

Deep Value Driller AS

Q4 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 mid-October 2023 where she commenced operation 1. November. Daily rates are invoiced and paid monthly. Also, the contractual mobilization fee 7.5 million USD has been paid by contractor.

The forecasted reactivation cost was 44 million USD. 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 also added costs. Today the total project cost is estimated to USD 64 million. To meet this delay and increased cost, the company established early November 2023 a credit line with major shareholders of 7.5 million USD.

The rig has been on full day rate since 1 Nov 2023. Start up has been challenging for a charterer that is new to this high-quality drillship. The drillship is in full operation and is now drilling on second location. BOP2 was originally to be finished 30 days after first spud/well – however – all focus has been on assisting charterer in starting operation – and in full cooperation with charterer it will be taken care of as soon as possible. The delayed project closing, and increased cost is mitigated by extended supplier support and a prolongation of shareholders 7,5 million USD creditline. On this basis the Board evaluates cash flow balance to be satisfactory, despite the fact that cash flow is delayed compared to original business plan/budget.

Main events going forward

Recertification project to be finalized and closed.

DVD plan to distribute excess cash to its shareholders and is currently evaluating the form of distribution, timing, and the size of a regular distribution. The company plan to announce its distribution plan latest in connection with the announcement of the 2024 1st quarter report.

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)

\$31,622/day

- Average daily operational cost pr. Q4 2023

(Formerly labeled 'stacking cost')

Reactivation costs ITD

\$63,521,499

- Accumulated reactivation cost pr. Q4 2023

Financial statement

Q4 2023

Interim Consolidated Profit and Loss (P&L) Statement

Unaudited Amounts in USD

Operating income and operating expenses	Note	Q4 - 2023	Q4 - 2022	YTD 2023	YTD 2022
Daily rate		10 335 000	-	11 226 667	-
Other income		752 288	-	1 405 471	-
Total Income		11 087 288	-	12 632 138	-
Operational cost		(824 949)	(7 714 993)	(18 841 461)	(7 714 993)
Employee benefits expense		(209 115)	(826 962)	(1 011 496)	(826 962)
Amortisation	2	(3 096 312)	-	(3 096 312)	-
Depreciation	2	(720 448)	(2 886 891)	(2 887 126)	(2 886 891)
Other expenses		(147 967)	(1 474 705)	(1 544 418)	(1 474 705)
Total expenses		(4 998 790)	(12 903 552)	(27 380 812)	(12 903 552)
Operating profit (loss)		6 088 498	(12 903 552)	(14 748 674)	(12 903 552)
Operating profit (loss) before depreciation (EBITDA)		9 905 257	(10 016 661)	(8 765 236)	(10 016 661)
Financial income and expenses					
Financial income		356 419	183 480	2 033 238	183 480
Financial expenses		(3 051 092)	(700 563)	(10 360 299)	(700 563)
Net financial items	3	(2 694 673)	(517 083)	(8 327 061)	(517 083)
Net profit (loss) before tax		3 393 825	(13 420 636)	(23 075 735)	(13 420 636)
Income tax for the period		(239 695)		(493 168)	
Profit (loss) for the period		3 154 130	(13 420 636)	(23 568 903)	(13 420 636)
Allocation of net result					
Transferred to retained earnings		3 154 130	(13 420 636)	(23 568 903)	(13 420 636)

Financial statement

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Interim Consolidated statement of Financial Position			
Unaudited Amounts in USD			
Assets	Note	31 December 2023	31 December 2022
Non-current assets			
Intangible assets			
Concessions, patents, licences	2	4 270	6 037
Total intangible assets		4 270	6 037
Property, plant and equipment			
Ships	2	60 678 856	63 561 533
Reactivation project cost	2	60 425 188	-
Equipment and other movables	2	1 305	3 987
Total property, plant and equipment	2	121 105 349	63 565 520
Non-current financial assets			
Total non-current financial assets		-	-
Total fixed assets		121 109 618	63 571 557
Current assets			
Inventories		1 514 200	865 530
Debtors			
Other short-term receivables		7 008 116	743 253
Total receivables		7 008 116	743 253
Cash and cash equivalents		11 931 255	108 138
Total current assets		20 453 570	1 716 921
Total assets		141 563 188	65 288 478

Interim Consolidated statement of Financial Position			
Unaudited Amounts in USD			
Equity and liabilities	Note	31 December 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	383 146	323 830
Total paid-up equity		83 608 037	83 548 722
Retained earnings			
Other equity		3 519	3 519
Uncovered loss	4	(50 655 027)	(27 086 124)
Total retained earnings		(50 651 508)	(27 082 605)
Total equity		32 956 530	56 466 117
Liabilities			
Long-term liabilities			
Deferred tax liabilities		2 035 692	1 542 524
Liabilities to financial institutions	3	75 000 000	6 000 000
Total Long-term liabilities		77 035 692	7 542 524
Current liabilities			
Trade payables		16 409 420	834 507
Other current liabilities		15 161 547	445 329
Total current liabilities		31 570 967	1 279 836
Total liabilities		108 606 658	8 822 360
Total equity and liabilities		141 563 188	65 288 477

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	(23 075 735)	(7 449 711)
Ordinary depreciation	5 983 438	1 443 333
Profit/Loss sale of fixed assets	-	-
Changes in inventories	(648 670)	175 752
Changes other short term receivable	(6 264 863)	93 886
Changes in accounts payable	15 574 913	16 002
Change in other accrual items	14 716 218	61 792
Net cash flows from operating activities	6 285 301	(5 658 946)
Cash flow from investment activities		
Acquisition of intangible assets	-	-
Acquisition of tangible assets	(63 521 499)	(1 643)
Share investment	-	-
Net cash flow from investment activities	(63 521 499)	(1 643)
Cash flow from financing activities		
Proceeds from equity	59 316	-
Capital increase costs	-	-
Debt financing	75 000 000	4 000 000
Loan repayment	(6 000 000)	-
Net cash flow from financing activities	69 059 316	4 000 000
Net change in cash and cash equivalents	11 823 118	(1 660 589)
Cash and cash equivalents at the end of period	11 931 255	108 138

NOTES to the Financial statements Q4 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 at 31 December 2022	8 835	8 031	68 663 387	-	68 680 253
Additions in 2023	-	-	-	63 521 499	63 521 499
Acquisition cost at 31 December 2023	8 835	8 031	68 663 387	63 521 499	132 201 752
Opening book value 2023	6 037	3 987	63 561 533	-	63 571 557
Depreciation & amortisation 2023	(1 767)	(2 682)	(2 882 677)	(3 096 312)	(5 983 438)
Accumulated depreciation & amortisation	(4 565)	(6 726)	(7 984 531)	(3 096 311)	(11 092 134)
Closing Book Value 31 December 2023	4 270	1 305	60 678 856	60 425 188	121 109 618

NOTES to the Financial statements Q4 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
Opening balance 1 January 2023	1 019 177	(3 519)	82 209 233	323 830	3 519	(27 086 124)	56 466 117
Share-based payment				59 316			59 316
Loss for the period						(23 568 902)	(23 568 902)
Closing balance 31 December 2023	1 019 177	(3 519)	82 209 233	383 146	3 519	(50 655 026)	32 956 530

NOTES to the Financial statements Q4 2023

Note 5: Shareholders above 1% as of 31 December 2023		
Shareholders	Ordinary	Share of votes
UTHALDEN AS	7 868 365	9,08 %
SOLAN CAPITAL AS	6 000 000	6,92 %
Goldman Sachs & Co. LLC	5 904 781	6,81 %
HORTULAN AS	3 375 000	3,89 %
ALDEN AS	3 209 660	3,70 %
TVENGE	3 200 000	3,69 %
SCAN CHEMICALS AS	2 400 000	2,77 %
CAMACA AS	2 150 000	2,48 %
BNP Paribas Securities Corp.	1 902 861	2,19 %
HUSHOVD	1 707 311	1,97 %
NORDA ASA	1 677 692	1,94 %
CACEIS Bank Spain SA	1 605 000	1,85 %
CIPRIANO AS	1 500 000	1,73 %
Citibank Europe plc	1 438 224	1,66 %
HÅT GSET HOLDING AS	1 200 000	1,38 %
OLA RUSTAD AS	1 171 398	1,35 %
CLEARSTREAM BANKING S.A.	1 134 441	1,31 %
Euroclear Bank S.A./N.V.	1 111 501	1,28 %
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 %
PORTIA AS	1 000 000	1,15 %
THABO ENERGY AS	1 000 000	1,15 %
NORDNET LIVSFORSIKRING AS	998 330	1,15 %
The Bank of New York Mellon SA/NV	953 538	1,10 %
CACEIS Bank	906 429	1,05 %
Total	57 471 569	66,3 %
Others (interest < 1 %)	29 225 098	33,7 %
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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