

Deep Value Driller AS

Annual report 2022

Income statement

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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

The board of directors' report 2022 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', is owned and operated by Deep Value Driller Ltd in Malta.

The drill ship has throughout 2022 been warm stacked on the Westcoast of Norway. Waiting for a contract the drillship has been maintained, and slowly being prepared for reactivation.

23 February 2023 the company announced the entry into and effectiveness of a bareboat charter for the drilling vessel 'Deep Value Driller'. The company has commenced reactivation activities for the Drillship which are expected to be completed during the summer of 2023 upon which the Drillship will be delivered to the charterer.

Comments related to the financial statements

The Group had no ordinary revenue in 2022. Group operational costs 2022 of USD 12,9 million last year is partly warm stacking itself and partly moving costs to its present destination in Ølensvåg, in addition to manning costs and depreciation.

Group cash balance USD 5,0 million beginning of year is reduced to cash balance end of year USD 0,1 million.

The Group's current liabilities as of yearend is USD 7,3 million of which USD 6,0 million is short term loan from financial institution. There is no long-term debt at yearend.

Total assets yearend amounted to USD 65,3 million, and equity USD 56,5 million which equals equity ratio 86%.

Treasury stock

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

Future challenges

The company is fully dedicated to complete reactivation of the drillship and aims to deliver the drillship to the charterer end of summer 2023, ready for operation in international waters.

Financial risk

In February 2023 Deep Value Driller Ltd. entered into a USD 75 million loan facility agreement with a reputable private lender. The company's current budget for the reactivation of the drillship amounts to approx. USD 40 million, while approx. USD 10 million will be used to refinance the company's existing credit facility. The remaining proceeds of the loan facility will be used for general corporate purposes and is considered sufficient to bridge cash flow need until operational income and cashflow starts end of summer 2023.

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 2023 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 615 947 USD

Net income allocated 615 947 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, 27. April 2022

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S. A. Maier

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Svend Anton Maier

CEO

DocuSigned by:

Einar Jørgen Greve

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Einar J. Greve

Chairman

DocuSigned by:

Gunnar Hvammen

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Gunnar Hvammen

Board member

DocuSigned by:

Glen Ole Rødland

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Glen Ole Rødland

Board member

Income Statement

Amounts in USD

Operating income and operating expenses	Note	Deep Value Driller AS		Deep Value Driller Group	
		2022	04.01 - 31.12.2021	2022	04.01 - 31.12.2021
Other income		207 088	1 080 054	0	0
		207 088	1 080 054	0	0
Stacking costs		0	2 920 092	7 746 093	5 414 355
Employee benefits	2	160 304	209 185	826 962	579 372
Depreciation and amortisation	3	4 214	1 082 683	2 886 891	2 221 806
Other expenses	2	399 759	2 853 634	1 443 606	4 068 522
Total expenses		564 278	7 065 594	12 903 552	12 284 055
Operating profit		-357 190	-5 985 540	-12 903 552	-12 284 055
Financial income and expenses					
Interest income	4	3 047 622	767 410	12 518	
Financial income		170 339	280 490	170 962	280 490
Interest expenses		455 482	11 764	455 482	11 764
Financial expenses		246 819	105 028	245 082	107 635
Net financial items		2 515 660	931 108	-517 083	161 091
Net profit before tax		2 158 471	-5 054 432	-13 420 636	-12 122 964
Income tax expense	5	1 542 524	0	1 542 524	0
Net profit after tax		615 947	-5 054 432	-14 963 160	-12 122 964
Result for the period	6	615 947	-5 054 432	-14 963 160	-12 122 964
Allocation of net result					
Transferred to retained earnings	6	-615 947	5 054 432	14 963 160	12 122 964
Transferred to retained earnings		615 947	-5 054 432	-14 963 160	-12 122 964

Balance sheet

Assets	Note	Deep Value Driller AS		Deep Value Driller Group	
		31.12.2022	31.12.2021	31.12.2022	31.12.2021
Non-current assets					
Intangible assets					
Concessions, patents, licences	3	6 037	7 804	6 037	7 804
Total intangible assets		6 037	7 804	6 037	7 804
Property, plant and equipment					
Ships	3			63 561 533	66 444 211
Equipment and other movables	3	3 987	4 790	3 987	4 790
Total property, plant and equipment	3	3 987	4 790	63 565 520	66 449 001
Non-current financial assets					
Investments in subsidiaries	7	1 413	1 413	-	-
Loan to group companies	4	68 663 387	68 678 396	-	-
Total non-current financial assets		68 664 800	68 679 809	-	-
Total non-current assets		68 674 824	68 692 403	63 571 557	66 456 805
Current assets					
Inventories		-	-	865 530	633 072
Debtors					
Other short-term receivables		496 656	436 110	743 253	436 110
Receivables from group companies	4	18 320 796	5 126 245	-	-
Total receivables		18 817 452	5 562 355	743 253	436 110
Cash and cash equivalents		108 138	5 032 503	108 138	5 032 503
Total current assets		18 925 590	10 594 858	1 716 921	6 101 685
Total assets		87 600 414	79 287 261	65 288 478	72 558 490

Balance sheet

Amounts in USD

Equity and liabilities	Note	Deep Value Driller AS		Deep Value Driller Group	
		31.12.2022	31.12.2021	31.12.2022	31.12.2021
Equity					
Paid-in capital					
Share capital	6,8	1 019 177	1 015 261	1 019 177	1 015 261
Treasury stock	6,8	-3 519	-3 519	-3 519	-3 519
Share premium reserve	6	82 209 233	81 880 258	82 209 233	81 880 257
Other paid-up equity	2,6,9	323 830	183 335	323 830	183 335
Total paid-up equity		83 548 722	83 075 335	83 548 722	83 075 334
Retained earnings					
Other equity	6,8	3 519	3 519	3 519	3 519
Uncovered loss	6	-4 438 485	-5 054 432	-27 086 124	-12 122 964
Total retained earnings		-4 434 966	-5 050 913	-27 082 604	-12 119 445
Total equity		79 113 756	78 024 422	56 466 117	70 955 889
Liabilities					
Deferred tax	5	1 542 524		1 542 524	
Current liabilities					
Trade payables		834 507	1 194 597	834 507	1 298 064
Other current liabilities	4	109 627	68 243	445 329	304 536
Liabilities to financial institutions (<1 year)	10	6 000 000		6 000 000	
Total current liabilities		6 944 134	1 262 840	7 279 836	1 602 600
Total liabilities		8 486 658	1 262 840	8 822 360	1 602 600
Total equity and liabilities		87 600 414	79 287 262	65 288 478	72 558 489

Oslo April 27th 2022

The board of Deep Value Driller AS

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 Einar J. Greve

Chairman of the board

DocuSigned by:

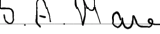
 3EA894E7E5224CA...
 Gunnar Hvammen

Member of the board

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 Glen Ole Rødland

Member of the board

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 SVEINERIKWOLD
 Svein Erik Wold
 CEO

Cash flow		
Deep Value Driller AS		
	2022	2021
Amount in USD		
Cash Flow from operating activities		
Profit/Loss before tax	2 158 471	-5 054 432
Ordinary depreciation	4 214	1 082 683
Profit/Loss sale of fixed assets	0	-1 080 054
Changes other short term receivable	-60 546	-436 110
Changes in accounts receivable	-13 179 542	-5 126 245
Changes in accounts payable	-360 090	1 194 597
Change in other accrual items	41 384	251 578
Net cash flows from operating activities	-11 396 109	-9 167 983
Cash flow from investment activities		
Acquisition of intangible assets	0	-15 223
Acquisition of tangible assets	-1 643	-68 678 396
Share investment		-1 413
Net cash flow from investment activities	-1 643	-68 695 032
Cash flow from financing activities		
Proceeds from equity	473 387	85 012 297
Capital increase costs		-2 116 778
Short-term liabilities financial institution	6 000 000	
Net cash flow from financing activities	6 473 387	82 895 519
Net change in cash and cash equivalents	-4 924 365	5 032 504
Cash and cash equivalents at the end of period	108 138	5 032 504

Cash flow		
Deep Value Driller Group		
Amount in USD	2022	2021
Cash Flow from operating activities		
Profit/Loss before tax	-13 420 636	-12 122 964
Ordinary depreciation	2 886 891	2 221 806
Profit/Loss sale of fixed assets		
Changes in inventories	-232 458	-633 072
Changes other short term receivable	-307 143	-436 110
Changes in accounts payable	-463 557	1 298 064
Change in other accrual items	140 793	487 871
Net cash flows from operating activities	-11 396 108	-9 184 405
Cash flow from investment activities		
Acquisition of intangible assets	0	-15 223
Acquisition of tangible assets	-1 643	-68 663 388
Net cash flow from investment activities	-1 643	-68 678 611
Cash flow from financing activities		
Proceeds from equity	473 387	85 012 297
Capital increase costs	0	-2 116 778
Short-term liabilities financial institution	6 000 000	
Net cash flow from financing activities	6 473 387	82 895 519
Net change in cash and cash equivalents	-4 924 365	5 032 503
Cash and cash equivalents at the end of period	108 138	5 032 503

Note 1 Accounting principles

at 31 December 2022

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 statements have been prepared on the historical cost basis.

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 2022 was USD 1/NOK 9,8573

Going concern

In accordance with the Accounting Act § 3-3a, the financial statements have been prepared under the assumption of going concern. This assumption is based on profit forecasts for the year 2023 and the Group's long-term strategic forecasts. The Group's economic and financial position is sound. In February 2023 Deep Value Driller Ltd. entered into a USD 75 million loan facility agreement with a reputable private lender. The company's current budget for the reactivation of the drillship amounts to approx. USD 40 million, while approx. USD 10 million will be used to refinance the company's existing credit facility. The remaining proceeds of the loan facility will be used for general corporate purposes and is considered sufficient to bridge cash flow need until operational income and cashflow starts end of summer 2023

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 % (in Norway) and 35% (in Malta) 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, an 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 Group's interest rate risk arises in both the short and medium-term perspective as The Group's borrowings is held at floating interest rates. Changes in the interest rate level will have a limited but direct impact on future cash flows. Borrowings have been at a low level. Therefore, no measures implemented towards reducing the exposure towards interest rate risk.

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 issues 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)	Expensed 2022 (USD)	Total
CEO, Svend Anton Maier	900 000	73 334	33 334	106 668
Chairman, Einar J. Greve	900 000	73 334	33 334	106 668
Boardmember, Gunnar Hvammen	450 000	36 667	16 667	53 334
Boardmember, Glen Ole Rødland	300 000		57 160	57 160
Total	2 550 000	183 335	140 494	323 829

Deep Value Driller Group

Personell Cost	2022	2021
Salaries	544 911	294 619
Employer taxes	160 304	25 850
Pensions	0	0
Other personell cost	121 747	258 903
Sum	826 962	579 372

Leading personnel	Salary	Other remuneration	Total
CEO, Svend Anton Maier	573 704	67 501	641 205 * expensed costs, warrants, school, insurance
Chairman, Einar J. Greve	0	33 334	33 334 * expensed costs, warrants
Boardmember, Gunnar Hvammen	0	16 667	16 667 * expensed costs, warrants
Boardmember, Glen Ole Rødland	0	57 160	57 160 * expensed costs, warrants
Total	573 704	174 661	748 365

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
	2022	2022
Statutory audit	33 708	33 708
Other attestation services	0	2 615
Tax advice	10 042	10 042
Other non-audit services	0	0
Total	43 750	46 365

Amounts are before vat.

Note 5 Tax**Deep Value Driller AS**

This years tax expense	31.12.2022	31.12.2021
Entered tax on ordinary profit/loss:		
Payable tax	0	0
Changes in deferred tax assets	1 542 524	0
Tax expense on ordinary profit/loss	1 542 524	0

Taxable income:		
Ordinary result before tax	2 158 471	-5 054 432
Permanent differences	140 505	183 335
Capital Raise cost	0	-2 116 778
Changes in temporary differences	-7 075 632	-1 566 776
Conversion differences	8 223 133	3 064 094
Taxable income/loss brought forward	3 446 476	-5 490 557

Payable tax in the balance:		
Payable tax on this year's result (22%)	0	0
Total payable tax in the balance	0	0

Spesification of temporary differences	31.12.2022	31.12.2021	Difference
Tangible assets	-3 271	-773	2 498
Revaluation reserve (Long term financial assets)	7 513 852		-7 513 852
Profit and loss account	1 742 562	1 567 549	-175 013
Total	9 253 143	1 566 776	-7 686 367

Accumulated loss to be brought forward	-2 241 671	-5 490 557	-3 248 886
Effect of not recognised deferred tax assets		3 923 781	3 923 781
Basis for deferred tax	7 011 472	0	-7 011 472

Deferred tax (22 %)	1 542 524	0	-1 542 524
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Deep Value Driller group

This years tax expense	31.12.2022	31.12.2021
Entered tax on ordinary profit/loss:		
Payable tax	0	0
Changes in deferred tax assets	1 542 524	0
Tax expense on ordinary profit/loss	1 542 524	0

Taxable income:		
Ordinary result before tax	-13 420 636	-12 122 964
Permanent differences	140 505	183 335
Capital Raise cost	0	-2 116 778
Changes in temporary differences	-7 075 632	-1 566 776
Conversion differences	8 223 133	3 064 094
Taxable income/loss brought forward	-12 132 630	-12 559 089

Payable tax in the balance:		
Payable tax on this year's result	0	0
Total payable tax in the balance	0	0

Spesification of temporary differences	31.12.2022	31.12.2021	Difference
Tangible assets	-3 271	-773	2 498
Revaluation reserve (Long term financial assets)	7 513 852		-7 513 852
Profit and loss account	1 742 562	1 567 549	-175 013
Total	9 253 143	1 566 776	-7 686 367

Accumulated loss to be brought forward	- 24 889 310	- 12 559 089	12 330 221
Effect of not recognised deferred tax assets	22 647 639	10 992 313	-11 655 326
Total	7 011 472	0	-7 011 472

Jurisdiction	Tax rate	Taxable differences	Deferred tax assets	Deferred tax
Norway	22 %	-7 011 472		-1 542 524
Malta	35 %	22 647 639	7 926 674	0
Deferred tax basis*	31,93 %	15 636 166	7 926 674	-1 542 524

* Deferred tax assets not included 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
Pr. 31.12.2022	1 015 261	-3 519	81 880 258	183 335	3 519	-5 054 432	78 024 422
Capital increase	3 916		328 975				332 892
Loss for the period						615 947	615 947
Sharebased payment				140 495			140 495
Pr. 31.12.2022	1 019 177	-3 519	82 209 233	323 830	3 519	-4 438 485	79 113 756

Deep Value Driller Group

	Share capital	Own Stock	Share premium	Other paid-up equity	Other equity	Uncovered loss	Total
Pr. 31.12.2022	1 015 261	-3 519	81 880 257	183 335	3 519	-12 122 964	70 955 889
Capital increase	3 916		328 976				332 893
Loss for the period						-14 963 160	-14 963 160
Sharebased payment				140 495			140 495
Pr. 31.12.2022	1 019 177	-3 519	82 209 233	323 830	3 519	-27 086 124	56 466 117

Note 7 Subsidiaries, associates, joint ventures

Subsidiary company	Country	Owner share	Equity	Profit
Deep Value Driller Holding Ltd	Malta	100 %	1 413	0
Deep Value Driller Ltd	Malta	100 %	1 413	0

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	86 696 667	0,01176	1 019 177
Total	86 696 667	0,01176	1 019 177

All shares give the same rights in the company.

Deep Value Driller AS had 1107 shareholders as at 31.12.2022.

Statement of the largest shareholders as at 31.12.2022:

Shareholders	Ordinary	Share of votes
UTHALDEN AS	7 620 865	8,79 %
Goldman Sachs & Co. LLC	6 000 000	6,92 %
SOLAN CAPITAL AS	5 500 000	6,34 %
CACEIS Bank Spain SA	3 479 021	4,01 %
TVENGE	3 250 000	3,75 %
Euroclear Bank S.A./N.V.	2 621 600	3,02 %
INAK 3 AS	2 500 000	2,88 %
ALDEN AS	2 302 668	2,66 %
Merrill Lynch Prof. Clearing Corp.	2 211 912	2,55 %
UBS Switzerland AG	1 800 135	2,08 %
CLEARSTREAM BANKING S.A.	1 781 410	2,05 %
JPMorgan Chase Bank, N.A., London	1 500 000	1,73 %
CAMACA AS	1 500 000	1,73 %
PORTIA AS	1 500 000	1,73 %
CIPRIANO AS	1 500 000	1,73 %
NORDNET LIVSFORSIKRING AS	1 350 926	1,56 %
HUSHOVD	1 300 000	1,50 %
MELESIO INVEST AS	1 200 000	1,38 %
HØGSET HOLDING AS	1 200 000	1,38 %
SCAN CHEMICALS AS	1 150 000	1,33 %
OLA RUSTAD AS	1 081 398	1,25 %
The Bank of New York Mellon SA/NV	1 040 424	1,20 %
HORTULAN AS	1 025 000	1,18 %
TTC INVEST AS	1 000 000	1,15 %
A HOLDINGS AS	1 000 000	1,15 %
Total	56 415 359	65,07 %
Others (interest < 1 %)	30 281 308	34,93 %
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.

Shares and warrants held by leading employees and members of the board as of 31.12.2022:

	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 Gunnar Hvammen (Solan Capital AS)	2 433 333	5 500 000
Boardmember, Glen Ole Rødland	300 000	-
Total	5 128 333	7 275 000

*As of 31.12.2022 the CEO holds 275 000 ordinary shares.

Note 9 Warrants

The Company has in general meetings resolved to issue 8,403,333 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) Uthalden AS (Harald Moræus-Hanssen)	1 983 333
5) First Fondene (First Generator and First Global Fokus)	991 667
6) Glen Ole Rødland	300 000
In Total:	8 103 333

The warrants were subscribed and granted on March 2021 and June 8th 2022

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 for the first shareholders 1-5 and a shareprice of NOK 12.50 for shareholder 6. 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 NOK 8.50;
- 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 NOK 8.50; 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 NOK 8.50.

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.

Note 10 Liabilities to financial institutions

The group made use of its existing credit facility by drawing down 4 million USD on June 28, 2022, and an additional 2 million USD on October 19, 2022, out of the total available credit of 10 million USD.

The financial covenants are as follows:

The Market Capitalization of the Borrower shall not at any time be less than USD 80,000,000 (or the equivalent thereof using the Agent's spot rate of exchange). The group is in compliance with this covenant.

Note 11 Subsequent events

23 February 2023 the company announced the entry into and effectiveness of a bareboat charter for the drilling vessel 'Deep Value Driller'. The company has commenced reactivation activities for the Drillship which are expected to be completed during the summer of 2023 upon which the Drillship will be delivered to the charterer.

In February 2023 Deep Value Driller Ltd. entered into a USD 75 million loan facility agreement with a reputable private lender. The company's current budget for the reactivation of the drillship amounts to approx. USD 40 million, while approx. USD 10 million will be used to refinance the company's existing credit facility. The remaining proceeds of the loan facility will be used for general corporate purposes and is considered sufficient to bridge cash flow need until operational income and cashflow starts end of summer 2023.

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 2022, 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 2022 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.

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.

Other information

Other information consists of the information included in the annual report other than the financial statements and our auditor's report thereon. Management (the board of directors and the chief executive director) is responsible for the other information. Our opinion on 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 board of directors' report contains the information required by legal requirements and 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 or that the information required by legal requirements is not included, we are required to report that fact.

We have nothing to report in this regard, and in our opinion, the board of directors' report is consistent with the financial statements and contains the information required by applicable legal requirements.

Responsibilities of management for the financial statements

Management 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, 27 April 2023
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: Ernst & Young AS

Serial number: 9578-5999-4-1529830

IP: 83.241.xxx.xxx

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