

Deep Value Driller AS

Q4 2022

Q4 2022

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Comments from the Board of directors

Main events in Q4

No major events during Q4 as the rig was in continued warm layup at the Westcon Yard in Ølensvåg.

Main events going forward

23 February 2023 the company announced the entry into and effectiveness of a bareboat charter for the drilling vessel "Deep Value Driller" with charterer Saipem, an energy service group currently active in the drilling segment in West Africa, Mediterranean, US Gulf, Middle East and Norway.

The Contract covers a firm period of approximately 3 years. The Contract may be extended by up to approximately a further one-year period. The Contract adds approximately USD 160 million of firm revenue backlog to the Group.

The Group 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 under the Contract.

To fund the reactivation activities, refinancing of the Company's existing credit facility and general corporate purposes, DVD Ltd. has entered into a USD 75 million senior secured term loan facility agreement with a reputable private lender and Nordic Trustee AS as facility and security agent. 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. The Loan Facility will mature three years from the date of the Loan Facility with a balloon payment of approx. USD 50 million after equal monthly amortizations in the period from 18 months after the date of the Loan Facility until maturity. The Loan Facility will be secured by a first priority security interest in the Drillship and the assets held by the Group.

Status rig

Premium 7th Generation Drillship

Current Vessel Status

- > Up to year end the vessel has been warm stacked with a crew of 15 persons
- > All the main systems onboard are being operated on a regular basis

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.
- > Detailed plan established to prepare for reactivation.

> 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
- Built 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)

\$20,341/day

- Average daily stacking cost pr. Q4 2022

Mobilization costs ITD

\$4,273,572

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

Financial statement

Q4 2022

Interim Consolidated Profit and Loss (P&L) Statement

Unaudited Amounts in USD

| Operating income and operating expenses | Note | Q4 - 2022 | Q4 - 2021 | YTD 2022 | YTD 2021* |
|---|------|-------------------|-------------------|--------------------|--------------------|
| Other income | | 0 | 0 | 0 | 0 |
| Stacking costs | | 1 376 654 | 1 994 227 | 7 746 092 | 5 414 355 |
| Employee benefits expense | | 349 158 | 461 567 | 957 402 | 579 372 |
| Depreciation and amortisation expenses | 2 | 721 779 | 722 427 | 2 886 891 | 2 221 806 |
| Other expenses | | 278 720 | 1 450 650 | 1 443 606 | 4 068 522 |
| Total expenses | | 2 726 311 | 4 628 871 | 13 033 991 | 12 284 055 |
| Operating profit/loss | | -2 726 311 | -4 628 871 | -13 033 991 | -12 284 055 |
| Financial income and expenses | | | | | |
| Net financial items | 3 | -266 920 | -19 701 | -517 083 | 161 091 |
| Net profit after tax | | -2 993 230 | -4 648 572 | -13 551 074 | -12 122 964 |
| Loss for the period | | -2 993 230 | -4 648 572 | -13 551 074 | -12 122 964 |
| Allocation of net result | | | | | |
| Transferred to retained earnings | | -2 993 230 | -4 648 572 | -13 551 074 | -12 122 964 |

Financial statement

Q4 2022

Interim Consolidated statement of Financial Position

Unaudited Amounts in USD

| Assets | Note | 31.December 2022 | 31.December 2021 |
|--|----------|-------------------|-------------------|
| Non-current assets | | | |
| Intangible assets | | | |
| Concessions, patents, licences | 2 | 6 037 | 7 804 |
| Total intangible assets | | 6 037 | 7 804 |
| Property, plant and equipment | | | |
| Ships | 2 | 63 561 533 | 66 444 211 |
| Equipment and other movables | 2 | 3 987 | 4 790 |
| Total property, plant and equipment | 2 | 63 565 520 | 66 449 001 |
| Non-current financial assets | | | |
| Total non-current financial assets | | - | - |
| Total fixed assets | | 63 571 557 | 66 456 805 |
| Current assets | | | |
| Inventories | | 865 530 | 633 072 |
| Debtors | | | |
| Other short-term receivables | | 483 514 | 436 110 |
| Total receivables | | 483 514 | 436 110 |
| Cash and cash equivalents | | 108 138 | 5 032 503 |
| Total current assets | | 1 457 182 | 6 101 685 |
| Total assets | | 65 028 739 | 72 558 490 |

Interim Consolidated statement of Financial Position

Unaudited Amounts in USD

| Equity and liabilities | Note | 31.December 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 | 438 150 | 183 335 |
| Total paid-up equity | | 83 663 042 | 83 075 335 |
| Retained earnings | | | |
| Other equity | | 3 519 | 3 519 |
| Uncovered loss | 4 | -25 674 038 | -12 122 964 |
| Total retained earnings | - | 25 670 519 - | 12 119 445 |
| Total equity | | 57 992 523 | 70 955 890 |
| Liabilities | | | |
| Long-term liabilities | | | |
| Liabilities to financial institutions | | 6 000 000 | - |
| Total Long-term liabilities | 3 | 6 000 000 | - |
| Current liabilities | | | |
| Trade payables | | 834 507 | 1 298 064 |
| Other current liabilities | | 201 709 | 304 536 |
| Total current liabilities | | 1 036 216 | 1 602 600 |
| Total liabilities | | 7 036 216 | 1 602 600 |
| Total equity and liabilities | | 65 028 739 | 72 558 490 |

Financial statement

Q4 2022

Interim Consolidated Indirect cash flow

Unaudited Amounts in USD

| NRS Indirect method | Q4 2022 | Q4 2021 | YTD 2022 | YTD 2021 |
|---|----------------------|--------------------|---------------------|-------------------|
| Amount in USD | | | | |
| Cash Flow from operating activities | | | | |
| Profit/Loss before tax | -2 993 230 - | 4 648 573 | -13 551 074 | -12 122 964 |
| Ordinary depreciation | 721 779 | 722 427 | 2 886 891 | 2 221 806 |
| Profit/Loss sale of fixed assets | | - | | |
| Changes in inventories | -267 890 - | 633 072 | -232 458 | -633 072 |
| Changes other short term receivable | -81 482 - | 436 110 | -47 404 | -436 110 |
| Changes in accounts payable | 314 039 | 1 062 593 | -463 557 | 1 298 064 |
| Change in other accrual items | -367 488 | 621 521 | -102 828 | 487 871 |
| Net cash flows from operating activities | - 2 674 272 - | 3 311 214 - | 11 510 430 - | 9 184 405 |
| Cash flow from investment activities | | | | |
| Acquisition of intangible assets | | -15 223 | | -15 223 |
| Acquisition of tangible assets | | 5 381 | -1 643 | -68 663 388 |
| Share investment | | 0 | | |
| Net cash flow from investment activities | - | - | 1 643 - | 68 678 611 |
| Cash flow from financing activities | | | | |
| Proceeds from equity | 254 815 | 2 116 779 | 587 708 | 85 012 297 |
| Capital increase costs | | -2 116 778 | | -2 116 778 |
| Long-term liabilities | 2 000 000 | 0 | 6 000 000 | |
| Net cash flow from financing activities | 2 254 815 | | 6 587 708 | 82 895 519 |
| Net change in cash and cash equivalents | -419 458 | -3 321 055 | -4 924 365 | 5 032 503 |
| Cash and cash equivalents at the end of period | 108 138 | 5 032 503 | 108 138 | 5 032 503 |

NOTES to the Financial statements Q4 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 31 December 2022 | 8 835 | 8 031 | 68 663 387 | 68 680 253 |
| Accumulated depreciation 31 December 2022 | 2 798 | 4 044 | 5 101 854 | 5 108 696 |
| Book Value 31 December 2022 | 6 037 | 3 987 | 63 561 533 | 63 571 557 |

NOTES to the Financial statements Q4 2022

Note 3: Long-term liabilities

The company has received a revolving credit facility of 10 MUSD.

End of year 2022 this credit has been drawn to 6 MUSD, and respectively 4 MUSD still available.

| 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 |
| Sharebased payment | | | | 254 815 | | | 254 815 |
| Loss for the period | | | | | | - 13 551 074 - | 13 551 074 |
| Pr. 31.12.2022 | 1 019 177 - | 3 519 | 82 209 234 | 438 150 | 3 519 - | 25 674 038 | 57 992 524 |

NOTES to the Financial statements Q4 2022

| Note 5: Shareholders above 1% as of 31 December 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 | 65,1 % |
| Others (interest < 1 %) | 30 281 308 | 34,9 % |
| 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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