

Deep Value Driller AS

Q2 2022

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Comments from the Board of directors

Main events in H1

The rig activation plan is established, and the rig has been moved to Westcon Yard in Ølensvåg. The company continues the dialogue with multiple clients that have a fully utilized fleet and are in need of additional capacity to meet the increasing demand for 7th generation drilling vessels.

The company established a RCF with a total credit of USD 10m. The credit facility is secured by 1st priority pledge in DVD 1, and guaranteed by certain of the larger shareholders, as informed May 20th 2022.

Main events going forward

The market supply for 7th generation drilling rigs are continuing to tighten. Majority of rig operators are now sold out and there are very few 7th generation assets that on short notice can be available globally.

The board are working with several opportunities for DVD 1, including employment, a potential sale of the vessel, or a merge of DVD with other drilling operators.

Assuming continued warm layup of the vessel, the cash forecast indicates that cash available is sufficient until the summer of 2023

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
- > The vessel has been moved from its original layup location in Sløvågen, and after a short stay in Tysnes it is now in place at Westcon Yard in Ølensvåg.

Reactivation Key Parameters

- > Activation scope has been established, class status, work packs have been identified and scheduled.
- > Critical spares with long lead time has been identified and been made available by main vendors.

> Execution Yard:

- > **Location:** Activation will take place at Westcon Yard in Ølensvåg Norway.
- > **Timeline and workscope established**

Key figures

Rig purchase 2021

\$65,000,000

- 7th Generation Drillship
- Build in 2014
- Build cost 750 Million USD

Equipment purchase 2021

\$3,663,387

- Maintenance system, part of initial purchase

Stacking cost ITD (Inception To Date)

\$21,920/day

- Average daily stacking cost pr. Q2 2022

Mobilization costs ITD

\$3,967,143

- Dismantling and inspection BOP's
- Condition assessment
- Rig move

Financial statement

Q2 2022

Interim Consolidated Profit and Loss (P&L) Statement

Unaudited Amounts in USD

Operating income and operating expenses	Note	Q2 - 2022	Q2 - 2021	YTD 2022	YTD 2021*
Other income		0		0	0
Stacking costs		1 653 605	1 990 859	4 581 060	1 990 859
Employee benefits expense		196 933	0	419 410	0
Depreciation and amortisation expenses	2	721 690	719 430	1 443 333	779 130
Other expenses		530 372	933 016	907 002	2 481 710
Total expenses		3 102 600	3 643 305	7 350 805	5 251 699
Operating profit/loss		-3 102 600	-3 643 305	-7 350 805	-5 251 699
Financial income and expenses					
Net financial items	3	-103 115	11 659	-98 906	162 682
Net profit after tax		-3 205 715	-3 631 646	-7 449 711	-5 089 017
Loss for the period		-3 205 715	-3 631 646	-7 449 711	-5 089 017
Allocation of net result					
Transferred to retained earnings		-3 205 715	-3 631 646	-7 449 711	-5 089 017

* The company did not start any activity before March 2021. YTD 2021 is not directly comparable with YTD 2022.

Financial statement

Q2 2022

Interim Consolidated statement of Financial Position

Unaudited Amounts in USD

Assets	Note	30.June.2022	31.December 2021
Non-current assets			
Intangible assets			
Concessions, patents, licences	2	6 920	7 804
Total intangible assets		6 920	7 804
Property, plant and equipment			
Ships	2	65 002 872	66 444 211
Equipment and other movables	2	5 323	4 790
Total property, plant and equipment	2	65 008 195	66 449 001
Non-current financial assets			
Total non-current financial assets		-	-
Total fixed assets		65 015 115	66 456 805
Current assets			
Inventories		457 320	633 072
Debtors			
Other short-term receivables		342 224	436 110
Total receivables		342 224	436 110
Cash and cash equivalents		3 371 915	5 032 503
Total current assets		4 171 459	6 101 685
Total assets		69 186 574	72 558 490

Interim Consolidated statement of Financial Position

Unaudited Amounts in USD

Equity and liabilities	Note	30.June.2022	31.December 2021
Equity			
Paid-in capital			
Share capital	4	1 015 261	1 015 261
Treasury stock	4	-3 519	-3 519
Share premium reserve	4	81 880 258	81 880 257
Other paid-up equity	4	183 335	183 335
Total paid-up equity		83 075 335	83 075 335
Retained earnings			
Other equity		3 519	3 519
Uncovered loss	4	-19 572 675	-12 122 964
Total retained earnings	-	19 569 156 -	12 119 445
Total equity		63 506 179	70 955 890
Liabilities			
Long-term liabilities			
Total Long-term liabilities	3	4 000 000	-
Current liabilities			
Trade payables		1 314 066	1 298 064
Other current liabilities		366 328	304 536
Total current liabilities		1 680 395	1 602 600
Total liabilities		5 680 395	1 602 600
Total equity and liabilities		69 186 574	72 558 490

Financial statement

Q2 2022

Interim Consolidated Indirect cash flow

Unaudited Amounts in USD

NRS Indirect method	YTD 2022	YTD 2021
Amount in USD		
Cash Flow from operating activities		
Profit/Loss before tax	-7 449 711	-5 089 017
Ordinary depreciation	1 443 333	779 130
Profit/Loss sale of fixed assets		
Changes in inventories	175 752	0
Changes other short term receivable	93 886	-330 754
Changes in accounts payable	16 002	1 252 625
Change in other accrual items	61 792	234 515
Net cash flows from operating activities	- 5 658 945	- 3 153 501
Cash flow from investment activities		
Acquisition of intangible assets		-8 835
Acquisition of tangible assets	-1 643	-68 622 697
Share investment		-1 413
Net cash flow from investment activities	- 1 643	- 68 632 945
Cash flow from financing activities		
Proceeds from equity		85 012 297
Capital increase costs		-2 116 778
Long-termin liabilities	4 000 000	
Net cash flow from financing activities	4 000 000	82 895 519
Net change in cash and cash equivalents	-1 660 588	11 109 073
Cash and cash equivalents at the end of period	3 371 915	11 109 073

NOTES to the Financial statements Q2 2022

Notes to the Financial statements

Note 1: Summary of Significant Accounting Policies

Company overview

Deep Value Driller AS is a company whose 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 NRS 11 and generally accepted accounting principles in Norway.

Note 2: Fixed assets	Intangible assets	Fixtures and fittings	Rig	Total
Acquisition of fixed assets 31 December 2021	8 835	6 388	68 663 387	68 678 610
Acquisition cost 30 June 2022	8 835	8 031	68 663 387	68 680 253
Accumulated depreciation 30 June 2022	1 915	2 708	3 660 515	3 665 138
Book Value 30 June 2022	6 920	5 323	65 002 872	65 015 115

NOTES to the Financial statements Q2 2022

Note 3: Long-term liabilities

The company has received a revolving credit facility of 10 MUSD. Per H1 the company has a remaining credit of 6 MUSD.

Note 4: Shareholders' equity	Share capital	Own Stock	Share premium	Other paid-up equity	Other equity	Uncovered loss	Total
UB 31.12.2021	1 015 261 -	3 519	81 880 258	183 335	3 519 -	12 122 964	70 955 890
Loss for the period					-	7 449 711 -	7 449 711
Pr. 30.06.2022	1 015 261 -	3 519	81 880 258	183 335	3 519 -	19 572 675	63 506 179

NOTES to the Financial statements Q2 2022

Note 5: Shareholders above 1% as of 30 June 2022

Shareholders	Ordinary	Share of votes
Goldman Sachs & Co. LLC	8 100 000	9,39 %
UTHALDEN AS	7 620 865	8,83 %
SOLAN CAPITAL AS	5 500 000	6,37 %
CACEIS Bank Spain SA	3 281 052	3,80 %
TORSTEIN INGVALD TVENGE	3 000 000	3,48 %
Euroclear Bank S.A./N.V.	2 583 100	2,99 %
INAK 3 AS	2 500 000	2,90 %
ALDEN AS	2 350 000	2,72 %
PORTIA AS	2 250 000	2,61 %
CLEARSTREAM BANKING S.A.	1 671 172	1,94 %
CAMACA AS	1 528 416	1,77 %
TIGERSTADEN AS	1 525 000	1,77 %
JPMorgan Chase Bank, N.A., London	1 500 000	1,74 %
CIPRIANO AS	1 500 000	1,74 %
NORDNET LIVSFORSIKRING AS	1 363 441	1,58 %
THOR HUSHOVD	1 300 000	1,51 %
MELESIO INVEST AS	1 200 000	1,39 %
HØGSET HOLDING AS	1 200 000	1,39 %
Fender Eiendom AS	1 099 854	1,27 %
OLA RUSTAD AS	1 081 398	1,25 %
TTC INVEST AS	1 000 000	1,16 %
A HOLDINGS AS	1 000 000	1,16 %
FOUGNER INVEST AS	1 000 000	1,16 %
SCAN CHEMICALS AS	885 000	1,03 %
ISAR AS	878 956	1,02 %
Total	56 918 254	66 %
Others (interest < 1 %)	29 381 746	34,05 %
Total	86 300 000	100 %

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.

Disclaimer

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