

# Deep Value Driller AS

Annual report 2021

Income statement

Balance sheet

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Notes

Board of director's report

Auditor's report

## Deep Value Driller Group

Deep Value Driller AS

Deep Value Driller Holding LTD

Deep Value Driller LTD

Amounts in USD

Operating income and operating expenses	Note	Deep Value Driller AS 04.01.2021-31.12.2021	Deep Value Driller Group 04.01.2021-31.12.2021
Other income	3	1 080 054	0
		1 080 054	0
Stacking costs		2 920 092	5 414 355
Employee benefits expense	2,10	209 185	579 372
Depreciation and amortisation expenses	3	1 082 683	2 221 806
Other expenses	2	2 853 634	4 068 522
<b>Total expenses</b>		<b>7 065 594</b>	<b>12 284 055</b>
<b>Operating profit</b>		<b>-5 985 540</b>	<b>-12 284 055</b>
<b>Financial income and expenses</b>			
Other interest income	4	767 410	
Other financial income		280 490	280 490
Other interest expenses		11 764	11 764
Other financial expenses		105 028	107 635
<b>Net financial items</b>		<b>931 108</b>	<b>161 091</b>
Net profit before tax		-5 054 432	-12 122 964
Income tax expense	5	0	0
<b>Net profit after tax</b>		<b>-5 054 432</b>	<b>-12 122 964</b>
Loss for the period	6	-5 054 432	-12 122 964
<b>Allocation of net result</b>			
Transferred to retained earnings	6	5 054 432	12 122 964
<b>Transferred to retained earnings</b>		<b>-5 054 432</b>	<b>-12 122 964</b>

Amounts in USD

Assets	Note	Deep Value Driller AS 31.12.2021	Deep Value Driller Group 31.12.2021
<b>Non-current assets</b>			
<b>Intangible assets</b>			
Concessions, patents, licences	3	7 804	7 804
Deferred tax assets	3,5	-	-
<b>Total intangible assets</b>		<b>7 804</b>	<b>7 804</b>
<b>Property, plant and equipment</b>			
Ships	3		66 444 211
Equipment and other movables	3	4 790	4 790
<b>Total property, plant and equipment</b>	<b>3</b>	<b>4 790</b>	<b>66 449 001</b>
<b>Non-current financial assets</b>			
Investments in subsidiaries	7	1 413	
Loan to group companies	4	68 678 396	
<b>Total non-current financial assets</b>		<b>68 679 809</b>	<b>-</b>
<b>Total non-current assets</b>		<b>68 692 403</b>	<b>66 456 805</b>
<b>Current assets</b>			
Inventories		-	633 072
<b>Debtors</b>			
Other short-term receivables		436 110	436 110
Receivables from group companies	4	5 126 245	
<b>Total receivables</b>		<b>5 562 355</b>	<b>436 110</b>
Cash and cash equivalents		5 032 503	5 032 503
<b>Total current assets</b>		<b>10 594 858</b>	<b>6 101 685</b>
<b>Total assets</b>		<b>79 287 261</b>	<b>72 558 490</b>

Amounts in USD

Equity and liabilities	Note	Deep Value Driller AS	Deep Value Driller Group
		31.12.2021	31.12.2021
<b>Equity</b>			
<b>Paid-in capital</b>			
Share capital	6,8	1 015 261	1 015 261
Treasury stock	6,8	-3 519	-3 519
Share premium reserve	6	81 880 258	81 880 257
Other paid-up equity	2,6,9	183 335	183 335
<b>Total paid-up equity</b>		<b>83 075 335</b>	<b>83 075 335</b>
<b>Retained earnings</b>			
Other equity	6,8	3 519	3 519
Uncovered loss	6	-5 054 432	-12 122 964
<b>Total retained earnings</b>		<b>-5 050 913</b>	<b>-12 119 445</b>
<b>Total equity</b>		<b>78 024 422</b>	<b>70 955 890</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade payables		1 194 597	1 298 064
Other current liabilities	4	68 243	304 536
<b>Total current liabilities</b>		<b>1 262 840</b>	<b>1 602 601</b>
<b>Total liabilities</b>		<b>1 262 840</b>	<b>1 602 601</b>
<b>Total equity and liabilities</b>		<b>79 287 262</b>	<b>72 558 491</b>

Oslo May 25th 2022

The board of Deep Value Driller AS

Einar J. Greve

Chairman of the board



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Gunnar Hvammen

Member of the board



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Svend Anton Maier

General Manager

## Cash flow

## Deep Value Driller AS

2021

Amount in USD

**Cash Flow from operating activities**

Profit/Loss before tax	-5 054 432
Ordinary depreciation	1 082 683
Profit/Loss sale of fixed assets	-1 080 054
Changes other short term receivable	-436 110
Changes in accounts receivable	-5 126 245
Changes in accounts payable	1 194 597
Change in other accrual items	251 578
<b>Net cash flows from operating activities</b>	<b>-9 167 983</b>

**Cash flow from investment activities**

Acquisition of intangible assets	-15 223
Acquisition of tangible assets	-68 678 396
Share investment	-1 413
<b>Net cash flow from investment activities</b>	<b>-68 695 032</b>

**Cash flow from financing activities**

Proceeds from equity	85 012 297
Capital increase costs	-2 116 778
<b>Net cash flow from financing activities</b>	<b>82 895 519</b>

<b>Net change in cash and cash equivalents</b>	<b>5 032 504</b>
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<b>Cash and cash equivalents at the end of period</b>	<b>5 032 504</b>
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## Cash flow

## Deep Value Driller Group

2021

Amount in USD

**Cash Flow from operating activities**

Profit/Loss before tax	-12 122 964
Ordinary depreciation	2 221 806
Profit/Loss sale of fixed assets	
Changes in inventories	-633 072
Changes other short term receivable	-436 110
Changes in accounts payable	1 298 064
Change in other accrual items	487 871
<b>Net cash flows from operating activities</b>	<b>-9 184 405</b>

**Cash flow from investment activities**

Acquisition of intangible assets	-15 223
Acquisition of tangible assets	-68 663 388
<b>Net cash flow from investment activities</b>	<b>-68 678 611</b>

**Cash flow from financing activities**

Proceeds from equity	85 012 297
Capital increase costs	-2 116 778
<b>Net cash flow from financing activities</b>	<b>82 895 519</b>

<b>Net change in cash and cash equivalents</b>	<b>5 032 503</b>
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<b>Cash and cash equivalents at the end of period</b>	<b>5 032 503</b>
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## Note 1 Accounting principles

at 31 December 2021

### 1. Reporting Entity

The registered address of Deep Value Driller AS is Munkedamsveien 45F 8th floor, 0250 Oslo, Norway. The purpose of the company is contracting, managing, and owning drilling rigs.

The company was founded 4 January 2021.

### 2. Basis of preparation

#### Consolidation

The group accounts include Deep Value Driller AS and companies where Deep Value Driller AS has a controlling influence. Controlling influence is normally achieved when the group owns more than 50% of the shares in the company and the group is in a position to exercise actual control over the company. Transactions and receivables between companies in the group have been eliminated. The group accounts have been prepared applying uniform principles, in that the subsidiary follows the same accounting principles as the parent company.

#### Statement of compliance

The financial statements have been prepared in compliance with the provisions laid down in the Norwegian Accounting Act and generally accepted accounting principles in Norway.

The proposed yearly accounts were approved by the Board of Directors on the date that is shown in the signed Balance Sheet.

There are no comparative figures for last year.

#### Basis of measurement

The company's financial

#### Functional and presentation currency

The financial statements are presented in USD, which is the company's functional currency. The exchange rate as at 31 December 2021 was NOK 1/USD 8.8194.

### 3. Significant accounting policies

The Accounting policies set out below have been applied consistently for all periods. .

#### Use of estimates

The management has used estimates and assumptions that have affected assets, liabilities, incomes, expenses and information on potential liabilities in accordance with generally accepted accounting principles in Norway.

#### Foreign currency transactions

Transactions made in foreign currencies are converted to the functional currencies using the exchange rate on the transaction date. Monetary assets and liabilities denominated in foreign currencies at the reporting date are converted to functional currency using the exchange rate on the transaction date. Changes in exchange rates are recognised in the income statement as they occur during the accounting period.

#### Income tax

The tax charge in the profit and loss account consists of tax payable for the period and the change in deferred tax. Deferred tax is calculated at the tax rate at 22 % on the basis of tax-reducing and tax-increasing temporary differences that exist between accounting and tax values, and the tax loss carried forward at the end of the accounting year. Tax-increasing and tax-reducing temporary differences that reverse or may reverse in the same period are set off and entered net. Deferred tax assets are recorded in the balance sheet when it is more likely than not that the tax assets will be utilized. Taxes payable and deferred taxes are recognised directly in equity to the extent that they relate to equity transactions.

#### Share based payments

Equity-settled share-based payments are recognised in the income statement as expenses during the vesting period. The financial instrument are measured at fair value at grant date using an opting pricing model.

#### Classification of balance sheet amounts

Current assets and liabilities include items due for payment within one year of the acquired date. The remaining items are classified as fixed assets/long term liabilities.

Current assets are valued at the lower of cost and fair value. Short term liabilities are recognized at nominal value. Fixed assets are valued at cost, less depreciation and impairment losses. Long term liabilities are recognized at nominal value.

#### Special periodic surveys

Special periodic surveys (also known as deferred drydock (deferred certification expenditure) are a five yearly thorough inspection and recertification of the hull and machinery components of the rig, which also includes obtaining required maritime certification. The associated costs are amortised on a straight line basis over the period from the month following the end of the completed survey to the month of expiration of the survey certificate. The costs are classified as special periodic surveys within fixed assets. When the associated rig is in operation, these costs are carried by the rig operating company. When the associated rig is cold stacked, these costs are carried by the rig owning company.

#### Rig mobilisation

Costs of mobilising rigs from one location to another are classified as deferred mobilisation cost within debtors and amortised to cost of sales in the profit and loss account over the terms of the contracts. Reimbursements of costs of mobilising rigs are classified as deferred income and amortised to turnover in the profit and loss account over the terms of the contracts. When the associated rig is in operation, these costs are carried by the rig operating company. When the associated rig is cold stacked, these costs are carried by the rig owning company.

#### Inventory

Inventory is held at the lower of cost or net realisable value. When the associated rig is in operation, these costs are carried by the rig operating company. When the associated rig is cold stacked, these costs are carried by the rig owning company.

#### Tangible fixed assets

Tangible fixed assets are capitalized and depreciated over the expected economic life of the asset. The company's tangible fixed assets consist of the Deep Value Driller rig. The rig is componentised, and each component is evaluated for useful life. The components have an estimated useful life of 5-20 years.

Depreciation method, the useful life and residual values are assessed annually. Changes in accounting estimates are recognized in the income statement during the period when the estimates are changed.

Direct maintenance of operating assets is charged under operating expenses, while costs of improvements are added to the cost of the asset and depreciated in line with the asset. If the recoverable amount of the asset is lower than the carrying amount, and impairment is made to the recoverable amount. Recoverable amount is the highest of net sales value and value in use. Value in use is the present value of the future cash flows that the asset is expected to generate.

#### Accounts receivable and other receivables

Accounts receivables and other current receivables are recorded in the balance sheet at nominal value less provisions for doubtful accounts. Provisions for doubtful accounts are based on an individual assessment of the different receivables. For the remaining receivables, a general provision is estimated based on expected loss.

#### Cash and cash equivalents

The cash flow statement is presented using the indirect method of accounting. Cash includes cash in hand and at bank. Cash equivalents are short-term liquid investments that can be immediately converted into a known amount of cash and have a maximum term to maturity of 12 months.

#### Provisions

A provision is recognised when:

- as a result of a past event, there is a legal or constructive obligation.
- It is probable that an outflow of economic benefits will be required to settle the obligation, and it can be reliably estimated.

Provisions are considered at each balance sheet date and are adjusted to reflect updated best estimates.

#### Cash flow statement

The cash flow statement is presented using the indirect method. Cash and cash equivalents includes cash, bank deposits and other short term, highly liquid investments with maturities of three months or less.

#### Marked risk factors

Market risk is the risk of change in market prices and demand, thereunder changes in currency exchange rates and interest levels.

#### Liquidity risk

Liquidity risk is the risk that the company will not be able to settle its financial commitments as they fall due. With regular prognoses and liquidity analysis, the company will, as far as possible, ensure that sufficient access to funds is made available in order to settle commitments on the due date without unacceptable losses or risks of damaging the company's reputation.

#### Currency risk

The company's presentation and functional currency is US Dollar. Only minor operating costs and balance sheet entries are denominated in other currencies than NOK. Currency risk is considered low.

#### Interest rate risk

The company has no external debt at the end of the period. Interest-bearing debt is internal and thus the interest rate risk is considered to be low.

#### Credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligation. Credit risk arises principally from the company's receivables from customers. At period end the Company's had no receivables.



**Note 2 Salary costs and benefits, remuneration to the managing director, board and auditor****Deep Value Driller AS****Payroll expenses**

The managing director entered a preliminary consultancy agreement 15 March 2021. As compensation for the consulting services the managing director invoiced USD 50.000 per month excluding VAT through his company Tarraco AS. From August 25th, the Managing director moved to Malta and receives salary from this date as CEO employed by Deep Value Driller Ltd.

**Remuneration to management**

Warrants as disclosed in note 10 below have been issued to the managing director and board members. Warrants that have been issued as payment for services have been recognised in the financial statements. These warrants have an estimated fair value of USD 300 004. The warrants will be equity settled.

The estimated vesting period is, for calculation purposes, one, two and three years respectively for the three classes of warrants. The warrants were granted at 31 March 2021, no expense has been recognized for the period

The fair value of the warrants has been estimated based on the terms and conditions on which the warrants were granted. It takes into account an estimated volatility of 25%.

Leading personnel	Warrants as remuneration	Expensed 2021 (USD)	Total
CEO, Svend Anton Maier	900 000	73 334	120 001
Chairman, Einar J. Greve	900 000	73 334	120 001
Boardmember, Gunnar Hvammen	450 000	36 667	60 001
<b>Total</b>	<b>2 250 000</b>	<b>183 335</b>	<b>300 003</b>

**Deep Value Driller Group**

Personell Cost	2021
Salaries	294 619
Employer taxes	25 850
Pensions	0
Other personell cost	258 903
<b>Sum</b>	<b>579 372</b>

Leading personnel	Salary	Other remuneration	Total	
CEO, Svend Anton Maier	294 619	174 167	468 786	
Chairman, Einar J. Greve	0	73 334	73 334	* (expensed costs, warrants)
Boardmember, Espen Westeren	0	0	-	
Boardmember, Gunnar Hvammen	0	36 667	36 667	* (expensed costs, warrants)
<b>Total</b>	<b>294 619</b>	<b>284 168</b>	<b>578 787</b>	

CEO received salary from August 25th to December 31st.

**Bonus:**

The managing director has a bonus agreement with the company for a one-time payment of equivalent to six times his agreed monthly compensation. The criteria for the bonus is to obtain a chartering contract for the company's mobile offshore drilling rig.

**Auditor**

Remuneration to the auditor is distributed as follows:

	AS	Group
	2021	2021
Statutory audit	23 711	23 711
Other attestation services	8 309	8 309
Tax advice	36 235	36 235
Other non-audit services	0	0
<b>Total</b>	<b>68 255</b>	<b>68 255</b>

Amounts are before vat.

**Note 3 Fixed assets****Deep Value Driller AS**

	Intangible assets	Fixtures and fittings	Rig & Equipment	Total
Acquisition of fixed assets	8 835	6 388	68 683 387	68 698 610
Acquisition cost 31 December 2021	8 835	6 388	68 683 387	68 698 610
Accumulated depreciation 31 December 2021	1 031	1 598	1 080 054	1 082 683
Outflow this year			- 67 603 333	- 67 603 333
<b>Book value 31 december 2021</b>	<b>7 804</b>	<b>4 790</b>	<b>0</b>	<b>12 594</b>
This period's ordinary depreciations	1 031	1 598	1 080 054	1 082 683
Economic life	5 years	3 years	5-20 years	

The rig has been sold from Deep Value Driller AS to Deep Value Driller Ltd with a profit of 1 080 054.

**Deep Value Driller Group**

	Intangible assets	Fixtures and fittings	Rig	Total
Acquisition of fixed assets	8 835	6 388	68 663 387	68 678 610
Acquisition cost 31 December 2021	8 835	6 388	68 663 387	68 678 610
Accumulated depreciation 31 December 2021	1 031	1 598	2 219 177	2 221 806
<b>Book value 31 december 2021</b>	<b>7 804</b>	<b>4 790</b>	<b>66 444 210</b>	<b>66 456 804</b>
This period's ordinary depreciations	1 031	1 598	2 219 177	2 221 806
Economic life	3 years	3 years	5-20 years	
Depreciation plan				

On 24 March 2021 the company acquired the 7th generation mobile offshore drilling rig "Bolette Dolphin", a GUSTO P10000 designed drill ship built in 2014 at Hyundai, Heavy Industries Co Ltd (South Korea) with IMO Number 9625516 for a purchase price of USD 65 million from Bolette Fleetco Ltd.

On 09 August Deep Value Driller AS sold the Rig to Deep Value Driller Ltd. The sale was financed with a sellers credit between the companies. This credit has been established in accordance to the company's transfer pricing policy.

**Note 4 Inter-company items between companies in the same group etc.**

	Deep Value Driller AS 2021	Deep Value Driller Holding LTD 2021	Deep Value Driller LTD 2021
Long-term liabilities	0		68 678 396
Short-term liabilities	44 568	4 457	5 126 245
Long-term receivables	68 678 396		
Short-term receivables	5 126 245		49 025
<b>Total</b>	<b>73 849 209</b>	<b>4 457</b>	<b>68 678 396</b>

The company has calculated the interest rate of the long-term liabilities on accordance with the transfer pricing policy.

**Note 5 Tax****Deep Value Driller AS**

<b>This years tax expense</b>	<b>31.12.2021</b>
Entered tax on ordinary profit/loss:	
Payable tax	0
Changes in deferred tax assets	0
<b>Tax expense on ordinary profit/loss</b>	<b>0</b>

Taxable income:	
Ordinary result before tax	-5 054 432
Permanent differences	183 335
Capital Raise cost	-2 116 778
Changes in temporary differences	-1 566 776
Conversion differences	3 064 094
<b>Taxable income/loss brought forward</b>	<b>-5 490 557</b>

Payable tax in the balance:	
Payable tax on this year's result	0
<b>Total payable tax in the balance</b>	<b>0</b>

<b>Spesification of temporary differences</b>	<b>31.12.2021</b>
Tangible assets	-773
Profit and loss account	1 567 549
<b>Total</b>	<b>1 566 776</b>

Accumulated loss to be brought forward	-5 490 557
Effect of not recognised deferred tax assets	3 923 781
<b>Deferred tax assets (22 %)</b>	<b></b>

Deferred tax is not recognised in the balance sheet

**Deep Value Driller group**

<b>This years tax expense</b>	<b>31.12.2021</b>
Entered tax on ordinary profit/loss:	
Payable tax	0
Changes in deferred tax assets	0
<b>Tax expense on ordinary profit/loss</b>	<b>0</b>

Taxable income:	
Ordinary result before tax	-12 122 964
Permanent differences	183 335
Capital Raise cost	-2 116 778
Changes in temporary differences	-1 566 776
Conversion differences	3 064 094
<b>Taxable income/loss brought forward</b>	<b>-12 559 089</b>

Payable tax in the balance:	
Payable tax on this year's result	0
<b>Total payable tax in the balance</b>	<b>0</b>

<b>Spesification of temporary differences</b>	<b>31.12.2021</b>
Tangible assets	773
Gain and loss account	-1 567 549
<b>Total</b>	<b>-1 566 776</b>

Accumulated loss to be brought forward	- 12 559 089
Effect of not recognised deferred tax assets	10 992 313
<b>Deferred tax assets (22 %)</b>	<b></b>

Deferred tax is not recognised in the balance sheet

## Note 6 Shareholders' equity

Deep Value Driller AS

	Share capital	Own Stock	Share premium	Other paid-up equity	Other equity	Uncovered loss	Total
Founded 4 January 2021	3 532						3 532
Capital increase	1 011 729		83 997 035				85 008 764
Capital raise costs			-2 116 778				-2 116 778
Loss for the period						-5 054 432	-5 054 432
Treasury stock		-3 519			3 519		
Sharebased payment				183 335			183 335
<b>Pr. 31.12.2021</b>	<b>1 015 261</b>	<b>-3 519</b>	<b>81 880 258</b>	<b>183 335</b>	<b>3 519</b>	<b>-5 054 432</b>	<b>78 024 422</b>

Deep Value Driller Group

	Share capital	Own Stock	Share premium	Other paid-up equity	Other equity	Uncovered loss	Total
Founded 4 January 2021	3 532						3 532
Capital increase	1 011 729		83 997 035				85 008 764
Capital raise costs			-2 116 778				-2 116 778
Loss for the period						-12 122 964	-12 122 964
Treasury stock		-3 519			3 519		
Sharebased payment				183 335			183 335
<b>Pr. 31.12.2021</b>	<b>1 015 261</b>	<b>-3 519</b>	<b>81 880 258</b>	<b>183 335</b>	<b>3 519</b>	<b>-12 122 964</b>	<b>70 955 890</b>

## Note 7 Subsidiaries, associates, joint ventures

Subsidiary company	Country	Owner share	Equity	Profit
Deep Value Driller Holding Ltd	Malta	100 %	1 413	-12 292
Deep Value Driller Ltd	Malta	100 %	1 413	-7 056 240

**Note 8 Share capital, shareholders etc.**

The share capital in Deep Value Driller AS as at 31.12.2021 consists of:

	Number	Par value	Posted USD
Ordinary shares	86 300 000	0,0118	1 015 261
<b>Total</b>	<b>86 300 000</b>	<b>0,0118</b>	<b>1 015 261</b>

All shares give the same rights in the company.

Deep Value Driller AS had 681 shareholders as at 31.12.2021.

Statement of the largest shareholders as at 31.12.2021:

Shareholders	Ordinary	Share of votes
Goldman Sachs & Co. LLC	8 000 000	9,27 %
UTHALDEN AS	7 400 865	8,58 %
SOLAN CAPITAL AS	5 500 000	6,37 %
CACEIS Bank Spain SA	3 040 052	3,52 %
PORTIA AS	3 000 000	3,48 %
TVENGE	2 500 000	2,90 %
INAK 3 AS	2 500 000	2,90 %
ALDEN AS	2 350 000	2,72 %
Euroclear Bank S.A./N.V.	2 117 000	2,45 %
TIGERSTADEN AS	1 782 259	2,07 %
CLEARSTREAM BANKING S.A.	1 519 894	1,76 %
JPMorgan Chase Bank, N.A., London	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 %
CAMACA AS	1 261 128	1,46 %
MELESIO INVEST AS	1 200 000	1,39 %
HØGSET HOLDING AS	1 200 000	1,39 %
UBON PARTNERS AS	1 193 601	1,38 %
HUSHOVD	1 150 000	1,33 %
FORTE NORGE	1 100 000	1,27 %
MUSTANG CAPITAL AS	1 055 897	1,22 %
SYNECO AS	1 027 696	1,19 %
TTC INVEST AS	1 000 000	1,16 %
A HOLDINGS AS	1 000 000	1,16 %
BELVEDERE AS	1 000 000	1,16 %
FOUGNER INVEST AS	1 000 000	1,16 %
KRISTIANRO AS	965 982	1,12 %
OLA RUSTAD AS	940 196	1,09 %
<b>Total</b>	<b>60 804 570</b>	<b>70,46 %</b>
Others (interest < 1 %)	25 495 430	29,54 %
<b>Total</b>	<b>86 300 000</b>	<b>100 %</b>

Deep Value Driller AS owns 300 000 Treasury stocks at par value 0,1 NOK which amounts to 0,35% of the company's total stocks.

Shares and warrants held by leading employees and members of the board as of 31.12.2021:

	Warrants	Shares
CEO, Svend Anton Maier (Tarraco AS)*	900 000	275 000
Chairman Einar J. Greve (Cirpiano AS)	1 495 000	1 500 000
Boardmember Espen Westeren (Borg Capital Partners AS)**	696 667	1 500 000
Boardmember Gunnar Hvammen (Solan Capital AS)	2 433 333	5 500 000
<b>Total</b>	<b>5 525 000</b>	<b>8 775 000</b>

\*As of 31.12.2021 the CEO holds 275 000 ordinary shares.

\*\*Boardmember Espen Westeren resigned the board of directors in May 2022. In this regard his 300.000 Warrants granted as a board member lapsed.

**Note 9 Warrants**

On 5 March 2021, the Company's general meeting resolved to issue 8,500,000 warrants (Nw. frittstående tegningsretter) pursuant to section 11-12 of the Norwegian Private Companies Act as set out below:

Name	Number of
1) Tarraco AS (Svend Anton Maier)	900 000
2) Cipriano AS (Einar J. Greve)	1 495 000
3) Solan Capital AS (Gunnar Hvammen)	2 433 333
4) Borg Capital Partners AS (Espen Westeren)	696 667
5) Uthalden AS (Harald Moræus-Hanssen)	1 983 333
6) First Fondene (First Generator and First Global Fokus)	991 667
<b>In Total:</b>	<b>8 500 000</b>

The warrants were subscribed and granted on March 2021.

Each warrant gives the holder the right to demand the issuance of one Share. The consideration to be paid per Share is NOK 8.50, being equal to the offer price in the Private Placement. The warrants must be exercised no later than 5 March 2026 on the following conditions:

- i) 1/3 of the warrants may be exercised if the Shares for a period of at least five consecutive trading days are trading to a price which is at least 20% higher than the Warrant Price;
- ii) the next 1/3 of the warrants may be exercised if the Shares for a period of at least five consecutive trading days are trading to a price which is at least 40% higher than the Warrant Price; and
- iii) the final 1/3 of the warrants may be exercised if the Shares for a period of at least five consecutive trading days are trading to a price which is at least 60% higher than the Warrant Price.

Other than as set out above, the Company has not issued any options, warrants, convertible loans or other instruments that would entitle a holder of any such instrument to subscribe for any shares in the Company.

## The board of directors' report 2021 for Deep Value Driller AS

### Operations and locations

Mission: Drill ship investment and operation.

The Group includes, in addition to Deep Value Driller AS, the following subsidiaries:

Deep Value Driller Holding Ltd

Deep Value Driller Ltd

Deep Value Driller AS holds office address in Oslo, while the drill ship is operated from Deep Value Driller Ltd in Malta. There are for the time being no employees in Deep Value Driller AS. Svend A. Maier is employed as CEO in Deep Value Driller Ltd in Malta. The company's single asset, the drill ship Deep Value Driller, was sold from Deep Value Driller AS to Deep Value Driller Ltd in Malta in August 2021.

The drill ship is now managed from Malta. The drill ship is stacked, maintained and slowly being prepared for operations in international waters. The drill ship has been at three different locations on the west coast of Norway since investment was made, present in Ølensvåg. This is also where reactivating of the rig will take place. The rig activation plan is established and will be initiated as soon as a future contract is signed.

As most of 7th generation drilling rigs are now utilized the board of directors believe that the rig is still very attractive in this demand market.

The company continues the dialogue with multiple clients that have a fully utilized fleet and need additional capacity to meet the increasing demand for 7th generation drilling vessels.

### Comments related to the financial statements

The Group had no revenue in 2021 as the rig was out of contract and was warm stacked on the west coast of Norway all year as from date of acquisition. Group operational costs 2021 of 12,3 million last year is partly warm stacking itself and partly moving costs first from Bergen to Tysnes, halfway to its present destination in Ølensvåg, in addition to manning costs and depreciation.

Group cash balance 14,4 million USD post acquisition of the drill ship is reduced to cash balance end of year 5,0 million USD.

The Group's short-term debt as of yearend is limited to 1,6 million USD and is mainly ordinary trade payables. There is no long-term debt at yearend.

Total assets yearend amounted to 73,0 million USD, and equity 71,4 million USD which equals equity ratio 97,8%.

### **Treasury stock**

We refer to note 8 for further information on changes in the holdings of treasury stock.

### **Future challenges**

The company continues the dialogue with multiple clients that have a fully utilized fleet and need additional capacity to meet the increasing demand for 7th generation drilling vessels.

### **Financial risk**

Cash Balance was yearend 5,0 million USD. The company is now (May 2022) in the final stage of securing a credit facility to secure future activation and warm stacking.

### **Going concern**

In accordance with the Accounting Act § 3-3a, we confirm that the financial statements have been prepared under the assumption of going concern. This assumption is based on profit forecasts for the year 2022 and the Group's long-term strategic forecasts. The Group's economic and financial position is sound.

### **Allocation of net income**

The Board of Directors has proposed the net loss of Deep Value Driller AS to be allocated to:

Retained Earnings / loss - 4,602,536 USD

**Net income allocated** - 4,602,536 USD

### **The working environment and the employees**

The company has only one employee.

No incidences or reporting of work-related accidents resulting in significant material damage or personal injury occurred during the year.



### **Equal opportunities and discrimination**

There is only one employee in the company.

Facilitating a working place for many people employed by sub suppliers, the company has a principal policy to support equal rights across nationality, gender, and age.

### **Environmental responsibility**

The company has established an Environmental Protection Policy, as a part of a Safety Management Manual.

We aim to conduct our business in a professional and safe manner and to meet the requirements of ISM, applicable laws, rules, regulations, Flag State requirements and governing agreements. By doing so, we believe we reduce the risk of incidents and consequent or potential hazardous situation.

There shall be a continual improvement process by setting targets and goals which may be revised and optimized from time to time with a view to reduce the environmental risk.

All our employees and partners are encouraged to take interest in environment, health, and the best possible utilization of natural resources.

### **Insurance for board members and CEO**

Insurance for board members and CEO is established.

### **Information about shareholders**

The company is listed on Euronext Growth Oslo.

### **Corporate Governance Statement**

The company is a single asset, single employee, investment operation. Corporate governance is managed through detailed contracts with major sub suppliers for vessel maintenance, activation, legal, accounting and auditor; to act in accordance with national and local law, and Euronext Growth regulations.

Being a global player with a variety of different possible partners and customers, the Board of Directors has signed and implemented an anti-bribery and -corruption policy in the company.



Oslo, 25. May 2022

DocuSigned by:

*Svend Anton Maier*

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Svend Anton Maier

CEO



Einar J. Greve

Chairman

DocuSigned by:

*Gunnar Hvammen*

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Gunnar Hvammen

Board member

## INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Deep Value Driller AS

### Opinion

We have audited the financial statements of Deep Value Driller AS (the Company), which comprise the financial statements of the Company and the consolidated financial statements of the Company and its subsidiaries (the Group). The financial statements of the Company and the Group comprise the balance sheet as at 31 December 2021, the income statement and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion the financial statements comply with applicable legal requirements and give a true and fair view of the financial position of the Company and the Group as at 31 December 2021 and their financial performance and cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company and the Group in accordance with the requirements of the relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Other information

Other information consists of the information included in the Company and the Group's annual report other than the financial statements and our auditor's report thereon. The Board of Directors and Chief Executive Officer (management) are responsible for the other information. Our opinion on the audit of the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of management for the financial statements

Management (the board of directors) is responsible for the preparation and fair presentation of the financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or the Group, or to cease operations, or has no realistic alternative but to do so.

## Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Stavanger, 25 May 2022  
ERNST & YOUNG AS

*The auditor's report is signed electronically*

Erik Søreng  
State Authorised Public Accountant (Norway)

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The signatures in this document are legally binding. The document is signed using Penneo™ secure digital signature. The identity of the signers has been recorded, and are listed below.

"By my signature I confirm all dates and content in this document."

## Erik Søreng

State Authorised Public Accountant (Norway)

On behalf of: EY

Serial number: 9578-5999-4-1529830

IP: 145.62.xxx.xxx

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