

Deep Value Driller AS

First half 2021

H1 2021

Prepared by: Svend Anton Maier, CEO

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Comments from the Chairman

The Chairman of the Board, Einar J. Greve commented:

Since we took over the rig DVD in March this year we have observed increasing utilisation and higher rates in the UWD market .

The BOD believes that this trend will continue.

After spending significant time and effort with management and key vendors to de-risk an activation of the vessel by systematic inspections we believe that timeline and activation cost is well under control and can be ready to drill on short notice.

There is a constant dialogue and interaction and tendering activity with clients needing modern units to execute safe and efficient operations in challenging areas around the world.

The board believes that our vessel with its capabilities and quality will be a top tear asset for clients in the UDW segment going forward.

Status rig

Premium 7th Generation Drillship

Current Vessel Status

- > The vessel is warm stacked with a crew of 15 persons
- > All the main systems onboard are being operated on a regular basis
- > Main vendors have conducted a condition assessment of equipment and systems
- > A reactivation work scope and related cost have been established

Reactivation Key Parameters

- > Based on condition assessments and Class status, work packs have been identified and scheduled
- > Class and relevant OEM have been involved in the development and update of the project execution plan
- > Critical spares with long lead time has been identified
- > **Execution Yard:**
 - > **Location:** Close to key vendors
 - > **Timeline and budget established**

Deep Value Driller now established in Malta

New companies in group

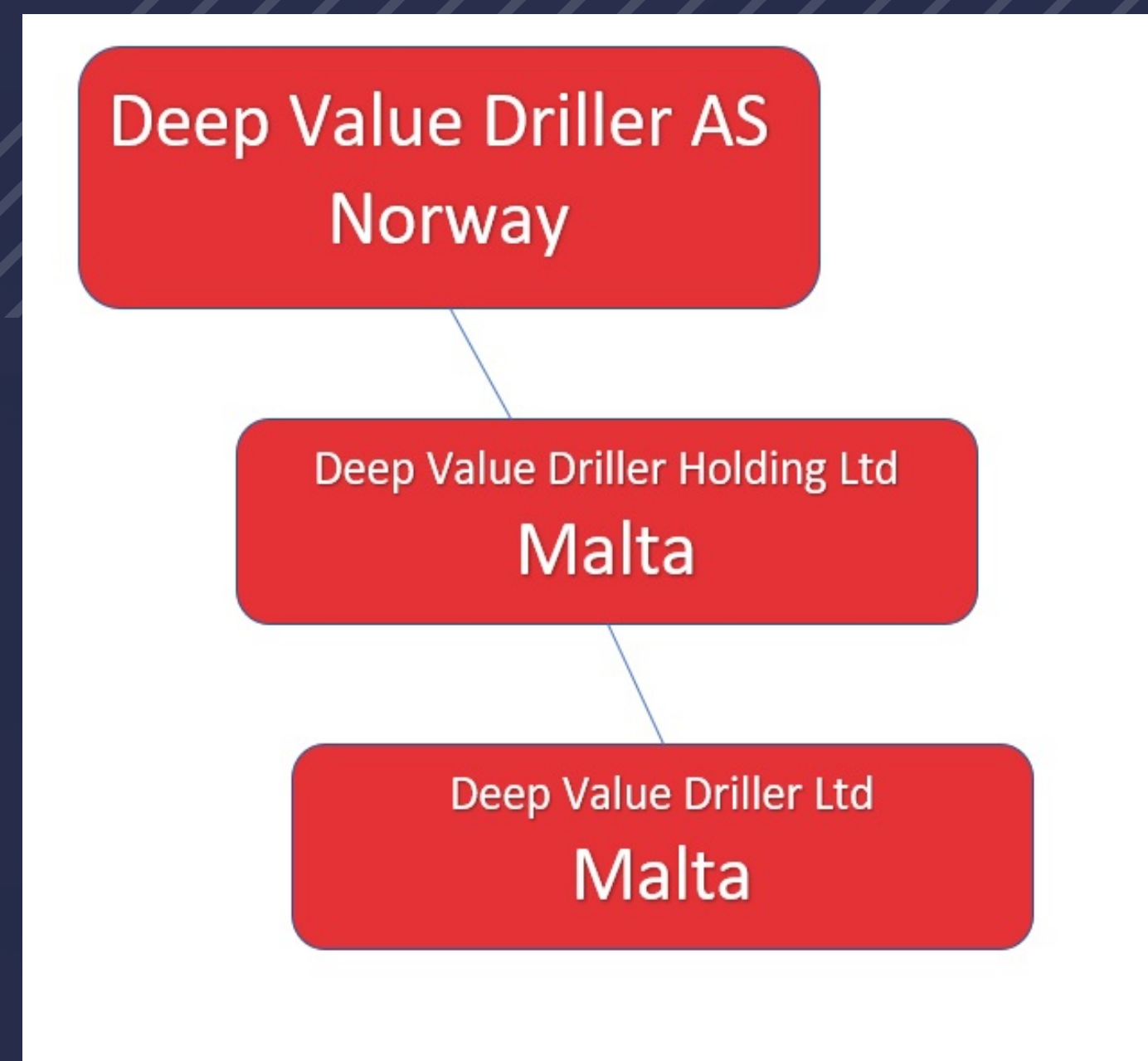
- > Deep Value Driller Holding Ltd (registered 10 May 2021)

Registered office: 10 Poltua, G. Debono Square, Msida MSD 1250, Malta

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- > The company is now established in Malta.
- > CEO Svend Anton Maier moved to Malta in August to supervise all operative and administrative activities.
- > All company activities and support are managed from the office in Malta.
- > Office phonenumber +356 7905 7057



Market outlook

Market charts

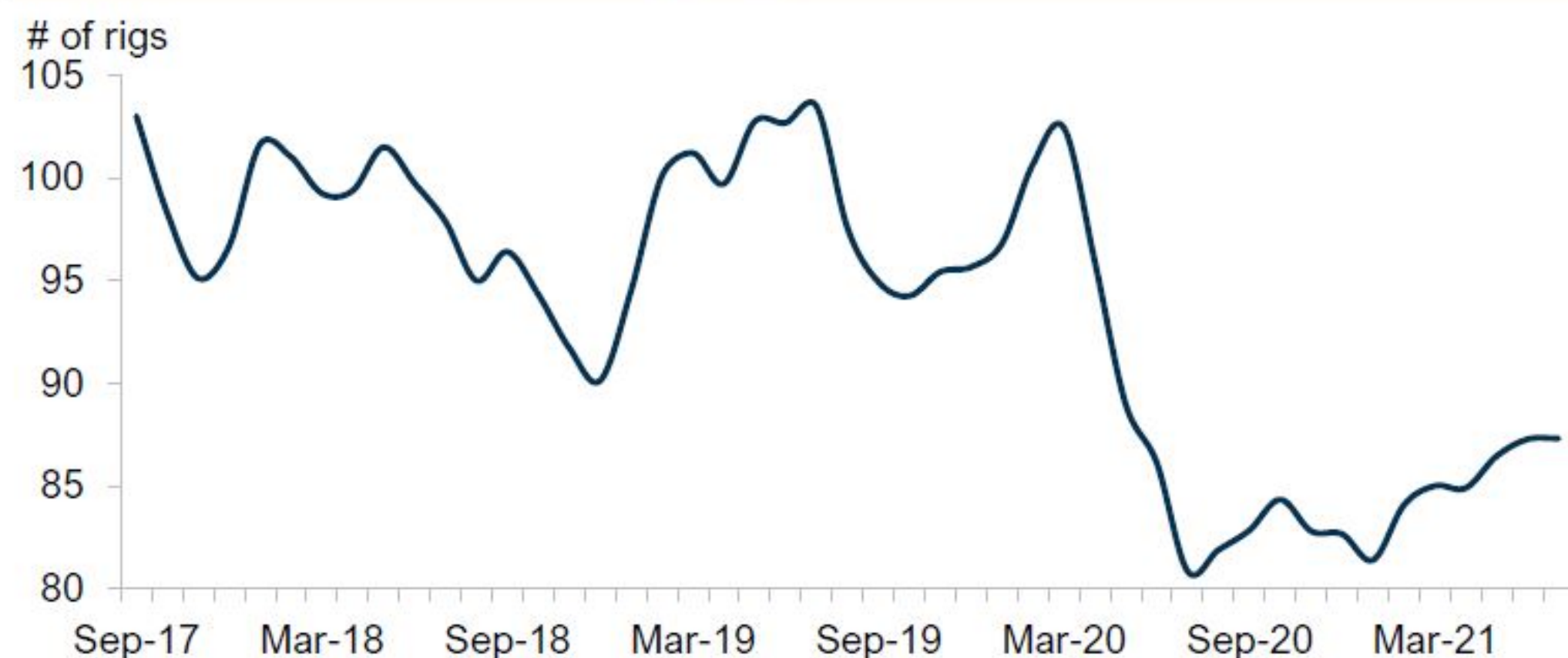
Signs of improvement in fundamentals

Utilization has come of worst levels and demand has picked up

Floaters – Utilization (including cold stacked units)



Floaters – Units under contract (benign market)



Source: Pareto Securities, IHS-Petrodata

Utilization is improving across asset classes

- 7G and 6G utilization is picking up relatively rapidly
- 7th gen utilization is driven by a pickup in demand
- 6th gen utilization is helped along by a pickup in demand, but driven by the scrapping of assets

Demand tilting in favor of high-end units

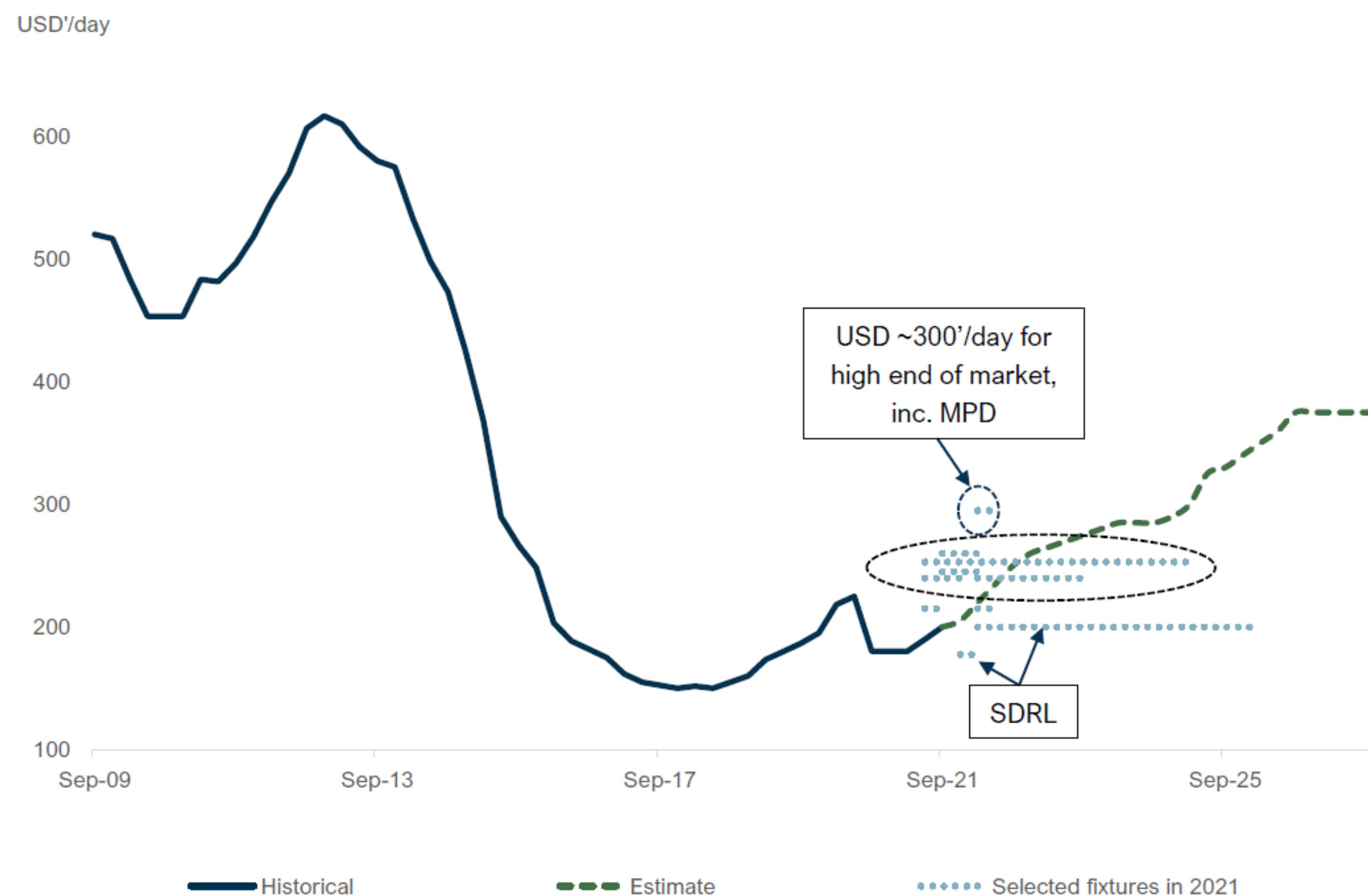
- Overall, demand is up ~11% since the lows following COVID-19
- This has to a large degree benefited the most modern equipment in the market
- Legacy assets, and several poorly positioned 6th gens, are being scrapped to help the overall market balance

Market outlook

Dayrates have improved meaningfully

Consolidation and restructuring has seemingly contributed to more discipline in the market

Selected fixtures for 7th generation assets



- Dayrates have picked following the restructuring of balance sheets and the reduction in supply that has followed from restructurings and consolidation
- Some fixtures are still coming in at unhealthy levels (ref. SDRL), but the broader market seems more disciplined in bidding
- 2022 rates are establishing around USD ~250'/day
- Uptick in dayrates expected to stagnate somewhat at these levels due to incremental supply potentially coming back at these levels,

REACTIVATION PROCESS

Reactivation Objectives

- Reactivation at Yard in Norway
- Incident Free execution
- Deliver at/below Project Cost
- Successful completion, mobilization acceptance and start up
- Project deliverables
 - DNV Class renewal
 - Well Control certification
 - Drilling Plant recertify



Reactivation Execution

- Project Cost - \$ 30 M incl risk
- Main Scope
 - DNV Class recertification
 - Overhaul Well Control plant
 - Recertify drilling systems
- Execution strategy
 - Experienced execution team - managing exec.
 - PSW Mongstad responsible for recertification of well control equipment
 - BOPs removed from the rig for inspection
 - Condition assessment of Drilling plant executed with key vendors

Financial statement

Interim Consolidated Profit and Loss (P&L) Statement

Unaudited amounts in USD

Operating income and expenses	Notes	4 January - 30 June 2021
Stacking costs	5	1 990 859
Other operating expenses		2 481 710
Operating profit/loss before depreciation (EBITDA)		-4 472 569
Depreciation of assets	2	779 130
Financial income and expenses		-162 682
Net income/loss		-5 089 017

Financial statement

Interim Consolidated statement of Financial Position		
Unaudited amounts in USD		
Assets		30 June 2021
Fixed assets		
Intangible assets	2	7 000
Ships	2	67 849 125
Equipment and other movables	2	4 690
Total fixed assets		67 860 815
Current assets		
Debtors		
Other short-term receivables		330 754
Total receivables		330 754
Cash and bank deposits		11 109 073
Total current assets		11 439 827
Total assets		79 300 642

Interim Consolidated statement of Financial Position

Unaudited amounts in USD

Equity and liabilities	Notes	30 June 2021
Equity		
Paid-up equity		
Share capital	3	1 015 261
Own stocks	3	-3 519
Share premium reserve	3	81 880 257
Total intangible assets		82 891 999
Retained earnings		
Uncovered loss		-5 085 498
Total retained earnings		-5 085 498
Total equity		77 806 501
Liabilities		
Current debt		
Trade creditors		1 252 625
Other current debt		241 516
Total receivables		1 494 141
Total liabilities		1 494 141
Total equity and liabilities		79 300 642

Financial statement

Interim Consolidated Indirect cash flow

Unaudited amounts in USD

NRS Indirect method	Notes	4 January - 30 June 2021
Cash flow from operating activities		
Profit loss before tax		-5 089 017
Ordinary depreciation		779 130
Change in accounts payable		1 252 625
Change in other accrual items		-96 238
Net cash flows from operating activities		-3 153 500
Cash flow from investment activities		
Payments for the purchase of fixed assets	2	68 632 945
Net cash flows from investment activities		-68 632 945
Cash flows from financing activities		
Proceeds from equity	3	82 895 518
Net cash flows from financing activities		82 895 518
Net change in cash and cash equivalents		11 109 073
Cash and cash equivalents at the end of the period		11 109 073

NOTES to the Financial statements

Notes to the Financial statements

Note 1: Summary of Significant Accounting Policies

Company overview

Deep Value Driller AS is a company whos purpose is contracting,managing and owning drilling rigs.

Basis for preparation

The interim report which has not been audited by the Company's independent auditor, has been prepared in compliance with the provisions laid down in the Norwegian Accounting Act and generally accepted accounting principles in Norway.

Note 2: Assets	Intangible assets	Equipment etc.	Rig	Total
Acquisition of fixed assets	7 118	5 116	68 627 711	68 639 945
Acquisition cost 30 June 2021	7 118	5 116	68 627 711	68 639 945
Depreciation for the period	118	426	778 586	779 130
Book Value 30 June 2021	7 000	4 690	67 849 125	67 860 815
Economic life	5 years	3 years	5-20 years	

NOTES to the Financial statements

Note 3: Equity	Share capital	Own Stocks	Share Premium	Equity/loss	Total
Founded 4 January 2021	3 532				3 532
Capital increase	1 011 729		83 997 035		85 008 764
Capital raise cost			-2 116 778		-2 116 778
Own shares		-3 519		3 519	0
Loss for the period				-5 089 017	-5 089 017
Book Value 30 June 2021	1 015 261	-3 519	81 880 257	-5 085 498	77 806 501

Note 4: Stacking cost

Stacking cost on average from takeover 25 March until 30 June is \$ 20 315/day. This cost is showing a downwards trend due to certain actions taken to keep stacking cost low, without jeopardizing the maintenance and the quality of the asset.

NOTES to the Financial statements

Note 5: Shareholders above 1% as of 30 June 2021

Shares	%	Shareholder
8 518 375	9,87 %	Goldman Sachs & Co. LLC
6 080 000	7,05 %	UTHALDEN AS
5 500 000	6,37 %	SOLAN CAPITAL AS
3 220 865	3,73 %	VERDIPAPIRFONDET FIRST GENERATOR
3 000 000	3,48 %	PORTIA AS
2 500 000	2,90 %	TORSTEIN INGVALD TVENGE
2 500 000	2,90 %	INAK 3 AS
2 100 000	2,43 %	CAMACA AS
2 049 000	2,37 %	CLEARSTREAM BANKING S.A.
1 981 000	2,30 %	Euroclear Bank S.A./N.V.
1 500 000	1,74 %	BORG CAPITAL PARTNERS AS
1 500 000	1,74 %	AS CLIPPER
1 500 000	1,74 %	CIPRIANO AS
1 500 000	1,74 %	ALDEN AS
1 500 000	1,74 %	FORTE NORGE
1 500 000	1,74 %	JPMorgan Chase Bank, N.A., London
1 500 000	1,74 %	DnB NOR Bank ASA
1 400 000	1,62 %	FORTE TRØNDER
1 200 000	1,39 %	MELESIO INVEST AS
1 200 000	1,39 %	HØGSET HOLDING AS
1 200 000	1,39 %	KRISTIANRO AS
1 193 601	1,38 %	UBON PARTNERS AS
1 000 000	1,16 %	A HOLDINGS AS
1 000 000	1,16 %	THOR HUSHOVD
1 000 000	1,16 %	T KOLSTAD EIENDOM AS
1 000 000	1,16 %	FOUGNER INVEST AS
1 000 000	1,16 %	TTC INVEST AS
997 479	1,16 %	TIGERSTADEN AS