



NORTHERN OCEAN LTD.
RESULTS FOR THE THIRD QUARTER 2024 AND NINE MONTHS ENDED
SEPTEMBER 30, 2024

KEY INFORMATION

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

Unless otherwise indicated, all references to "\$" and "USD" in this report are to the lawful currency of the United States of America.

HIGHLIGHTS - THIRD QUARTER 2024

- The *Deepsea Mira* continued to operate under its contract with a subsidiary of TotalEnergies SE ("TotalEnergies"). At the start of the quarter, the rig was operating off the coast of the Republic of Congo ("Congo"). However, towards the end of the quarter, TotalEnergies opted to relocate the rig to Namibia, where it remains as at the date of this report, to drill the Tamboti 1X well. During Q3, the firm term of the *Deepsea Mira* contract was extended from October 2024 to include an additional well, with an option to add another well thereafter.
- Throughout the quarter, the *Deepsea Bollsta* remained in Namibia, undergoing its 5-year Special Periodic Survey ("SPS") and beginning operational preparations. On September 26, 2024, the Company announced a contract award in Ghana with the Springfield Group of Companies ("Springfield") for the rig's deployment. The contract covers a well test on the Afina 1x well, along with other related activities. The contract period began in October 2024 and is estimated to take approximately 30-35 days.
- On November 18, 2024, the Company signed a contract with Equinor Energy AS, a subsidiary of Equinor ASA (together "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 and five optional one-year extensions. The contract adds approximately USD 335 million of firm backlog to the Company, and an additional USD 80 million for client specific upgrades, integrated services and mobilization from Namibia to Norway.
- Additionally, the Company has entered into a Letter of Intent with an unnamed client for a one-well contract in Norway. This contract would be expected to begin in late Q2 2025 and complete prior to commencement of the Equinor contract.

RESULTS

In the third quarter, operating revenue was \$39.9 million, down from \$73.3 million in the previous quarter. This decline primarily reflects the *Deepsea Bollsta* being off contract throughout the quarter. Meanwhile, the *Deepsea Mira* continued strong performance, achieving an economic utilization rate of 97.9%.

Total operating expenses were \$60.0 million, a decrease from \$66.2 million in the previous quarter, mainly due to a reduction in the amortization of deferred costs (refer to Note 7 for further details).

Administrative expenses amounted to \$1.2 million, compared with \$2.0 million in the previous quarter.

Interest expense rose to \$15.9 million from \$12.5 million in the previous quarter, reflecting the impact of the June 2024 refinancing, which resulted in higher interest rates than prior arrangements.

Foreign exchange losses were \$0.9 million, compared to losses of \$0.5 million in the previous quarter.

The net loss from continuing operations after taxes in the third quarter was \$35.9 million, compared to a loss of \$6.3 million in the previous quarter. The basic and diluted loss per share for the third quarter was \$0.19, compared to a loss of \$0.03 in the previous quarter.

COMPANY UPDATE

Operations

Throughout the quarter the *Deepsea Mira* continued to operate off the coast of Congo under its contract with TotalEnergies. However, towards the end of the quarter, TotalEnergies opted to relocate the rig back to Namibia, where it remains as at the date of this report drilling the Tamboti 1X well. During Q3, the firm term of the *Deepsea Mira* contract was extended from October 2024 to include an additional well, with an option to add another well thereafter.

During the quarter *Deepsea Bollsta* remained in Namibia, undergoing its 5-year Special Periodic Survey and beginning operational preparations. On September 26, 2024, the Company announced a contract award in Ghana with the Springfield Group of Companies ("Springfield") for the rig's deployment. The contract covers a well test on the Afina 1x well, along with other related activities. The contract period began in October 2024 and is estimated to take approximately 30 to 35 days. Shortly after completion of this contract the rig is contracted for work with a subsidiary of a major operator for work in Namibia. The contract duration for one well is estimated to be 63 days.

Following the third quarter of 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 and five optional one-year extensions. The contract adds approximately USD 335 million of firm backlog to the Company with the addition of around USD 80 million for client specific upgrades, integrated services and mobilization from Namibia to Norway. Additionally, the Company has entered into a Letter of Intent with an unnamed client for a one-well contract in Norway. This contract would be expected to begin in late Q2 2025 and conclude prior to the start of the Equinor contract.

At the date of this report, the Company's total revenue backlog is estimated to be \$465 million.

Financing

The Company successfully completed a refinancing at the end of the second quarter of 2024, strengthening its financial position. There were no further developments in the third quarter of 2024.

OUTLOOK

Following the post-quarter announcement of a long-term contract in Norway for the *Deepsea Bollsta*, the Company is now focused on securing new opportunities for the *Deepsea Mira* once its current contract with TotalEnergies concludes. The Company continues to engage in discussions with operators and partners and plans to pursue selective opportunities in West Africa and elsewhere. Longer-term, the Company remains optimistic about improvements in the market. In Namibia, it is expected that several operators will resume exploration and appraisal programs commencing in the third quarter of 2025.

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 conform these forward-looking statements to actual results.

The Board of Directors and the Chief Executive Officer
Northern Ocean Ltd.
Hamilton, Bermuda
November 21, 2024

Questions should be directed to:
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NORTHERN OCEAN LTD.

UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Jul 1 to Sep 30, 2023	Jul 1 to Sep 30, 2024	CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS <i>(in thousands of \$)</i>	Jan 1 to Sep 30, 2024	Jan 1 to Sep 30, 2023	2023
73,302	37,797	Contract revenue 3	189,765	138,625	215,261
6,890	2,040	Reimbursable revenue	8,438	16,702	19,902
851	33	Other income	303	1,581	1,760
81,043	39,870	Total operating revenues	198,506	156,908	236,923
65,539	43,998	Rig operating expenses 4	159,357	122,216	191,119
6,796	1,984	Reimbursable expenses	8,036	16,429	18,966
11,204	12,823	Depreciation	36,596	31,806	42,889
1,937	1,157	Administrative expenses	4,854	5,675	7,534
85,476	59,962	Total operating expenses	208,843	176,126	260,508
(4,433)	(20,092)	Net operating gain (loss)	(10,337)	(19,218)	(23,585)
435	1,113	Interest income	2,080	1,332	1,837
(12,623)	(15,930)	Interest expense	(40,941)	(32,969)	(45,992)
(118)	(886)	Foreign exchange gain (loss)	(618)	97	(389)
(2)	(1)	Other financial expenses	(41)	(6)	(7)
(16,741)	(35,796)	Net loss from continuing operations before taxes	(49,857)	(50,764)	(68,136)
(923)	(94)	Tax charge	(1,975)	(1,720)	(2,762)
(17,664)	(35,890)	Net loss from continuing operations	(51,832)	(52,484)	(70,898)
(0.10)	(0.19)	Basic and diluted loss from continuing operations per share (\$)	(0.24)	(0.29)	(0.39)

Jul 1 to Sep 30, 2023	Jul 1 to Sep 30, 2024	CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE LOSS <i>(in thousands of \$)</i>	Jan 1 to Sep 30, 2024	Jan 1 to Sep 30, 2023	2023
(17,664)	(35,890)	Net loss	(51,832)	(52,484)	(70,898)
(20)	58	Foreign currency translation (loss) gain	113	29	35
(20)	58	Other comprehensive (loss) income	113	29	35
(17,684)	(35,832)	Comprehensive loss	(51,719)	(52,455)	(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	Sep 2024	Dec 2023
ASSETS			
Short-term assets			
Cash and cash equivalents		71,253	54,350
Restricted cash	8	132	142
Related party receivables		70	129
Accounts receivable, net		24,766	41,388
Unbilled receivables		2,878	6,520
Short-term portion of deferred costs	7	671	27,073
Material and supplies, net		2,892	—
Other current assets	10	2,622	2,455
Short-term portion of right-of-use assets under operating leases		176	130
Total short-term assets		105,460	132,187
Long-term assets			
Drilling units	9	928,461	923,560
Fixtures and fittings		20	33
Total long-term assets		928,481	923,593
Total assets		1,033,941	1,055,780
LIABILITIES AND EQUITY			
Short-term liabilities			
Short-term portion of long-term debt	12	7,470	29,977
Other current liabilities	11	56,361	59,668
Short-term portion of deferred revenue	7	1,110	14,743
Related party payables		57	2
Lease dilapidations		5	—
Short-term portion of related party debt	13	—	53,727
Short-term obligations under operating leases		160	106
Total short-term liabilities		65,163	158,223
Long-term liabilities			
Long-term debt	12	291,304	359,725
Long-term deferred revenue	7	2,633	2,715
Long-term related party debt	13	215,000	98,222
Total long-term liabilities		508,937	460,662
Commitments and contingencies			
Total equity	17	459,841	436,895
Total liabilities and equity		1,033,941	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

Jul 1 to Sep 30, 2023	Jul 1 to Sep 30, 2024	CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS <i>(in thousands of \$)</i>	Jan 1 to Sep 30, 2024	Jan 1 to Sep 30, 2023	2023
(17,664)	(35,889)	NET LOSS	(51,832)	(52,484)	(70,898)
		Adjustment to reconcile net (loss) income to net cash used in operating activities:			
74	181	Amortization of deferred charges	323	212	283
39,629	—	Amortization of deferred costs	27,073	39,629	65,009
(4,793)	(27)	Amortization of deferred revenue	(14,715)	(17,788)	(30,517)
11,204	12,823	Depreciation	36,596	31,806	42,889
—	68	Compensation cost	68	—	—
(20)	58	Unrealized foreign exchange loss (gain)	113	29	35
(2,268)	—	Accrued demobilization income	—	(6,731)	543
		Change in operating assets and liabilities:			
(20,573)	23,429	Receivables	16,620	(39,319)	(33,617)
(4,573)	3,084	Unbilled receivables	3,642	(2,056)	4,870
31,105	(2,629)	Other current assets	(3,060)	4,061	10,706
(1,270)	—	Other long-term assets	—	—	—
141	(143)	Right-of-use assets under operating leases	(46)	225	252
(60,258)	(671)	Additions to deferred costs	(671)	(60,258)	(62,388)
4,883	1,000	Additions to deferred revenue	1,000	19,520	19,520
(13,723)	12,324	Other current liabilities	(3,306)	17,196	22,697
304	(9)	Related party balances	119	45	277
(145)	142	Obligations under operating leases	54	(221)	(255)
(37,947)	13,741	Net cash provided by (used in) operating activities	11,978	(66,134)	(30,594)
		INVESTING ACTIVITIES			
(12,929)	(18,371)	Additions to drilling units	(41,484)	(43,089)	(48,966)
(12,929)	(18,371)	Net cash used in investing activities	(41,484)	(43,089)	(48,966)
		FINANCING ACTIVITIES			
—	—	Net proceeds from share issuances	59,598	959	959
3,299	—	Related party debt: Proceeds	78,051	56,458	60,171
—	—	Long-term debt: repayments	(90,000)	—	—
—	—	Debt fees paid	(1,250)	—	—
3,299	—	Net cash provided by financing activities	46,399	57,417	61,130
(47,577)	(4,630)	Net change	16,893	(51,806)	(18,430)
68,693	76,015	Cash, cash equivalents and restricted cash at start of the period	54,492	72,922	72,922
21,116	71,385	Cash, cash equivalents and restricted cash at end of the period	71,385	21,116	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>	Jan 1 to Sep 30, 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	68	—
Balance at end of period	580,009	565,613
Accumulated other comprehensive income (loss)		
Balance at beginning of period	(110)	(145)
Other comprehensive income	113	35
Balance at end of period	3	(110)
Retained deficit		
Balance at beginning of period	(219,947)	(149,049)
Net loss	(51,832)	(70,898)
Balance at end of period	(271,779)	(219,947)
Total equity	459,841	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 was incorporated under the laws of Bermuda on March 3, 2017. The Company's primary purpose is to engage in offshore contract drilling for the oil and gas industry in harsh environments worldwide through the ownership of offshore drilling rigs.

As of the date of this report, the Company owns two semi-submersible rigs: *Deepsea Mira* and *Deepsea Bollsta*. The *Deepsea Mira* is currently operating under a drilling contract with TotalEnergies SE ("TotalEnergies") off the coast of Namibia. The *Deepsea Bollsta* is currently off the coast of Ghana, operating under a drilling contract with the Springfield Group of Companies ("Springfield").

2. BASIS OF ACCOUNTING

The unaudited condensed consolidated financial statements are stated in accordance with accounting principles generally accepted 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.

As at the date of this report, the Company has an estimated firm revenue backlog of \$465 million, inclusive of \$415 million added with the contract awarded for the *Deepsea Bollsta* for a two year program with Equinor in Norway, as communicated by the Company on November 18, 2024. The *Deepsea Mira* is currently drilling under a contract with a subsidiary of TotalEnergies in Africa. In August, 2024, the firm term of the contract was extended from October 2024 to include one additional well, with the option for another.

Based on the current firm contract backlog, the Company's financial standing is dependent on obtaining further drilling contracts for the *Deepsea Mira*. If this is not achieved within the coming twelve month period, the Company will be dependent on loan amendments, obtaining new loans and/or equity issuances to finance its loan obligations and working capital in the next twelve months. This potentially raises substantial doubt about the Company's ability to continue as a going concern.

However the Board remains confident that a solution will be reached and the Company continues to have a positive outlook on Northern Ocean's ability to obtain profitable contracts in the near term, as demonstrated by the recent contract awarded by Equinor for the *Deepsea Bollsta*.

3. REVENUE FROM CONTRACTS WITH CUSTOMERS

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

Jul 1 to Sep 30, 2024	(in thousands of \$)	Jan 1 to Sep 30, 2024
36,263	Dayrate revenue	168,704
—	Amortization of deferred revenue	14,633
1,534	Other	6,428
37,797	Contract revenue	189,765

Dayrate revenue

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

Amortization of deferred revenue

Mobilization charges to customers are recognized over the initial firm contract term. See note 7 for more detail.

Other

This balance consists of operational 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:

	Jul 1 to Sep 30, 2024	<i>(in thousands of \$)</i>	Jan 1 to Sep 30, 2024
	38,633	Daily operating expenses	117,762
	1,448	Maintenance projects	2,269
	—	Amortization of deferred costs	27,073
	3,917	Other	12,253
	43,998	Rig operating expenses	159,357

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, see below), onshore support services, catering costs and management fees payable to Odfjell.

Included within daily operating expenses are incremental costs associated with providing our customers with add-on services for which the commercial terms differ from those services provided on a reimbursable basis. The cost 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 USD 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.

Other

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

5. INCOME TAXES

Bermuda

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 were 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:

Jul 1 to Sep 30, 2023	Jul 1 to Sep 30, 2024		Jan 1 to Sep 30, 2024	Jan 1 to Sep 30, 2023	2023
(17,664)	(35,890)	Net loss (in thousands of \$)	(51,832)	(52,484)	(70,898)
182,677	273,215	Weighted average number of ordinary shares (in thousands)	216,712	182,440	182,500

7. DEFERRED REVENUE AND COSTS

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

<i>(in thousands of \$)</i>	Contract revenue	Other	Total
Total deferred revenue at December 31, 2023	14,633	2,825	17,458
Additions to deferred revenue	1,000	—	1,000
Amortization of deferred revenue	(14,633)	(82)	(14,715)
Total deferred revenue at September 30, 2024	1,000	2,743	3,743
Short-term deferred revenue	1,000	110	1,110
Long-term deferred revenue	—	2,633	2,633

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. We record 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 start of the year, the outstanding balance of deferred contract revenue was related solely to the *Deepsea Mira's* contract with TotalEnergies, and the amortization of this revenue was completed in the second quarter of 2024.

In the third quarter of 2024, the Company deferred revenue related to the *Deepsea Bollsta's* drilling contract in Ghana with Springfield. This contract commenced in October 2024 and is expected to last 30 to 35 days.

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 deferred contract costs:

<i>(in thousands of \$)</i>	Contract costs
Total deferred costs at December 31, 2023	27,073
Additions to deferred costs	671
Amortization of deferred costs	(27,073)
Total deferred costs at September 30, 2024	671
Short-term deferred costs	671
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 start of the year, the outstanding balance of deferred contract costs was related solely to the *Deepsea Mira's* contract with TotalEnergies, and the amortization of this revenue was completed in the second quarter of 2024.

In the third quarter of 2024, the Company deferred costs related to the *Deepsea Bollsta's* drilling contract in Ghana with Springfield. This contract commenced in October 2024 and is expected to last 30-35 days.

8. RESTRICTED CASH

As of September 30, 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 nine months ended September 30, 2024, are summarized as follows:

<i>(in thousands of \$)</i>	Cost	Accumulated depreciation	Net carrying value
Balance at December 31, 2023	1,066,717	(143,157)	923,560
Additions	41,483	—	41,483
Retirement of assets	(17,340)	17,340	—
Depreciation	—	(36,582)	(36,582)
Balance at September 30, 2024	1,090,860	(162,399)	928,461

10. OTHER CURRENT ASSETS

Other current assets as of September 30, 2024, are summarized as follows:

<i>(in thousands of \$)</i>	
Deposit held	35
VAT receivable	1,388
Other	1,199
	2,622

Other

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

11. OTHER CURRENT LIABILITIES

Other current liabilities as of September 30, 2024, are summarized as follows:

<i>(in thousands of \$)</i>	
Accounts payable	8,945
Accrued administrative expense	1,534
Accrued operating expense	18,211
Other payables	13,136
Accrued interest expense	14,535
	56,361

Other payables

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

12. DEBT

Debt due to non-related parties as of September 30, 2024, are summarized as follows:

<i>(in thousands of \$)</i>	
U.S. dollar denominated floating rate debt:	
Term loan facility - <i>Deepsea Mira</i>	126,923
Term loan facility - <i>Deepsea Bollsta</i>	134,615
Revolving loan facility - <i>Deepsea Mira and Deepsea Bollsta</i>	38,462
Total debt - gross of deferred charges	300,000
Short-term portion of debt issuance costs	(30)
Long-term portion of debt issuance costs	(1,196)
Total debt - net of deferred charges	298,774
Short-term debt	7,470
Long-term debt	291,304
Total debt - net of deferred charges	298,774

The outstanding debt to non-related parties as of September 30, 2024, is repayable as follows:

<i>(in thousands of \$)</i>	
Year 1	7,500
Year 2	292,500
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	928,461

Deferred charges

<i>(in thousands of \$)</i>	
Debt arrangement fees	2,080
Accumulated amortization	(854)
	1,226

13. RELATED PARTY DEBT

Debts due to related parties as of September 30, 2024, are summarized as follows:

<i>(in thousands of \$)</i>	
\$ denominated floating rate debt:	
\$215.0 million credit loan facility	215,000
Total debt	215,000
Short-term debt	—
Long-term debt	215,000
Total debt	215,000

The outstanding debt as of September 30, 2024, is repayable as follows:

<i>(in thousands of \$)</i>	
Year 1	—
Year 2	—
Year 3	215,000
Year 4	—
Year 5	—
Thereafter	—
	215,000

The Company is in compliance with the covenants set out in the agreement with 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 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 Payment-In-Kind ("PIK") interest at a pre-agreed premium.

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.

There were no events in the third quarter of 2024 that affected the Company's share capital.

As at September 30, 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 September 30, 2024, are as follows:

<i>(in thousands of \$)</i>	Carrying value	Fair value
Assets:		
Cash and cash equivalents	71,253	71,253
Restricted cash	132	132
Liabilities:		
Floating rate debt	298,774	303,755
Long-term related party debt	215,000	245,919

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	71,253	71,253	—	—
Restricted cash	132	132	—	—
Liabilities:				
Floating rate debt	303,755	—	303,755	—
Long-term related party debt	245,919	—	—	245,919

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 of floating rate debt has been determined using level 2 inputs and is considered to be equal to the carrying value since it bears variable interest rates, which are recalculated on a quarterly basis.
- 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, owned 54.3% of the Company's outstanding ordinary shares at September 30, 2024. C.K. Limited is the trustee of two trusts (the "Trusts") that indirectly hold all of the ordinary shares of Hemen. Accordingly, C.K. Limited, as trustee, may be deemed to beneficially own the ordinary shares of the Issuer that are beneficially owned by Hemen. Mr. Fredriksen established the trusts for the benefit of his immediate family. He is neither a beneficiary nor a trustee of either Trust. Therefore, Mr. Fredriksen has no economic interest in such ordinary shares and disclaims any control over such ordinary shares, save for any indirect influence he may have with C.K. Limited, as the trustee of the Trusts, in his capacity as the settlor of the Trusts.

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 Finance Ltd. ("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 \$0.5 million in the nine months ended September, 2024 (2023: \$0.1 million).

NODL transactions

In 2024, the Company continued to provide management services to NODL and charged \$0.2 million in the nine months ended September 30, 2024 (2023: \$0.9 million).

17. COMMITMENTS AND CONTINGENCIES

As of September 30, 2024, the Company had no capital commitments.

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 September 30, 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 1.9 years.

19. SUBSEQUENT EVENTS

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 and five optional one-year extensions. The contract adds approximately USD 335 million of firm backlog to the Company with the addition of around USD 80 million for client specific upgrades, integrated services and mobilization from Namibia to Norway.

Additionally, the Company has entered into a Letter of Intent with an unnamed client for a one-well contract in Norway. This contract would be expected to begin in late Q2 2025 and complete prior to the start of the Equinor contract.

Following the June 2024 private placement, the Board resolved to undertake a subsequent offering ("SO") of up to 12,000,000 new shares. However, on October 7, 2024, the SO was cancelled as the shares had traded below NOK 7 for a 24-day period. During this time, 12 million shares - equivalent to the planned SO allocation - were traded at a volume-weighted average price of NOK 6.6639.