



NORTHERN OCEAN LTD.
RESULTS FOR THE FOURTH QUARTER 2024 AND TWELVE MONTHS
ENDED DECEMBER 31, 2024

KEY INFORMATION

Unless otherwise indicated, the terms "Northern Ocean" and the "Company" refer to Northern Ocean Ltd. and its consolidated subsidiaries.

HIGHLIGHTS - FOURTH QUARTER 2024

- During the quarter the Company secured two significant contracts. The first, with Equinor Energy AS, a subsidiary of Equinor ASA (together Equinor), involves the *Deepsea Bollsta* operating in Norway under a firm two-year agreement with five optional one-year extensions. This contract adds approximately \$335 million in firm backlog, along with an additional \$80 million for upgrades, integrated services and mobilization from Namibia to Norway. Operations under this contract are expected to commence in the second half of 2025. The second contract, with OMV Norge AS ("OMV") for operations in Norway, is set to begin in the second quarter of 2025, immediately after the rig mobilizes to the Norwegian continental shelf. With a firm duration of 54 to 99 days, it contributes an estimated \$23 to \$42 million in firm backlog.
- The *Deepsea Bollsta* commenced a one-well contract in Ghana in October with the Springfield Group of Companies ("Springfield"). Upon completion, the rig returned to Namibia for another well contract with a subsidiary of a major operator, which concluded in late January 2025. The Company is now mobilizing the *Deepsea Bollsta* to Norway.
- The *Deepsea Mira* continued operations under contract with TotalEnergies SE in Namibia, where it was granted an extension to drill an additional well, which started in the middle of the first quarter of 2025.

RESULTS

In the fourth quarter, operating revenue was \$65.4 million, up from \$39.9 million in the previous quarter. This increase primarily reflects the commencement of *Deepsea Bollsta* operations in the quarter.

Total operating expenses were \$65.2 million, an increase from \$60.0 million in the previous quarter, mainly due to the mobilization and commencement of *Deepsea Bollsta* operations.

Administrative expenses amounted to \$2.2 million, compared to \$1.2 million in the previous quarter.

Interest expense decreased to \$15.4 million from \$15.9 million in the previous quarter, reflecting decreases in the effective federal funds rate.

Foreign exchange gains were \$1.2 million, compared to losses of \$0.9 million in the previous quarter.

The net loss from continuing operations after taxes in the fourth quarter was \$13.8 million, compared to a loss of \$35.9 million in the previous quarter. The basic and diluted loss per share for the fourth quarter was \$0.05, compared to a loss of \$0.19 in the previous quarter.

COMPANY UPDATE

Operations

The *Deepsea Mira* remained in operation under its contract with a subsidiary of TotalEnergies SE in Namibia. During the fourth quarter, the firm term of the contract was extended to include one additional well which started in the middle of the first quarter of 2025.

In October 2024, the *Deepsea Bollsta* began operations in Ghana under a one-well contract with Springfield. Following completion, the rig transited back to Namibia to drill one well for a subsidiary of a major operator, remaining under contract until the end of January 2025. The *Deepsea Bollsta* is currently being mobilized to Norway.

On November 18, 2024, the Company signed a contract with Equinor for the *Deepsea Bollsta* to operate in Norway. The contract, expected to commence in the second half of 2025, includes a firm two-year period with five optional one-year extensions, which adds approximately \$335 million in firm backlog and an additional \$80 million for client-specific upgrades, integrated services and mobilization from Namibia to Norway.

On December 5, 2024, Northern Ocean secured another contract for the *Deepsea Bollsta* with OMV for operations in Norway. This contract is expected to begin in the second quarter of 2025, immediately following the rig's mobilization to the Norwegian continental shelf. With a firm duration of 54 to 99 days, it contributes approximately \$23 to \$42 million to the Company's firm backlog.

At the date of this report, the Company's total firm backlog is estimated to be approximately \$462 to \$481 million.

Financing

The Company successfully completed a refinancing at the end of the second quarter of 2024, strengthening its financial position. As part of the refinancing the Company amended and extended a facility provided by Sterna Finance Ltd. where the Company has the option to convert cash interest payments into Payment-In-Kind ("PIK") interest, which it utilized in December 2024 increasing the principal outstanding amount under this facility to \$231.8 million.

FORWARD LOOKING STATEMENTS

The Company's activities are subject to significant risks and uncertainties that can have an adverse effect on the Company's business, financial condition, results of operations and cash flow. See Note 1 to the unaudited condensed consolidated financial statements.

This report contains certain forward-looking statements relating to the business, financial performance and results of the Company and/or the industry in which it operates, sometimes identified by the words "believes", "expects", "intends", "plans", "estimates" and similar expressions. The forward-looking statements contained in this report, including assumptions, opinions and views of the Company or cited from third-party sources, are solely opinions and forecasts which are subject to risks, uncertainties and other factors that may cause actual events to differ materially from any anticipated development. The Company does not provide any assurance that the assumptions underlying such forward-looking statements are free from errors, nor does the Company accept any responsibility for the future accuracy of the opinions expressed in the presentation or the actual occurrence of the forecasted developments. No obligations are assumed to update any forward-looking statements or to confirm these forward-looking statements to actual results.

The Board of Directors and the Chief Executive Officer
Northern Ocean Ltd.
Hamilton, Bermuda
February 21, 2025

Questions should be directed to:
Jonas Ytreland: Chief Financial Officer
+47 994 65 550

NORTHERN OCEAN LTD.
UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Oct 1 to Dec 31, 2023	Oct 1 to Dec 31, 2024	CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS <i>(in thousands of \$)</i>	2024	2023
76,636	62,850	Contract revenue 3	252,615	215,261
3,200	2,474	Reimbursable revenue	10,912	19,902
179	30	Other income	333	1,760
80,015	65,354	Total operating revenues	263,860	236,923
68,903	46,959	Rig operating expenses 4	206,316	191,119
2,537	2,773	Reimbursable expenses	10,809	18,966
11,083	13,333	Depreciation	49,929	42,889
1,859	2,157	Administrative expenses	7,011	7,534
84,382	65,222	Total operating expenses	274,065	260,508
(4,367)	132	Net operating gain (loss)	(10,205)	(23,585)
505	599	Interest income	2,679	1,837
(13,023)	(15,359)	Interest expense	(56,300)	(45,992)
(486)	1,228	Foreign exchange gain (loss)	610	(389)
(1)	—	Other financial expenses	(41)	(7)
(17,372)	(13,400)	Net loss from continuing operations before taxes	(63,257)	(68,136)
(1,042)	(425)	Tax charge	(2,400)	(2,762)
(18,414)	(13,825)	Net loss from continuing operations	(65,657)	(70,898)
(0.10)	(0.05)	Basic and diluted loss from continuing operations per share (\$)	(0.23)	(0.39)

Oct 1 to Dec 31, 2023	Oct 1 to Dec 31, 2024	CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE LOSS <i>(in thousands of \$)</i>	2024	2023
(18,414)	(13,825)	Net loss	(65,657)	(70,898)
6	(57)	Foreign currency translation (loss) gain	56	35
6	(57)	Other comprehensive (loss) income	56	35
(18,408)	(13,882)	Comprehensive loss	(65,601)	(70,863)

See accompanying notes that are an integral part of these unaudited condensed consolidated financial statements.

NORTHERN OCEAN LTD.
UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED BALANCE SHEET <i>(in thousands of \$)</i>	Note	Dec 2024	Dec 2023
ASSETS			
Short-term assets			
Cash and cash equivalents		42,751	54,350
Restricted cash	8	138	142
Related party receivables		—	129
Accounts receivable, net		47,410	41,388
Unbilled receivables		7,556	6,520
Short-term portion of deferred costs	7	2,200	27,073
Material and supplies, net		344	2,455
Other current assets	10	1,973	—
Short-term portion of right-of-use assets under operating leases		128	130
Total short-term assets		102,500	132,187
Long-term assets			
Drilling units	9	929,049	923,560
Fixtures and fittings		18	33
Total long-term assets		929,067	923,593
Total assets		1,031,567	1,055,780
LIABILITIES AND EQUITY			
Short-term liabilities			
Short-term portion of long-term debt	12	14,950	29,977
Other current liabilities	11	47,861	59,668
Short-term portion of deferred revenue	7	3,970	14,743
Related party payables		54	2
Lease dilapidations		5	—
Short-term portion of related party debt	13	—	53,727
Short-term obligations under operating leases		112	106
Total short-term liabilities		66,952	158,223
Long-term liabilities			
Long-term debt	12	284,006	359,725
Long-term deferred revenue	7	2,605	2,715
Long-term related party debt	13	231,840	98,222
Total long-term liabilities		518,451	460,662
Commitments and contingencies	17		
Total equity		446,164	436,895
Total liabilities and equity		1,031,567	1,055,780

See accompanying notes that are an integral part of these unaudited condensed consolidated financial statements.

NORTHERN OCEAN LTD.
UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Oct 1 to Dec 31, 2023	Oct 1 to Dec 31, 2024	CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (in thousands of \$)	2024	2023
(18,414)	(13,825)	NET LOSS	(65,657)	(70,898)
		Adjustment to reconcile net (loss) income to net cash used in operating activities;		
71	181	Amortization of deferred charges	504	283
25,380	6,264	Amortization of deferred costs	33,337	65,009
(12,729)	(4,358)	Amortization of deferred revenue	(19,073)	(30,517)
11,083	13,333	Depreciation	49,929	42,889
—	205	Compensation cost	273	—
6	(57)	Unrealized foreign exchange loss (gain)	56	35
7,274	(752)	Accrued demobilization income	(752)	543
—	878	Accrued demobilization costs	878	—
		Change in operating assets and liabilities;		
5,702	(22,642)	Receivables	(6,022)	(33,617)
6,926	(3,926)	Unbilled receivables	(284)	4,870
6,645	3,196	Other current assets	136	10,706
27	48	Right-of-use assets under operating leases	2	252
(2,130)	(7,793)	Additions to deferred costs	(8,464)	(62,388)
—	7,191	Additions to deferred revenue	8,191	19,520
5,501	(9,378)	Other current liabilities	(12,684)	22,697
232	67	Related party balances	186	277
(34)	(48)	Obligations under operating leases	6	(255)
35,540	(31,416)	Net cash provided by (used in) operating activities	(19,438)	(30,594)
		INVESTING ACTIVITIES		
(5,877)	(13,920)	Additions to drilling units	(55,404)	(48,966)
(5,877)	(13,920)	Net cash used in investing activities	(55,404)	(48,966)
		FINANCING ACTIVITIES		
—	—	Net proceeds from share issuances	59,598	959
3,713	16,840	Related party debt: proceeds	94,891	60,171
—	—	Long-term debt: repayments	(90,000)	—
—	—	Debt fees paid	(1,250)	—
3,713	16,840	Net cash provided by financing activities	63,239	61,130
33,376	(28,496)	Net change	(11,603)	(18,430)
21,116	71,385	Cash, cash equivalents and restricted cash at start of the period	54,492	72,922
54,492	42,889	Cash, cash equivalents and restricted cash at end of the period	42,889	54,492

See accompanying notes that are an integral part of these unaudited condensed consolidated financial statements.

NORTHERN OCEAN LTD.
UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY <i>(in thousands of \$ except number of shares)</i>	2024	2023
Number of shares outstanding		
Balance at beginning of period	182,677,107	181,618,186
Shares issued	120,538,285	1,058,921
Balance at end of period	303,215,392	182,677,107
Share capital		
Balance at beginning of period	91,339	90,809
Shares issued	60,269	530
Balance at end of period	151,608	91,339
Additional paid in capital		
Balance at beginning of period	565,613	565,184
Shares issued	14,328	429
Stock options	273	—
Balance at end of period	580,214	565,613
Accumulated other comprehensive income (loss)		
Balance at beginning of period	(110)	(145)
Other comprehensive income	56	35
Balance at end of period	(54)	(110)
Retained deficit		
Balance at beginning of period	(219,947)	(149,049)
Net loss	(65,657)	(70,898)
Balance at end of period	(285,604)	(219,947)
Total equity	446,164	436,895

See accompanying notes that are an integral part of these unaudited condensed consolidated financial statements.

NORTHERN OCEAN LTD.**NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS****1. GENERAL**

Northern Ocean Ltd. ("Northern Ocean" or the "Company") owns and operates two modern harsh-environment semi-submersible drilling rigs, with the primary purpose of providing offshore drilling services for the oil and gas industry in harsh environments worldwide.

As of the date of this report, the Company owns *Deepsea Mira* and *Deepsea Bollsta*. The *Deepsea Mira* is currently operating under a drilling contract with TotalEnergies SE ("TotalEnergies") off the coast of Namibia while the *Deepsea Bollsta* is being mobilized to Norway.

2. BASIS OF ACCOUNTING

The unaudited condensed consolidated financial statements are stated in accordance with generally accepted accounting principles in the United States of America. The unaudited condensed consolidated financial statements do not include all of the disclosures required in annual and interim consolidated financial statements and should be read in conjunction with the Company's audited financial statements for the year ended December 31, 2023.

Going concern assumption

These consolidated financial statements are prepared under the going concern assumption.

3. REVENUE FROM CONTRACTS WITH CUSTOMERS

The following table provides information about the composition of contract revenue:

	Oct 1 to Dec 31, 2024	<i>(in thousands of \$)</i>	Jan 1 to Dec 31, 2024
53,417	Dayrate revenue		222,121
4,331	Amortization of deferred revenue		18,964
3,152	Accrued demobilization revenue		3,152
1,950	Other		8,378
62,850	Contract revenue		252,615

Dayrate revenue

Dayrate revenue earned from the *Deepsea Bollsta* and *Deepsea Mira* drilling contracts is recognized as it is earned.

Amortization of deferred revenue

Certain revenue received from a customer for the initial mobilization of a contracted rig represents consideration for fulfilling contractual obligations necessary to commence operations. Such revenue is deferred and recognized ratably as other revenue over the initial term of the related drilling contract. See Note 7 for more details.

Accrued demobilization revenue

Revenue earned from a customer for decommissioning, relocation, and final demobilization of a contracted rig represents compensation for fulfilling contractual obligations at the conclusion of operations. When the receipt of such revenue is considered probable, it is accrued proportionally over the initial term of the related drilling contract. See Note 7 for more details.

Other

This balance consists of operational excellence bonuses and add-on revenue. The costs associated with the add-on revenue are included within rig operating expenses (detailed in Note 4).

4. RIG OPERATING EXPENSES

The following table provides information about the composition of rig operating expenses:

Oct 1 to Dec 31, 2024	(in thousands of \$)	Jan 1 to Dec 31, 2024
30,647	Daily operating expenses	148,409
2,873	Maintenance projects	5,142
6,264	Amortization of deferred costs	33,337
4,248	Accrued demobilization costs	4,248
2,927	Other	15,180
46,959	Rig operating expenses	206,316

Daily operating expenses

This category includes the costs associated with the daily operations of the rigs. The notable constituents of the daily operating expenses are the expenses for offshore personnel, repairs and maintenance (excluding maintenance projects referred to below), onshore support services, catering costs and management fees payable to Odfjell Drilling.

Included in daily operating expenses are incremental costs associated with providing customers with add-on services for which the commercial terms differ from those services provided on a reimbursable basis. The costs and the associated revenue for these services are reported on a gross basis under rig operating expenses and contract revenue respectively.

Maintenance projects

Maintenance projects which are considered non-recurring and with an individual cost in excess of \$100,000 are not considered to be indicative of the ordinary daily running costs of our operations and have been disaggregated from daily operating expenses. These projects are either preventive or corrective in nature.

Amortization of deferred costs

Certain direct and incremental costs incurred for upfront preparation, initial mobilization and modifications of the contracted rigs represent costs of fulfilling a contract as they relate directly to a contract and enhance resources that will be used in satisfying performance obligations. Such costs are deferred and amortized ratably to rig operating expenses as services are rendered over the initial term of the related drilling contract. See Note 7 for more detail.

Accrued demobilization costs

Certain direct and incremental costs incurred for the decommissioning, relocation, and final demobilization of contracted rigs represent costs of fulfilling a contract, as they relate directly to a contract and are necessary to conclude operations and transition the rig. Such costs are accrued and recognized ratably as rig operating expenses over the remaining term of the related drilling contract or as incurred upon contract completion. See Note 7 for more details.

Other

Balance primarily consists of withholding tax expenses payable in Namibia and the Republic of the Congo, as well as the cost of the Company's operational department.

5. INCOME TAXES

Under current Bermuda law, the Company is not required to pay taxes in Bermuda on either income or capital gains. The Company has received written assurance from the Minister of Finance in Bermuda that, in the event of any such taxes being imposed, the Company will be exempted from taxation until March 31, 2035.

Other jurisdictions

The Company has subsidiaries, which are incorporated in the Marshall Islands and are not subject to income tax. Certain of the Company's subsidiaries and branches in Norway, Ireland, Namibia, Angola and the U.S. are subject to income tax in their respective jurisdictions.

Deferred tax

Deferred tax assets and liabilities are based on temporary differences that arise between carrying values of assets and liabilities used for financial reporting purposes and amounts used for taxation purposes and the future tax benefits of tax loss carry forwards.

The Company does not have any unrecognized tax benefits, material accrued interest or penalties relating to income taxes.

6. EARNINGS PER SHARE

The computation of basic earnings per share is calculated by dividing the net loss attributable to the Company by the weighted average number of shares outstanding during the period.

Diluted earnings per share amounts are calculated by dividing the net income attributable to the Company by the weighted average number of shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares. If in the period there is a loss then any dilutive potential ordinary shares have been excluded from the calculation of diluted loss per share, as their effect would be anti-dilutive.

The components of the numerator and the denominator in the calculation are as follows:

Oct 1 to Dec 31, 2023	Oct 1 to Dec 31, 2024		2024	2023
(18,414)	(13,825)	Net loss (in thousands of \$)	(65,657)	(70,898)
182,677	303,215	Weighted average number of ordinary shares (in thousands)	283,071	182,500

7. DEFERRED AND ACCRUED REVENUE AND COSTS

The following table provides information about the composition of deferred revenue in the current quarter:

(in thousands of \$)	Contract revenue	Other	Total
Total deferred revenue at December 31, 2023	14,633	2,825	17,458
Additions to deferred revenue	8,191	—	8,191
Amortization of deferred revenue	(18,964)	(110)	(19,074)
Total deferred revenue at December 31, 2024	3,860	2,715	6,575
Short-term deferred revenue	3,860	110	3,970
Long-term deferred revenue	—	2,605	2,605

Contract revenue

We may receive fees (on either a fixed lump-sum or variable rate basis) for the mobilization of our rigs. These activities are not considered to be distinct within the context of the contract and therefore, the associated revenue is allocated to the overall performance obligation and recognized ratably over the expected term of the related drilling contract. The Company records a contract liability for mobilization fees received, which is amortized ratably to contract drilling revenue as services are rendered over the initial term of the related drilling contract.

At the beginning of the year, the outstanding deferred contract revenue was entirely related to the *Deepsea Mira*'s contract with TotalEnergies. The amortization of this revenue was completed in the second quarter of 2024. In the second half of the year, mobilization revenue was recognized from the *Deepsea Bollsta*'s drilling contracts. A total of \$8.2 million was billed across these contracts, of which \$4.3 million has been amortized, while the remaining \$3.9 million is deferred and will be recognized in the first quarter of 2025.

Other

The balance primarily consists of funds received from a Norwegian government body as a grant due to the *Deepsea Mira* being equipped with systems which reduce NOx emissions. The grant is being amortized over the estimated useful life of the *Deepsea Mira*.

The following table provides information about the composition of the accrued demobilization revenue:

<i>(in thousands of \$)</i>	Accrued demobilization revenue
Total at December 31, 2023	—
Accrual of demobilization revenue	3,152
Demobilization payments billed	(2,400)
Total at December 31, 2024	752
Short-term accrued revenue	752
Long-term accrued revenue	—

Accrued demobilization revenue

Revenue earned from a customer for decommissioning, relocation, and final demobilization of a contracted rig represents compensation for fulfilling contractual obligations at the end of operations. When the receipt of such revenue is considered probable, it is accrued proportionally over the initial term of the related drilling contract.

In the fourth quarter, demobilization revenue was recognized from the *Deepsea Bollsta*'s drilling contracts. A total of \$3.2 million was accrued across these contracts, with \$2.4 million already billed. The remaining \$0.8 million is recorded as an asset and will be billed in the first quarter of 2025.

The following table provides information about the composition of deferred contract costs:

<i>(in thousands of \$)</i>	Contract costs
Total deferred costs at December 31, 2023	27,073
Additions to deferred costs	8,464
Amortization of deferred costs	(33,337)
Total deferred costs at December 31, 2024	2,200
Short-term deferred costs	2,200
Long-term deferred costs	—

Deferred contract costs

Certain direct and incremental costs incurred for upfront preparation, initial mobilization and modifications of contracted rigs are considered costs of fulfilling a contract as they directly relate to the contract and enhance resources used to satisfy performance obligations. Such costs are deferred and amortized ratably to rig operating expenses as services are rendered over the initial firm term of the related drilling contract.

At the beginning of the year, the outstanding deferred contract costs were entirely related to the *Deepsea Mira*'s contract with TotalEnergies. The amortization of this cost was completed in the second quarter of 2024. In the second half of the year, mobilization costs were recognized from the *Deepsea Bollsta*'s drilling contracts. A total of \$8.5 million of direct and incremental costs were deferred across these contracts, of which \$6.3 million has been amortized, while the remaining \$2.2 million is deferred and will be recognized in the first quarter of 2025.

The following table provides information about the composition of accrued demobilization costs:

<i>(in thousands of \$)</i>	Accrued demobilization costs
Total at December 31, 2023	—
Accrual of demobilization costs	4,248
Demobilization costs incurred	(3,370)
Total at December 31, 2024	878
Short-term accrued costs	878
Long-term accrued costs	—

Accrued demobilization costs

Certain direct and incremental costs incurred for the decommissioning, relocation, and final demobilization of contracted rigs represent costs of fulfilling a contract, as they relate directly to a contract and are necessary to conclude operations and transition the rig. Such costs are accrued and recognized ratably as rig operating expenses over the remaining term of the related drilling contract or as incurred upon contract completion.

In the fourth quarter, demobilization costs were recognized from the *Deepsea Bollsta's* drilling contracts. A total of \$4.2 million was accrued across these contracts, with \$3.4 million already incurred. The remaining \$0.9 million is recorded as a liability and will be incurred in the first quarter of 2025.

8. RESTRICTED CASH

As of December 31, 2024, restricted cash of \$0.1 million consists of funds held for an NIS guarantee and payroll taxes.

9. DRILLING UNITS

Movements in the carrying value of drilling units in the twelve months ended December 31, 2024, are summarized as follows:

<i>(in thousands of \$)</i>	Cost	Accumulated depreciation	Net carrying value
Balance at December 31, 2023	1,066,716	(143,156)	923,560
Additions	55,403	—	55,403
Retirement of assets	(18,631)	18,631	—
Depreciation	—	(49,914)	(49,914)
Balance at December 31, 2024	1,103,488	(174,439)	929,049

10. OTHER CURRENT ASSETS

Other current assets as of December 31, 2024, are summarized as follows:

<i>(in thousands of \$)</i>	
Deposit held	35
VAT receivable	600
Other	1,338
	1,973

Other

This category principally consist of prepayments for insurance and operational costs.

11. OTHER CURRENT LIABILITIES

Other current liabilities as of December 31, 2024, are summarized as follows:

<i>(in thousands of \$)</i>	
Accounts payable	12,586
Accrued administrative expense	1,602
Accrued operating expense	9,522
Other payables	13,820
Accrued interest expense	5,570
VAT liability	3,883
Accrued demobilization costs	878
	47,861

Other payables

Other payables primarily consist of withholding and corporate taxes due to the Namibian and Congolese tax authorities.

12. DEBT

Debts due to non-related parties as of December 31, 2024, are summarized as follows:

<i>(in thousands of \$)</i>	
U.S. dollar denominated floating rate debt:	
Term loan facility - Deepsea Mira	126,923
Term loan facility - Deepsea Bollsta	134,615
Revolving loan facility - Deepsea Mira and Deepsea Bollsta	38,462
Total debt - gross of deferred charges	300,000
Short-term portion of debt issuance costs	(50)
Long-term portion of debt issuance costs	(994)
Total debt - net of deferred charges	298,956
Short-term debt	14,950
Long-term debt	284,006
Total debt - net of deferred charges	298,956

The outstanding debt to non-related parties as of December 31, 2024, is repayable as follows:

<i>(in thousands of \$)</i>	
Year 1	15,000
Year 2	285,000
Year 3	—
Year 4	—
Year 5	—
Thereafter	—
	300,000

The Company remains in compliance with all covenants specified in its bank debt agreements.

At the beginning of the year, the Company held a \$390.0 million loan facility with a consortium of banks, originally set to mature in January 2025.

In June 2024, as part of a refinancing, this loan agreement was amended and extended. Upon signing, \$90.0 million of the facility was repaid, reducing the total outstanding loan to \$300.0 million. The amortization schedule and final maturity date were also revised. Following the refinancing, the amended bank facility has no amortization requirements for the first 12 months, with \$30.0 million per year thereafter, and a final maturity date in June 2026.

Assets pledged

<i>(in thousands of \$)</i>	
Drilling units	929,049

Deferred charges

<i>(in thousands of \$)</i>	
Debt arrangement fees	2,080
Accumulated amortization	(1,036)
	1,044

13. RELATED PARTY DEBT

Debts due to related parties as of December 31, 2024, are summarized as follows:

<i>(in thousands of \$)</i>	
\$ denominated floating rate debt:	
\$215.0 million credit loan facility	231,840
Total debt	231,840
Short-term debt	
	—
Long-term debt	231,840
Total debt	231,840

In December 2024, the Company exercised its option to convert cash interest payments into Payment-In-Kind (“PIK”) interest, increasing the principal balance of this facility from \$215 million to \$231.8 million.

The outstanding debt as of December 31, 2024, is repayable as follows:

<i>(in thousands of \$)</i>	
Year 1	—
Year 2	231,840
Year 3	—
Year 4	—
Year 5	—
Thereafter	—
	231,840

The Company is in compliance with the covenants set out in the agreement with Sterna Finance Ltd. ("Sterna").

At the start of the year, the Company held two credit facilities with its related party, Sterna – a \$100.0 million facility and a \$50.0 million facility.

As part of the June 2024 refinancing, Sterna elected to perform a debt conversion, reducing the Company's debt by \$15.0 million and converting this amount into shares at a conversion price of \$0.50 per share. In addition, the loan agreements with Sterna were consolidated and extended into a single \$215.0 million facility. The outstanding debts, including compounded and accrued interest, were rolled into this facility, leaving approximately \$70 million available for drawdown, which was utilized as part of the refinancing on June 28, 2024.

The amended and extended facility requires no amortization and has a final maturity date in December 2026. The Company also has the option to convert cash interest payments into PIK interest at a pre-agreed premium, which it utilized in December 2024.

14. SHARE CAPITAL

On June 19, 2024, the Company successfully completed a private placement ("Private Placement"). A total of 90,538,285 new shares were issued at a subscription price of NOK 7.00 per share, resulting in gross proceeds of approximately \$60.0 million.

Since 2019, the Company has maintained revolving credit facilities with its related party, Sterna. Under this agreement, Sterna had the option to convert \$15.0 million of the loan into Company shares at a conversion price of \$0.50 per share. On June 19, 2024, Sterna exercised this option, resulting in the issuance of 30,000,000 new shares.

As at December 31, 2024, the Company had 303,215,392 fully paid common shares outstanding and authorized share capital of \$968,098,811, divided into 1,936,197,622 common shares of a par value of \$0.50 each.

15. FAIR VALUES

The carrying value and estimated fair value of the Company's financial instruments as of December 31, 2024, are as follows:

<i>(in thousands of \$)</i>	Carrying value	Fair value
Assets:		
Cash and cash equivalents	42,751	42,751
Restricted cash	138	138
Liabilities:		
Floating rate debt	298,956	297,214
Long-term related party debt	231,840	247,278

The estimated fair values of financial assets and liabilities are as follows:

<i>(in thousands of \$)</i>	Fair value	Level 1	Level 2	Level 3
Assets:				
Cash and cash equivalents	42,751	42,751	—	—
Restricted cash	138	138	—	—
Liabilities:				
Floating rate debt	297,214	—	—	297,214
Long-term related party debt	247,278	—	—	247,278

The following methods and assumptions were used to estimate the fair value of each class of financial instrument:

- Cash and cash equivalents – the carrying values in the balance sheet approximate fair value.
- Restricted cash – the carrying value in the balance sheet approximates fair value.
- Floating rate debt (being total debt less the carrying value of deferred charges) – the fair value has been determined using level 3 inputs being the discounted expected cash flows of the outstanding debt.
- Long-term related party debt – the fair value has been determined using level 3 inputs being the discounted expected cash flows of the outstanding debt.

16. RELATED PARTY TRANSACTIONS

Hemen Holdings Ltd. ("Hemen"), a Cyprus holding company, was the Company's largest shareholder as at December 31, 2024. The Company currently transacts, or has previously transacted, with the following related parties, being companies in which Hemen, or companies affiliated with Hemen, have a significant interest:

- Sterna;
- Front Ocean Management Ltd. and Front Ocean Management AS (together "Front Ocean");
- Frontline Management (Bermuda) Ltd. ("Frontline");
- Seatankers Management Co. Ltd. and STM Cyprus Ltd. (together "Seatankers");
- Northern Drilling Ltd. ("NODL").

Sterna transactions

See related party debt (Note 13).

Frontline, Front Ocean and Seatankers transactions

The Company and its subsidiaries have received treasury, accounting, corporate secretarial and advisory services from these entities and were charged \$0.6 million in the twelve months ended December 31, 2024 (2023: \$0.2 million).

NODL transactions

In 2024, the Company continued to provide management services to NODL and charged \$0.2 million in the twelve months ended December 31, 2024 (2023: \$1.0 million).

17. COMMITMENTS AND CONTINGENCIES

As of December 31, 2024, the Company had ongoing capital commitments for the remaining work related to the renewal of certificates for blowout preventers (BOPs) for both rigs, as well as the *Deepsea Bollsta's* remaining activities for the 5-yearly Special Periodical Survey and preparations for the upcoming Equinor contract.

18. SHARE BASED COMPENSATION

In the third quarter of 2024, the Company granted a total of 9,500,000 share options to members of management. As of December 31, 2024, all of these options were outstanding and remained unvested. The options have a weighted average exercise price of NOK 12.00 and a weighted average remaining contractual term of 1.7 years.

19. SUBSEQUENT EVENTS

On February 05, 2024, the board of directors of Northern Ocean Ltd. approved a bonus for Arne Jacobsen (CEO), in the amount of \$225,000 in the form of 331,728 shares in the company valued at the closing price on January 31, 2025. The shares have a lock up period of one year.

NORTHERN OCEAN LTD.
INTERIM REPORT JANUARY - DECEMBER 2024

Responsibility Statement

We confirm, to the best of our knowledge, that the condensed consolidated financial statements for the period January 1 to December 31, 2024, have been prepared in accordance with U.S. generally accepted accounting principles and give a true and fair view of the Company's assets, liabilities, financial position and profit or loss as a whole. We also confirm, to the best of our knowledge, that the interim management report includes a fair review of important events that have occurred during the financial year and their impact on the condensed consolidated financial statements, a description of the principal risks and uncertainties for the period, and major related party transactions.

The Board of Directors and the Chief Executive Officer
Northern Ocean Ltd.
Hamilton, Bermuda,
February 21, 2025

Gary Casswell (Chairman)
James Ayers (Director)
Sven Børre Larsen (Director)
Mikhael Bothbol (Director)
Jan Erik Klepsland (Director)
Arne Jacobsen (Chief Executive Officer)