

To the Board of Directors of Northern Ocean Ltd.

PO Box HM 1593,
Par-la-Ville Place,
14 Par-la-Ville Road,
Hamilton HM 08 Bermuda

Attention: The Board of Directors

Oslo, 29 July 2024

Northern Ocean Ltd. - Independent Statement regarding the Mandatory Offer

1 BACKGROUND AND INTRODUCTION

KWC AS ("**KWC**") has been engaged by Northern Ocean Ltd. ("**NOL**" or the "**Company**") in connection with the mandatory offer ("**Mandatory Offer**" or "**Offer**") by Hemen Holding Limited ("**Offeror**"), a private limited liability company incorporated and existing under the laws of Cyprus, to acquire all issued and outstanding shares in the Company pursuant to chapter 6 of the Norwegian Securities Trading Act (the "**NSTA**"), as set out in the Offer Document ("**Offer Document**") dated 10 July 2024.

In relation to the above, the Company's Board of Directors has engaged KWC AS ("**KWC**") as an independent third party to provide a fairness opinion and independent assessment of the Offer ("**Independent Statement**") on behalf of the Company. Note that Euronext Oslo Børs has, in its capacity as take-over supervisory authority, resolved that the decision in respect of the Company's statement pursuant to section 6-16 (4) of the NSTA shall be issued by KWC on behalf of the Company's Board of Directors. Therefore, the Board of Directors has recused itself from its obligations as set out in §6-16(4) of the NSTA. KWC's Independent Statement is designed to fulfill the requirements of §6-16(1).

2 MANDATORY OFFER

The Offeror is offering to acquire all shares in the Company at a price of NOK 7.00 in cash for each share tendered in the offer ("**Offer Price**"), on the terms and subject to conditions and limitations set out in the Offer Document. The Offer values the Company at approximately NOK 2122.5 million. No interest or other compensation other than the Offer Price will be paid by the Offeror to shareholders tendering shares in the Offer.

The Offer Price corresponds to the subscription price in the private placement announced on 19 June 2024 (the "**Private Placement**"), which also corresponds to the subscription price in the contemplated subsequent offering, which was also announced in connection with the Private Placement.

3 INDEPENDENT STATEMENT

KWC will receive a fee for its services on delivery of this Statement, based on the number of hours incurred and standard hourly fee rates. No employee of KWC owns shares or has any personal or financial interest in NOL or the Offeror or the consequences of the Offer, other than the performance of this engagement.

4 PURPOSE OF THIS STATEMENT

The purpose of this Statement is to provide all shareholders in the Company with an independent assessment as to whether the Mandatory Offer is “fair” from a financial point of view and comment as necessary on other matters as required by § 6-16(1) of the NSTA.

5 SCOPE OF OUR WORK

In making our assessment of the Offer we have reviewed the Offer Document and considered the Offer Price and other terms from several perspectives relative to an assessment of Fair Market Value in the circumstances. We have sought to obtain support for our conclusions based on a variety of sources. We have compared the Offer Price to market prices for comparable companies, assessed the circumstances leading up to the mandatory offer, as well as the specific contents of the Offer Document. The scope of our work can be summarized as follows:

- Considered the background to and the specific events leading up to the date of the Offer Document, including but not limited to the Private Placement.
- Considered the trading history and share price development of the Company’s shares on the Oslo Stock Exchange.
- Considered the participation rate and expressed interest among the shareholders in the Private Placement.
- Performed our own value considerations, primarily based on market multiples for comparable companies.
- Considered historical acquisition and control premiums for companies listed on the Oslo Stock exchange.
- Reviewed analyst forecasts, valuations, recommendations, and target prices for NOL in the period leading up to and immediately after announcement of the Private Placement.

We have considered the results of all the above in arriving at our conclusions. The evaluations supporting our conclusions contain subjective elements, including our own assessment of information obtained, as well as our own experience in valuation matters.

In this connection we have received all the information that we have requested from the Company.

We have not conducted any independent verification of the information in the Offer Document. For the purposes of this statement, we have assumed that all information in the Offer Document is correct, complete in all material respects, and not misleading. We have also relied on, and assumed, without independent verification, the accuracy and completeness of the information made available to us by the Company and by third parties in this connection.

We have not evaluated any tax or legal issues related to the Company or its shareholders. Our Statement is based on financial, economic, market and other relevant information available at the date of the Offer Document published on 10 July 2024 and up to the date of this Statement.

6 SHARE PRICE DEVELOPMENT

The last twelve months the Company's share price has fluctuated between NOK 7.26 (on 10 July 2024) per share and NOK 15.30 per share, with a closing share price on 19 June 2024 of NOK 8.06. However, prior to 20 June 2024, the lowest closing share price in 2024 was NOK 7.92, on 17 June 2024. The 30 days volume weighted share price ("VWAP") per 19 June 2024 was NOK 8.95, while the corresponding 60 day VWAP was 8.90.

We also note that despite the communication to the market in respect of the Private Placement, the subsequent issue, and the resulting Offer, all of which set out a price per share of NOK 7.00, has not caused the share price to fully migrate to the Offer Price level. This indicates that the market sees upside to the Offer Price, despite the fact that a significant number of new shares are expected to be issued at NOK 7.00 per share in the subsequent issue.

7 IMPACT OF THE OFFER ON THE COMPANY, SHAREHOLDERS AND EMPLOYEES

7.1 COMMERCIAL RATIONALE

The Offeror has stated in the Offer Document that:

*"Hemen is obligated to make the Offer in accordance with chapter 6 of the Norwegian Securities Trading Act as Hemen became the owner of more than 40% of the Shares on a consolidated basis by acquisition of Shares by participating in a private placement (the **"Private Placement"**) of new common shares in Northern Ocean (the **"New Shares"**), at subscription price of NOK 7.00 (the **"Subscription Price"**) per New Share directed solely towards existing shareholders of the Company and subject to and in compliance with applicable exemptions from relevant prospectus or registration requirements." (Bolded terms are bolded as in the Offer Document.)*

Further to this, we note that the Private Placement was initiated in connection with a refinancing of the Company's balance sheet.

7.2 CONSEQUENCES FOR EMPLOYEES

According the Offer Document, Hemen does not have any specific plans, and is not aware of any other circumstances relating to completion of the Offer, that will have any legal, financial or work-related consequences for Group's employees.

The employees have not made any separate statement regarding the Offer.

7.3 CONSEQUENCES FOR SHAREHOLDERS

If, as a result of and following the Offer, the Offeror chooses to initiate a compulsory acquisition (squeeze-out) of remaining shares not already owned by the Offeror pursuant to Bermudan company legislation, we have been informed that the Offer Price will also be applied in any such squeeze-out (subject to compliance with Bermuda law).

KWC has not received any information to indicate that the Offeror's statements are in any way incomplete or incorrect. However, we are not able to make any further assessment of the consequences of accepting the Offer.

8 ASSESSMENT AND EVALUATION OF THE OFFER

8.1 OFFEROR'S POSITION

The Offeror is a private limited liability company incorporated and existing under the laws of Cyprus. It is indirectly controlled by trusts established by Mr. John Fredriksen for the benefit of his immediate family.

8.2 INFORMATION AND PROCESS

We have not identified any information to suggest that the Offer process, including the preceding Private Placement, has been anything other than an arm's length market transaction.

In this context it should be noted that the members of the Company's board of directors have recused themselves from providing an opinion in respect of the Company's shareholders, as the Oslo Stock Exchange has decided that the decision in respect of the Company's statement pursuant to section 6-16 (4) of the Securities Trading Act shall be issued by KWC AS on behalf of Northern Ocean Ltd

None of the board members of Northern Ocean or its management have expressed an individual view on the Offer. The board members and NOL's management therefore refer to the independent statement from KWC and recommend that shareholders study the Offer Document and draw their own conclusions. We note however, that three of the Company's board members subscribed for shares in the Private Placement.

We are unaware of any new information or circumstances up to the date of this Statement which has a material impact on our conclusions.

9 KWC ANALYSES

Set out below is a summary of the various analyses conducted in arriving at our conclusions and recommendations.

9.1 THE COMPANY'S TRADING HISTORY AND SHARE PRICE

As follows from paragraph 6, both the historical and current share price of the Company indicate that the fair market value of the Company is higher than reflected in the Offer price.

9.2 PARTICIPATION IN THE PRIVATE PLACEMENT

We have been informed that upon completion of the Private Placement, 86.6% of the shareholders had subscribed for shares corresponding to their respective pro rata shareholdings. As we understand, this constitute all, or materially all, of the shareholders that were offered to participate in the Private Placement.

The remaining shareholders will likely be offered to participate in the contemplated subsequent offering. Based on the participation rate in the Private Placement, the Company expects that a majority of the remaining shareholders will choose to subscribe for shares in the subsequent offering (provided that the subsequent offering happens).

9.3 KWC VALUE CONSIDERATIONS

We have performed a high-level assessment of the Company's market multiples (e.g. EV/Sales, P/B, etc.). Although the picture is somewhat mixed, both EV/Sales and P/B comparisons indicate that the current market cap of NOL is low compared to other companies in the sector. We also note that the pro forma EV/Rig multiple set out in the investor presentation in respect of the Private Placement, is lower than that of other companies operating similar rigs.

9.4 ACQUISITION AND CONTROL PREMIUMS

We have reviewed historical acquisition premiums over the past 10 years in the Norwegian public market, which provides objective support for the fact that fair market values for control positions are substantial and in the average and median range of 20-30% over market prices.

We note however, that the Offer may not necessarily result in Hemen obtaining a controlling shareholding in the Company.

9.5 ANALYST FORECASTS AND RECOMMENDATIONS

Our review of analyst reports as well as analysis of peer group pricing are consistent with our conclusions. Specifically, both historical and current analyst target prices are almost entirely above the Offer Price. One analyst also specifically notes that limited interest in the Mandatory Offer should be expected.

Further, external analysts appear unanimous that the restructuring of the Company has been value accretive.

10 CONCLUSIONS AND RECOMMENDATIONS TO THE SHAREHOLDERS OF NOL

Based on a holistic and therefore judgmental evaluation of all the matters set out above, we have concluded that the terms of the Offer from a financial point of view does not represent a full and fair arm's length price for all the outstanding shares of NOL.

We do not express an opinion on what share price range that would constitute a fair market value under the circumstances. However, we note that our analyses support that the fair market value of the Company likely exceeds the Offer Price.

Shareholders need to consider their individual positions in respect of an objective value today and alternative uses of capital as represented by the Offer Price of NOK 7.00 per share, compared to the longer-term potential value in the NOL share.

However, this Statement is not intended to be and shall not constitute or be construed as a recommendation to individual shareholders of NOL, as to whether to accept the Offer from the Offeror or not, and each shareholder remains solely responsible for their own decisions based on their own circumstances.

We recommend that shareholders study the Offer Document and draw their own conclusions. Furthermore, we recommend that shareholders seek advice from professional advisors with respect to tax and other consequences of accepting or not accepting the Offer.

On behalf of KWC AS

Simen B. Weiby

Partner