

# Deep Value Driller AS

## Q1 2023

Q1 2023

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# Comments from the Board of directors

## **Main events in Q1**

24 January 2023 the company signed a bareboat charter for the drilling vessel "Deep Value Driller" between the Company's subsidiary, Deep Value Driller Ltd., and Saipem Comercio Maritimo Sociedade Unipessoal Lda., a wholly owned subsidiary of Saipem S.p.A. The Charterer will utilize the Drillship for operations on the Ivory Coast under a drilling contract entered into between Charterer and Eni Côte d'Ivoire Ltd.

The Contract is a firm 11 wells contract with an estimated period of 985 days (excluding mobilization/demobilization). The Contract may be extended by up to six additional wells. The Contract adds approximately USD 160 million of firm revenue backlog to the Group (excluding the rate payable for any optional extensions of the Contract).

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 forecast for the reactivation of the drillship amounts to USD 43.6 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.

## **Main events going forward**

The Group has commenced reactivation activities for the Drillship which is expected to be completed in early Q3 2023 after which the Drillship will be delivered to the Charterer under the Contract.

# Status rig

## *Premium 7th Generation Drillship*

### **Current Vessel Status:**

- Reactivation project has commenced at Westcon Yards.
- The project is manned up with service and project personnel to execute existing plan.
- Main activities:
  - Vessel re-certification
  - Required upgrades
  - Testing
  - Sea trials
  - Acceptance tests at end of project
- Sub supplier PSW shows good progression in upgrading of both BOP's

### **Location:**

- Reactivation takes place at Westcon Yard in Ølensvåg in Norway.

## Key figures

### Rig purchase 2021

**\$65,000,000**

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

### Equipment purchase 2021

**\$3,663,387**

- Maintenance system, part of initial purchase

### Operational cost ITD (Inception To Date)

**\$20,836/day**

- Average daily operational cost pr. Q1 2023

( Formerly labeled 'stacking cost' )

### Reactivation costs ITD

**\$12,532,876**

- Accumulated reactivation cost pr. Q1 2023

# Financial statement

## Q1 2023

### Interim Consolidated Profit and Loss (P&L) Statement

Unaudited Amounts in USD

Operating income and operating expenses	Note	Q1 - 2023	Q1 - 2022
Other income		-	-
Operational cost		2 195 851	2 927 455
Employee benefits expense		467 489	222 477
Depreciation and amortisation expenses	2	721 780	721 643
Other expenses		1 059 470	376 630
<b>Total expenses</b>		<b>4 444 591</b>	<b>4 248 205</b>
<b>Operating profit/loss</b>		<b>-4 444 591</b>	<b>-4 248 205</b>
<b>Financial income and expenses</b>			
Net financial items	3	-2 243 817	4 209
<b>Net profit before tax</b>		<b>-6 688 408</b>	<b>-4 243 996</b>
Changes in deferred tax		159 257	
Loss for the period		-6 529 150	-4 243 996
<b>Allocation of net result</b>			
<b>Transferred to retained earnings</b>		<b>-6 529 150</b>	<b>-4 243 996</b>

# Financial statement

## Q1 2023

### Interim Consolidated statement of Financial Position

Unaudited Amounts in USD

Assets	Note	31.March 2023	31.December 2022
<b>Non-current assets</b>			
<b>Intangible assets</b>			
Concessions, patents, licences	2	5 595	6 037
<b>Total intangible assets</b>		<b>5 595</b>	<b>6 037</b>
<b>Property, plant and equipment</b>			
Ships	2	62 840 864	63 561 533
Reactivation project costs	2	12 532 876	-
Equipment and other movables	2	3 317	3 987
<b>Total property, plant and equipment</b>	<b>2</b>	<b>75 377 057</b>	<b>63 565 520</b>
<b>Non-current financial assets</b>			
Total non-current financial assets		-	-
<b>Total fixed assets</b>		<b>75 382 652</b>	<b>63 571 557</b>
<b>Current assets</b>			
Inventories		476 406	865 530
<b>Debtors</b>			
Other short-term receivables		3 311 987	743 253
<b>Total receivables</b>		<b>3 311 987</b>	<b>743 253</b>
Cash and cash equivalents		60 528 914	108 138
<b>Total current assets</b>		<b>64 317 307</b>	<b>1 716 921</b>
<b>Total assets</b>		<b>139 699 959</b>	<b>65 288 478</b>

### Interim Consolidated statement of Financial Position

Unaudited Amounts in USD

Equity and liabilities	Note	31.March 2023	31.December 2022
<b>Equity</b>			
<b>Paid-in capital</b>			
Share capital	4	1 019 177	1 019 177
Treasury stock	4	-3 519	-3 519
Share premium reserve	4	82 209 233	82 209 233
Other paid-up equity	4	323 830	323 830
<b>Total paid-up equity</b>		<b>83 548 722</b>	<b>83 548 721</b>
<b>Retained earnings</b>			
Other equity		3 519	3 519
Uncovered loss	4	-33 615 274	-27 086 124
<b>Total retained earnings</b>	-	<b>33 611 755</b>	<b>27 082 605</b>
<b>Total equity</b>		<b>49 936 967</b>	<b>56 466 116</b>
<b>Liabilities</b>			
<b>Long-term liabilities</b>			
Deferred tax		1 383 267	1 542 524
Liabilities to financial institutions		75 000 000	6 000 000
<b>Total Long-term liabilities</b>	<b>3</b>	<b>76 383 267</b>	<b>7 542 524</b>
<b>Current liabilities</b>			
Trade payables		10 435 547	834 507
Other current liabilities		2 944 179	445 329
<b>Total current liabilities</b>		<b>13 379 726</b>	<b>1 279 837</b>
<b>Total liabilities</b>		<b>89 762 993</b>	<b>8 822 361</b>
<b>Total equity and liabilities</b>		<b>139 699 959</b>	<b>65 288 478</b>

# Financial statement

## Q1 2023

<b>Interim Consolidated Indirect cash flow</b>		
Unaudited Amounts in USD		
<b>NRS Indirect method</b>	<b>Q1 2023</b>	<b>Q1 2022</b>
<b>Amount in USD</b>		
<b>Cash Flow from operating activities</b>		
Profit/Loss before tax	-6 688 408	-4 243 996
Ordinary depreciation	721 780	721 643
Profit/Loss sale of fixed assets	-	-
Changes in inventories	389 124	221 034
Changes other short term receivable	-2 568 734	-358 273
Changes in accounts payable	9 601 040	-242 948
Change in other accrual items	2 498 849	255 990
<b>Net cash flows from operating activities</b>	<b>3 953 653</b>	<b>- 3 646 550</b>
<b>Cash flow from investment activities</b>		
Acquisition of intangible assets	-	-
Acquisition of tangible assets	- 12 532 876	-
Share investment	-	-
<b>Net cash flow from investment activities</b>	<b>- 12 532 876</b>	<b>-</b>
<b>Cash flow from financing activities</b>		
Proceeds from equity	-	-
Capital increase costs	-	-
Debt financing	75 000 000	-
Loan repayment	-6 000 000	-
<b>Net cash flow from financing activities</b>	<b>69 000 000</b>	<b>-</b>
<b>Net change in cash and cash equivalents</b>	<b>60 420 776</b>	<b>-3 646 550</b>
<b>Cash and cash equivalents at the end of period</b>	<b>60 528 914</b>	<b>1 385 953</b>

# NOTES to the Financial statements Q1 2023

## 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	Reactivation project costs	Total
Acquisition of fixed assets 31 December 2022	8 835	8 031	68 663 387	-	68 680 253
<b>Acquisition cost 31 March 2023</b>	<b>8 835</b>	<b>8 031</b>	<b>68 663 387</b>	<b>12 532 876</b>	<b>81 213 129</b>
Accumulated depreciation 31 March 2023	3 240	4 714	5 822 523	-	5 830 477
<b>Book Value 31 March 2023</b>	<b>5 595</b>	<b>3 317</b>	<b>62 840 864</b>	<b>12 532 876</b>	<b>75 382 652</b>

# NOTES to the Financial statements Q1 2023

## Note 3: Long-term liabilities

The company has received a term loan facility of 75 MUSD. This is a 3 year agreement. No repayment first 18 months, next 18 months downpayment 75MUSD to 50MUSD. After 3 years repayment of the remaining balance of 50MUSD. In Q1 the company repaid the existing revolving credit facility of 10 MUSD.

Note 4: Shareholders' equity	Share capital	Own Stock	Share premium	Other paid-up equity	Other equity	Uncovered loss	Total
UB 31.12.2022	1 019 177 -	3 519	82 209 233	323 830	3 519 -	27 086 124	56 466 117
Loss for the period					-	6 529 150 -	6 529 150
<b>Pr. 31.03.2023</b>	<b>1 019 177 -</b>	<b>3 519</b>	<b>82 209 233</b>	<b>323 830</b>	<b>3 519 -</b>	<b>33 615 273</b>	<b>49 936 967</b>

# NOTES to the Financial statements Q1 2023

<b>Note 5: Shareholders above 1% as of 31 March 2023</b>		
<b>Shareholders</b>	<b>Ordinary</b>	<b>Share of votes</b>
UTHALDEN AS	7 660 865	8,84 %
SOLAN CAPITAL AS	6 000 000	6,92 %
Goldman Sachs & Co. LLC	5 628 581	6,49 %
CACEIS Bank Spain SA	3 352 923	3,87 %
TVENGE	3 250 000	3,75 %
ALDEN AS	2 794 660	3,22 %
INAK 3 AS	2 500 000	2,88 %
Euroclear Bank S.A./N.V.	2 351 181	2,71 %
HORTULAN AS	2 250 000	2,60 %
CLEARSTREAM BANKING S.A.	1 938 684	2,24 %
SCAN CHEMICALS AS	1 800 000	2,08 %
CAMACA AS	1 700 000	1,96 %
JPMorgan Chase Bank, N.A., London	1 503 228	1,73 %
PORTIA AS	1 500 000	1,73 %
CIPRIANO AS	1 500 000	1,73 %
HUSHOVD	1 300 000	1,50 %
MELESIO INVEST AS	1 200 000	1,38 %
HØGSET HOLDING AS	1 200 000	1,38 %
OLA RUSTAD AS	1 171 398	1,35 %
GRØNLAND	1 055 000	1,22 %
NORDNET LIVSFORSIKRING AS	1 005 122	1,16 %
TTC INVEST AS	1 000 000	1,15 %
A HOLDINGS AS	1 000 000	1,15 %
THABO ENERGY AS	1 000 000	1,15 %
SONGA CAPITAL AS	997 000	1,15 %
The Bank of New York Mellon SA/NV	957 932	1,10 %
<b>Total</b>	<b>57 616 574</b>	<b>66,5 %</b>
Others (interest < 1 %)	29 080 093	33,5 %
<b>Total</b>	<b>86 696 667</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.

# Disclaimer

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