

Deep Value Driller AS

Q3 2022

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Comments from the Board of directors

Main events in Q3

The rig activation plan is in place, and the rig is now in warm layup at the 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.

In this period a capital increase was carried out with an exercise of warrants.

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.

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)

\$21,270/day

- Average daily stacking cost pr. Q3 2022

Mobilization costs ITD

\$4,159,209

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

Financial statement

Q3 2022

Interim Consolidated Profit and Loss (P&L) Statement

Unaudited Amounts in USD

Operating income and operating expenses	Note	Q3 - 2022	Q3 - 2021	YTD 2022	YTD 2021*
Other income		0	0	0	0
Stacking costs		1 788 377	1 429 269	6 369 438	3 420 128
Employee benefits expense		188 834	117 805	608 244	117 805
Depreciation and amortisation expenses	2	721 779	720 249	2 165 112	1 499 379
Other expenses		257 885	136 162	1 164 886	2 617 872
Total expenses		2 956 876	2 403 485	10 307 680	7 655 184
Operating profit/loss		-2 956 876	-2 403 485	-10 307 680	-7 655 184
Financial income and expenses					
Net financial items	3	-151 257	18 110	-250 163	180 792
Net profit after tax		-3 108 133	-2 385 375	-10 557 844	-7 474 392
Loss for the period		-3 108 133	-2 385 375	-10 557 844	-7 474 392
Allocation of net result					
Transferred to retained earnings		-3 108 133	-2 385 375	-10 557 844	-7 474 392

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

Financial statement

Q3 2022

Interim Consolidated statement of Financial Position

Unaudited Amounts in USD

Assets	Note	30.September 2022	31.December 2021
Non-current assets			
Intangible assets			
Concessions, patents, licences	2	6 479	7 804
Total intangible assets		6 479	7 804
Property, plant and equipment			
Ships	2	64 282 202	66 444 211
Equipment and other movables	2	4 655	4 790
Total property, plant and equipment	2	64 286 857	66 449 001
Non-current financial assets			
Total non-current financial assets		-	-
Total fixed assets		64 293 336	66 456 805
Current assets			
Inventories		597 640	633 072
Debtors			
Other short-term receivables		402 032	436 110
Total receivables		402 032	436 110
Cash and cash equivalents		527 596	5 032 503
Total current assets		1 527 268	6 101 685
Total assets		65 820 604	72 558 490

Interim Consolidated statement of Financial Position

Unaudited Amounts in USD

Equity and liabilities	Note	30.September 2022	31.December 2021
Equity			
Paid-in capital			
Share capital	4	1 019 177	1 015 261
Treasury stock	4	-3 519	-3 519
Share premium reserve	4	82 209 233	81 880 257
Other paid-up equity	4	183 335	183 335
Total paid-up equity		83 408 227	83 075 335
Retained earnings			
Other equity		3 519	3 519
Uncovered loss	4	-22 680 808	-12 122 964
Total retained earnings	-	22 677 289	12 119 445
Total equity		60 730 938	70 955 890
Liabilities			
Long-term liabilities			
Total Long-term liabilities	3	4 000 000	-
Current liabilities			
Trade payables		520 468	1 298 064
Other current liabilities		569 197	304 536
Total current liabilities		1 089 666	1 602 600
Total liabilities		5 089 666	1 602 600
Total equity and liabilities		65 820 604	72 558 490

Financial statement

Q3 2022

Interim Consolidated Indirect cash flow

Unaudited Amounts in USD

NRS Indirect method	Q3 2022	YTD 2022
Amount in USD		
Cash Flow from operating activities		
Profit/Loss before tax	-3 108 133	-10 557 844
Ordinary depreciation	721 779	2 165 112
Profit/Loss sale of fixed assets		
Changes in inventories	-140 321	35 432
Changes other short term receivable	-59 808	34 078
Changes in accounts payable	-793 598	-777 596
Change in other accrual items	202 869	264 661
Net cash flows from operating activities	- 3 177 211	- 8 836 156
Cash flow from investment activities		
Acquisition of intangible assets		
Acquisition of tangible assets		-1 643
Share investment		
Net cash flow from investment activities	-	1 643
Cash flow from financing activities		
Proceeds from equity	332 893	332 893
Capital increase costs		
Long-termin liabilities		4 000 000
Net cash flow from financing activities	332 893	4 332 893
Net change in cash and cash equivalents	-2 844 318	-4 504 906
Cash and cash equivalents at the end of period	527 597	527 597

NOTES to the Financial statements Q3 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 September 2022	8 835	8 031	68 663 387	68 680 253
Accumulated depreciation 30 September 2022	2 356	3 376	4 381 185	4 386 917
Book Value 30 September 2022	6 479	4 655	64 282 202	64 293 336

NOTES to the Financial statements Q3 2022

Note 3: Long-term liabilities

The company has received a revolving credit facility of 10 MUSD. Per Q3-2022 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
Capital increase 19.09.2022	3 916		328 976				332 893
Loss for the period						- 10 557 844 -	10 557 844
Pr. 30.09.2022	1 019 177 -	3 519	82 209 234	183 335	3 519 -	22 680 808	60 730 939

NOTES to the Financial statements Q3 2022

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

Shareholders	Ordinary	Share of votes
Goldman Sachs & Co. LLC	8 119 608	9,37 %
UTHALDEN AS	7 620 865	8,79 %
SOLAN CAPITAL AS	5 500 000	6,34 %
UBS Switzerland AG	3 746 387	4,32 %
CACEIS Bank Spain SA	3 281 052	3,78 %
TVENGE	3 200 000	3,69 %
Euroclear Bank S.A./N.V.	2 585 100	2,98 %
INAK 3 AS	2 500 000	2,88 %
PORTIA AS	2 250 000	2,60 %
ALDEN AS	2 050 000	2,36 %
CLEARSTREAM BANKING S.A.	1 877 867	2,17 %
JPMorgan Chase Bank, N.A., London	1 500 000	1,73 %
CIPRIANO AS	1 500 000	1,73 %
Merrill Lynch Prof. Clearing Corp.	1 482 291	1,71 %
NORDNET LIVSFORSIKRING AS	1 459 432	1,68 %
HUSHOVD	1 300 000	1,50 %
CAMACA AS	1 250 000	1,44 %
MELESIO INVEST AS	1 200 000	1,38 %
HØGSET HOLDING AS	1 200 000	1,38 %
OLA RUSTAD AS	1 081 398	1,25 %
TTC INVEST AS	1 000 000	1,15 %
A HOLDINGS AS	1 000 000	1,15 %
SCAN CHEMICALS AS	885 000	1,02 %
Total	57 589 000	66,4 %
Others (interest < 1 %)	29 107 667	33,6 %
Total	86 696 667	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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