January 1, 2021 through and including May 24, 2021, and the Successor period, from May 25, 2021 through December 31, 2021.

- Total contract revenues for 2021 were \$56.6 million for the Successor period and \$53.1 million for the Predecessor period compared to \$525.9 million for 2020;
- Vessel and rig operating expenses in 2021 were \$112.1 million for the Successor period and \$55.0 million for the Predecessor period compared to \$255.9 million for 2020;
- Net loss for the Successor period was \$61.8 million and net income of \$2,065.2 million for the Predecessor period compared to a net loss of \$4,588.9 million for 2020;
- Adjusted EBITDA for 2021 was \$62.0 million loss for the Successor period, \$14.8 million loss for the Predecessor period and \$76.8 million loss for the combined Successor and Predecessor periods;
- In February 2022, the 6th generation semi-submersible *Leo* was sold for \$14.0 million;
- The 7th generation drillship *Auriga* has completed its upgrade to managed pressure drilling capability and commenced its contract in the US Gulf of Mexico in March 2022; and
- The 7th generation drillship *Vela* and the 6th generation drillship *Capella* transitioned to their respective new managers from Seadrill Ltd. in March 2022.

We present the Successor and Predecessor periods of 2021 on a combined basis below to provide a more meaningful comparison of the 2021 financial results to the comparable period in 2020.

Total contract revenues for 2021 were \$109.7 million compared to \$525.9 million in 2020. The reduction is primarily due to:

1. Idle time for the *Auriga*, *Aquarius* and *Polaris* (\$250.3 million);
2. Fewer days on contract for the *Vela* and *Capella* (\$108.9 million); and
3. The *Vela* working at a lower dayrate (\$53.9 million).

These reductions were partially offset by the *Capella* working at a higher dayrate than in 2020 (\$21.6 million).

Total vessel and rig operating expenses for 2021 were \$167.1 million compared to \$255.9 million in 2020. The reduction in vessel and rig operating expenses was primarily related to \$75.5 million for the *Aquarius*, *Polaris* and *Auriga* being idle or stacked during 2021 but on contract in 2020, \$18.4 million for *Vela* on contract for fewer days during 2021 compared to 2020 and \$7.1 million due to the *Capricorn* being stacked in 2021 but idle in 2020.

Selling, general and administrative expenses for 2021 were \$19.7 million compared to \$34.4 million in 2020. The reduction is primarily due to lower management fee billings from Seadrill Ltd. of \$19.8 million, partially offset by \$4.5 million for increased professional fees related to outsourcing of services, fresh start accounting, and insurance premiums.

During the Successor period, restructuring and other expenses of \$3.1 million were incurred related to advisory, professional fees and other costs associated with our restructuring.



Income tax benefit for 2021 was \$2.0 million compared to \$30.0 million of income tax expense in 2020. Income taxes in 2021 were impacted by several factors related to the bankruptcy emergence in 2021 including recognition of additional deferred tax assets, partially offset by limitations on NOL carryforwards and taxes, resulting in an overall tax benefit in the Successor period and additional taxes related to cancelation of debt income recognized in the Predecessor period. In 2020 we recorded income tax expense in a period when we generated a net loss on income before taxes because taxes on income earned in higher tax rate jurisdictions were not completely offset by benefits in lower tax rate jurisdictions.

The differences in Adjusted EBITDA for the combined Successor and Predecessor periods of 2021 of \$76.8 million loss versus Adjusted EBITDA for 2020 of \$237.6 million were primarily due to the differences in contract revenues, vessel and rig operating expenses and selling general and administrative expenses discussed above.

At December 31, 2021 we had \$203.2 million in unrestricted cash and \$24.7 million in restricted cash. Unrestricted cash at April 15, 2022 was \$158.2 million and restricted cash was \$14.9 million.

The Company is completing its audited financial statements and related footnotes along with accompanying management's discussion and analysis and these will be provided to members when they are completed in the coming weeks.

Aquadrill LLC has completed its Passive Foreign Investment Company (PFIC) determination test for 2021 and we have concluded that we do not meet the income or asset tests and are not a PFIC for 2021.

Steven Newman, Chief Executive Officer commented: "2021 was a year of transition for Aquadrill LLC. Our successful emergence from bankruptcy, together with partnering with highly-capable managers in the offshore drilling industry to manage our rigs sets the Company up for continued success as our rigs resume operations and we complete the transition away from Seadrill Ltd. We see an improving market for our high spec ultra-deepwater floaters and our tender rigs and believe we are well positioned to participate in continued market growth and improvement with a low cost and scalable operating structure."

Non-GAAP Financial Measures

We present our operation results in accordance with accounting principles generally accepted in the U.S. ("U.S. GAAP"). We believe certain financial measures, such as Adjusted EBITDA which is a non-GAAP measure, provide users of our financial statements with supplemental information that may be useful in evaluating our operating performance. We believe that such non-GAAP measure, when read in conjunction with our operating results presented under U.S. GAAP, can be used to better assess our performance from period to period and relative to performance of other companies in our industry, without regard to financing methods, historical cost basis or capital structure. Such non-GAAP measures should be considered as supplemental to, and not as a substitute for, financial measures prepared in accordance with U.S. GAAP.



Conference Call Information

AquadriLL will conduct a teleconference starting at 10 a.m. EDT, 3 p.m. BST, on Thursday April 28, 2022, to discuss the results. To participate, dial +1 469-998-7682 and phone conference ID 120 191 528# prior to the scheduled start time.

Forward-Looking Statements

This news release, and the accompanying financial statements and MD&A to which it refers, include forward looking statements. Such statements are generally not historical in nature, and specifically include statements about the Company's plans, strategies, business prospects, changes and trends in its business and the markets in which it operates. The duration, timing (including both starting and ending dates) and total contract value of customer contracts and any related agreements are estimates only. The actual total contract value over the course of any given contract or agreement may be lower and could be substantially lower, depending on a number of factors (cancellation, suspension, delays, rig downtime, etc.). These statements are made based upon management's current plans, expectations, assumptions and beliefs concerning future events impacting the Company and therefore involve a number of risks (some beyond the control of the Company), uncertainties and assumptions that could cause actual results to differ materially from those expressed or implied in the forward-looking statements, which speak only as of the date of this news release. Consequently, no forward-looking statement can be guaranteed. When considering these forward-looking statements, you should keep in mind the risks described from time to time in the Company's regulatory filings and periodic reporting. The Company undertakes no obligation to update any forward-looking statements to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. New factors emerge from time to time, and it is not possible for the Company to predict all of these factors. Further, the Company cannot assess the impact of each such factor on its business or the extent to which any factor, or combination of factors, may cause actual results to be materially different from those contained in any forward-looking statement.



AQUADRILL LLC
CONSOLIDATED STATEMENTS OF OPERATIONS

for the period from May 25, 2021 through December 31, 2021 (Successor), the period from January 1, 2021 through May 24, 2021 (Predecessor)
and the years ended December 31, 2020 (Predecessor) and 2019 (Predecessor)
(In \$ millions, except per unit data)
(Unaudited)

	Successor	Predecessor		
	Period from May 25, 2021 through December 31, 2021	Period from January 1, 2021 through May 24, 2021	Year ended December 31, 2020	Year ended December 31, 2019
Operating revenues				
Contract revenues	56.6	53.1	525.9	686.5
Reimbursable revenues	2.2	1.9	11.1	20.7
Other revenues	*	—	1.1	42.8
Total operating revenues	58.8	55.0	538.1	750.0
Operating expenses				
Vessel and rig operating expenses	*	112.1	55.0	255.9
Depreciation	6.6	8.5	230.8	275.9
Amortization of favorable contracts	—	—	40.4	45.1
Reimbursable expenses	2.1	1.7	10.2	19.4
Selling, general and administrative expenses	*	6.6	13.1	34.4
Total operating expenses	127.4	78.3	571.7	700.1
Other operating items				
Gain on sale of assets	0.8	—	—	—
Revaluation of contingent consideration	—	—	—	0.7
Impairment of long-lived assets	—	—	(4,210.4)	—
Total other operating items	0.8	—	(4,210.4)	0.7
Operating (loss)/income	(67.8)	(23.3)	(4,244.0)	50.6
Financial and other items				
Interest income	0.1	—	6.1	20.3
Interest expense	*	—	(235.3)	(262.5)
Loss on derivative financial instruments	*	—	(16.1)	(27.7)
Foreign currency exchange loss	(0.4)	(0.7)	(2.7)	(2.6)
Gain/(loss) on Reorganization items, net	—	2,100.6	(49.8)	—
Restructuring and other expenses	(3.1)	—	—	—
Other financial expenses	(0.2)	(3.8)	(17.1)	(1.4)
Total financial items, net	(3.6)	2,096.1	(314.9)	(273.9)
(Loss)/income before income taxes	(71.4)	2,072.8	(4,558.9)	(223.3)
Income tax (expense)/benefit	9.6	(7.6)	(30.0)	36.1
Net (loss)/income	(61.8)	2,065.2	(4,588.9)	(187.2)

* Includes transactions with related parties in the Predecessor period. Upon emergence, no related parties transactions were identified in the Successor period.



AQUADRILL LLC
CONSOLIDATED BALANCE SHEETS
 at December 31, 2021 (Successor) and 2020 (Predecessor)
(In \$ millions)
 (Unaudited)

	Successor 2021	Predecessor 2020
ASSETS		
Cash and cash equivalents	203.2	362.0
Restricted cash	24.7	16.4
Accounts receivable, net	33.5	56.6
Amount due from related party	-	7.6
Other current assets	55.8	45.0
Total current assets	317.2	487.6
Non-current assets		
Drilling units, net	294.4	428.3
Deferred tax assets	7.7	3.3
Other non-current assets	6.3	8.0
Total non-current assets	308.4	439.6
Total assets	625.6	927.2
LIABILITIES AND MEMBERS' CAPITAL		
Trade accounts payable and accruals	20.8	4.2
Related party payable	-	7.4
Other current liabilities	52.4	56.3
Total current liabilities	73.2	67.9
Liabilities subject to compromise	-	2,879.1
Deferred tax liability	0.6	1.0
Other non-current liabilities	48.5	44.4
Total long-term liabilities	49.1	45.4
Commitments and contingencies (see Note 24)		
Members' Capital:		
Predecessor Common unitholders (issued 7,527,830 units at December 31, 2020)	-	(944.5)
Predecessor Subordinated unitholders (issued 1,654,335 units at December 31, 2020)	-	(371.4)
Successor (Accumulated Deficit)	(61.8)	-
Successor Common unitholders (issued 20,000,000 units at December 31, 2021)	565.1	-
Total members' capital	503.3	(1,315.9)
Non-controlling interest	-	(749.3)
Total (deficit)/equity	503.3	(2,065.2)
Total liabilities and equity	625.6	927.2



AQUADRILL LLC
CONSOLIDATED STATEMENTS OF CASH FLOWS

for the period from May 25, 2021 through December 31, 2021 (Successor), the period from January 1, 2021 through May 24, 2021 (Predecessor)
and the years ended December 31, 2020 (Predecessor) and 2019 (Predecessor)

(In \$ millions)
(Unaudited)

	Successor	Predecessor		
	Period from May 25, 2021 through December 31, 2021	Period from January 1, 2021 through May 24, 2021	Year ended December 31, 2020	Year ended December 31, 2019
Cash Flows from Operating Activities				
Net (loss)/income	(61.8)	2,065.2	(4,588.9)	(187.2)
<i>Adjustments to reconcile net (loss)/income to net cash provided by/(used in) operating activities:</i>				
Depreciation	6.6	8.5	230.8	275.9
Amortization of deferred loan charges	—	—	44.2	11.7
Amortization of favorable contracts	—	—	40.4	45.1
Impairment of long-lived assets	—	—	4,210.4	—
Unrealized (gain)/loss related to derivative financial instruments	—	—	(4.0)	27.6
Payment for long term maintenance	(3.9)	(4.9)	(19.3)	(81.4)
Non-cash reorganization items	—	(2,146.2)	42.9	—
Reversal of credit risk on derivatives	—	—	7.1	—
Deferred and other taxes	(6.8)	2.1	1.7	3.2
Gain on revaluation of contingent consideration	—	—	—	(0.7)
Accretion of discount on deferred consideration	—	—	1.9	3.2
Share based compensation	0.6	—	—	—
<i>Changes in operating assets and liabilities, net of effect of acquisitions</i>				
Trade accounts receivable	(2.7)	25.8	90.1	4.2
Prepaid expenses and accrued income	(10.8)	5.3	(32.4)	(2.0)
Trade accounts payable	(0.2)	(2.1)	0.1	(8.3)
Related party balances	—	(3.3)	(1.3)	(47.3)
Other assets	3.5	(0.6)	38.7	0.7
Other liabilities	3.2	(6.9)	104.7	(69.4)
Changes in deferred revenue	5.1	(0.9)	(2.1)	(1.3)
Net cash provided by/(used in) operating activities	(67.2)	(58.0)	165.0	(26.0)
Cash Flows from Investing Activities				
Additions to drilling units	(27.9)	(3.1)	(9.4)	(29.7)
Sale of rigs and equipment	5.7	—	—	—
Net cash used in investing activities	(22.2)	(3.1)	(9.4)	(29.7)
Cash Flows from Financing Activities				
Repayments of debt	—	—	(306.6)	(192.6)
Contingent consideration paid	—	—	(30.6)	(30.0)
Cash distributions	—	—	—	(3.3)
Net cash used in financing activities	—	—	(337.2)	(225.9)
Net decrease in cash and cash equivalents	(89.4)	(61.1)	(181.6)	(281.6)
Cash and cash equivalents at beginning of the year	317.3	378.4	560.0	841.6
Cash and cash equivalents, including restricted cash, at the end of year	227.9	317.3	378.4	560.0
Supplementary disclosure of cash flow information				
Interest and other financial items paid	—	—	68.9	247.6
Taxes paid	2.9	7.1	21.7	50.1
Reorganization items, net	—	45.6	—	—



AQUADRILL LLC
NON-GAAP FINANCIAL MEASURES AND RECONCILIATIONS
EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION AND AMORTIZATION

for the period from May 25, 2021 through December 31, 2021 (Successor), the period from January 1, 2021 through May 24, 2021 (Predecessor)
and the years ended December 31, 2020 (Predecessor) and 2019 (Predecessor)
(In \$ millions)
(Unaudited)

	Successor	Predecessor		
	Period from May 25, 2021 through December 31, 2021	Period from January 1, 2021 through May 24, 2021	Year ended December 31, 2020	Year ended December 31, 2019
Net (loss)/income	\$ (61.8)	\$ 2,065.2	\$ (4,588.9)	\$ (187.2)
Interest income	(0.1)	—	(6.1)	(20.3)
Interest expense	—	—	235.3	262.5
Income tax (benefit) expense	(9.6)	7.6	30.0	(36.1)
Depreciation	6.6	8.5	230.8	275.9
Amortization of favorable contracts	—	—	40.4	45.1
EBITDA	(64.9)	2,081.3	(4,058.5)	339.9
(Gain) on sale of assets	(0.8)	—	—	—
(Gain) on revaluation of contingent consideration	—	—	—	(0.7)
Loss on impairment of long-lived assets	—	—	4,210.4	—
Loss on derivative financial instruments	—	—	16.1	27.7
Foreign currency exchange loss	0.4	0.7	2.7	2.6
(Gain) loss on reorganization items, net	—	(2,100.6)	49.8	—
Restructuring and other expenses	3.1	—	—	—
Other financial expense	0.2	3.8	17.1	1.4
Adjusted EBITDA	\$ (62.0)	\$ (14.8)	\$ 237.6	\$ 370.9