

Deep Value Driller AS

Q3 2023

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Comments from the Board of directors

Main events 2023

Early 2023, the company signed a bareboat charter for the Drillship "Deep Value Driller" with Saipem as Charterer. The Charterer will utilize the Drillship for operations on the Ivory Coast under a drilling contract with Eni Côte d'Ivoire Ltd. The bareboat charter term is for 11 wells firm with 6 wells options. Estimated firm revenue is USD 160 million to the Group (excluding the rate payable for any optional extensions of the Contract).

The Drillship has since end of January 2023 been undergoing an intensive reactivation project, and the Drillship was delivered to the Charterer 8. September 2023. The drillship arrived West Africa 9. October 2023 where she commenced operation. Daily rates are invoiced monthly, and first payment is received. Also the contractual mobilization fee 7.5 million USD has been paid by contractor.

The forecasted reactivation cost was USD 43.6 million. Findings during opening up, increased market activity globally leads to cost inflation, high price on fuel and shore power have caused increased costs. In addition delay in delivery and an unforeseen and temporary relocation of the Drillship during reactivation added costs of approximately USD 6 million. As a consequence thereof, the total project cost is estimated to USD 62 million.

Due to the cost increase, the company has established a credit line with major shareholders of 7.5 million USD. The Board evaluates cash flow balance to be satisfactory.

Main events going forward

The project is technically completed and BOP2 is undergoing final pressure tests ready to be deployed.

Key figures

Rig purchase 2021

\$65,000,000

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

Equipment purchase 2021

\$3,663,387

- Maintenance system, part of initial purchase

Operational cost ITD (Inception To Date)

\$32,543/day

- Average daily operational cost pr. Q3 2023

(Formerly labeled 'stacking cost')

Reactivation costs ITD

\$57,972,784

- Accumulated reactivation cost pr. Q3 2023

Financial statement

Q3 2023

Interim Consolidated Profit and Loss (P&L) Statement

Unaudited Amounts in USD

Operating income and operating expenses	Note	Q3 -2023	Q3 - 2022	YTD 2023	YTD 2022
Other income		1 544 850	-	1 544 850	-
Operational cost		10 862 290	1 788 377	16 778 961	6 369 438
Employee benefits expense		166 695	188 834	802 380	608 244
Depreciation and amortisation expenses	2	723 118	721 779	2 166 679	2 165 112
Other expenses		1 415 037	257 885	2 634 001	1 164 886
Total expenses		13 167 140	2 956 876	22 382 022	10 307 680
Operating profit/loss		-11 622 289	-2 956 876	-20 837 171	-10 307 680
Operating profit/loss before depreciation (EBITDA)		-10 899 171	3 936 540	-18 670 492	13 637 679
Financial income and expenses					
Financial income		395 356	110 937	1 676 819	280 490
Financial expenses		2 541 650	262 195	7 309 207	119 399
Net financial items	3	-2 146 294	-151 257	-5 632 388	-250 163
Net profit before tax		-13 768 583	-3 108 133	-26 469 560	-10 557 844
Income tax for the period		-239 695		-291 448	
Loss for the period		-14 008 278	-3 108 133	-26 761 008	-10 557 844
Allocation of net result					
Transferred to retained earnings		-14 008 278	-3 108 133	-26 761 008	-10 557 844

Financial statement

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Interim Consolidated statement of Financial Position

Unaudited Amounts in USD

Assets	Note	30.September 2023	31.December 2022
Non-current assets			
Intangible assets			
Concessions, patents, licences	2	4 712	6 037
Total intangible assets		4 712	6 037
Property, plant and equipment			
Ships	2	61 399 525	63 561 533
Reactivation project costs	2	57 972 784	-
Equipment and other movables	2	641	3 987
Total property, plant and equipment	2	119 372 950	63 565 520
Non-current financial assets			
Total non-current financial assets		-	-
Total fixed assets		119 377 662	63 571 557
Current assets			
Inventories		1 753 877	865 530
Debtors			
Other short-term receivables		10 895 346	743 253
Total receivables		10 895 346	743 253
Cash and cash equivalents		12 030 270	108 138
Total current assets		24 679 493	1 716 921
Total assets		144 057 155	65 288 478

Interim Consolidated statement of Financial Position

Unaudited Amounts in USD

Equity and liabilities	Note	30.September 2023	31.December 2022
Equity			
Paid-in capital			
Share capital	4,5	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
Total paid-up equity		83 548 722	83 548 721
Retained earnings			
Other equity		3 519	3 519
Uncovered loss	4	-53 847 132	-27 086 123
Total retained earnings		-53 843 613	-27 082 604
Total equity		29 705 109	56 466 117
Liabilities			
Long-term liabilities			
Deferred tax		1 833 972	1 542 524
Liabilities to financial institutions	3	75 000 000	6 000 000
Total long-term liabilities		76 833 972	7 542 524
Current liabilities			
Trade payables		23 783 509	834 507
Other current liabilities		13 734 565	445 329
Total current liabilities		37 518 075	1 279 837
Total liabilities		114 352 046	8 822 361
Total equity and liabilities		144 057 156	65 288 478

Financial statement

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Interim Consolidated Indirect cash flow

Unaudited Amounts in USD

NRS Indirect method	YTD 2023	YTD 2022
Amount in USD		
Cash Flow from operating activities		
Profit/Loss before tax	-26 469 560	-7 449 711
Ordinary depreciation	2 166 679	1 443 333
Profit/Loss sale of fixed assets	-	-
Changes in inventories	-888 347	175 752
Changes other short term receivable	-10 152 093	93 886
Changes in accounts payable	22 949 002	16 002
Change in other accrual items	13 289 235	61 792
Net cash flows from operating activities	894 917	-5 658 946
Cash flow from investment activities		
Acquisition of intangible assets	-	-
Acquisition of tangible assets	-57 972 784	-1 643
Share investment	-	-
Net cash flow from investment activities	-57 972 784	-1 643
Cash flow from financing activities		
Proceeds from equity	-	-
Capital increase costs	-	-
Debt financing	75 000 000	4 000 000
Loan repayment	-6 000 000	0
Net cash flow from financing activities	69 000 000	4 000 000
Net change in cash and cash equivalents	11 922 132	-1 660 589
Cash and cash equivalents at the end of period	12 030 270	3 371 914

NOTES to the Financial statements Q3 2023

Notes to the Financial statements

Note 1: Summary of Significant Accounting Policies

Company overview

Deep Value Driller AS is a company which 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
Acquisition cost 30 September 2023	8 835	8 031	68 663 387	57 972 784	126 653 037
Accumulated depreciation 30 September 2023	4 123	7 390	7 263 862	-	7 275 375
Book Value 30 September 2023	4 712	641	61 399 525	57 972 784	119 377 662

NOTES to the Financial statements Q3 2023

Note 3: Long-term liabilities

In February 2023, the company secured a term loan facility amounting to 75 million USD with a duration of three years. For the first 18 months, no repayments are required. Starting from August 2024, the company will begin making monthly installments until the loan balance is reduced from 75 million USD to 50 million USD. At the end of the three-year term, the company will repay the remaining balance of 50 million USD.

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						- 26 761 007	- 26 761 007
Pr. 30.09.2023	1 019 177	-3 519	82 209 233	323 830	3 519	-53 847 131	29 705 109

NOTES to the Financial statements Q3 2023

Note 5: Shareholders above 1% as of 30 September 2023		
Shareholders	Ordinary	Share of votes
UTHALDEN AS	7 855 865	9,06 %
SOLAN CAPITAL AS	6 000 000	6,92 %
Goldman Sachs & Co. LLC	5 818 659	6,71 %
HORTULAN AS	3 375 000	3,89 %
ALDEN AS	3 209 660	3,70 %
TVENGE	3 200 000	3,69 %
CACEIS Bank Spain SA	3 043 224	3,51 %
SCAN CHEMICALS AS	2 368 600	2,73 %
CAMACA AS	2 050 000	2,36 %
BNP Paribas Securities Corp.	1 902 861	2,19 %
INAK 3 AS	1 600 000	1,85 %
CIPRIANO AS	1 500 000	1,73 %
CLEARSTREAM BANKING S.A.	1 319 055	1,52 %
HØGSET HOLDING AS	1 200 000	1,38 %
HUSHOVD	1 180 000	1,36 %
OLA RUSTAD AS	1 171 398	1,35 %
Euroclear Bank S.A./N.V.	1 118 765	1,29 %
PORTIA AS	1 100 000	1,27 %
MELESIO INVEST AS	1 030 591	1,19 %
SONGA CAPITAL AS	1 026 447	1,18 %
TTC INVEST AS	1 000 000	1,15 %
A HOLDINGS AS	1 000 000	1,15 %
THABO ENERGY AS	1 000 000	1,15 %
NORDNET LIVSFORSIKRING AS	989 779	1,14 %
CACEIS Bank	906 429	1,05 %
Total	55 966 333	64,6 %
Others (interest < 1 %)	30 730 334	35,4 %
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.

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