First quarter 2025

The world's most sophisticated harsh environment offshore fleet

NORTHERN OCEAN

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

NORTHERN OCEAN

This is Northern Ocean

Northern Ocean Ltd. ("Northern Ocean" or the "Company") owns and operates two of the world's newest and most capable harsh-environment semi-submersible drilling rigs – *Deepsea Bollsta* and *Deepsea Mira* – both ideally suited for operations across all major offshore basins.

With a modern fleet, completed capex programs, and strong commercial and operational execution, the company is well-positioned to benefit from a tightening supply of high-end rigs and an expected increase in long-term demand.

The company's strategic approach has delivered results: Northern Ocean has secured a solid contract backlog with blue-chip clients, while maintaining flexibility to pursue high-value opportunities.

Near-term priorities include securing new contracts for *Deepsea Mira*, continued focus on operational efficiency and cost control, and preparing for refinancing – all aimed at enhancing earnings and unlocking long-term value for shareholder.

2
number of rigs

6y
average age

7y
backlog including options

NOL EURONEXT OSLO BØRS

Listed on Oslo Stock Exchange

Our Assets

Deepsea Mira and *Deepsea Bollsta* are two of the world's most advanced drilling rigs. They are both based on the Moss Maritime CS60 design, capacity of drilling in water depth of up to 10,000 feet, NCS compliant and fully winterized making them capable of drilling in all harsh environment areas globally.

DEEPSEA BOLLSTA

Built (yard):	Hyundai Heavy Industries
Delivered:	2019
Design:	Moss Maritime CS-60E
NCS compliant:	Yes
Ultra-deep water:	Yes
Dynamic positioning:	DP3
Mooring:	8-point mooring

DEEPSEA MIRA

Built (yard):	Hyundai Heavy Industries
Delivered:	2018
Design:	Moss Maritime CS-60E
NCS compliant:	Yes
Ultra-deep water:	Yes
Dynamic positioning:	DP3
Mooring:	12-point mooring

CEO letter

Dear Shareholders,

The first quarter of 2025 marked a strong operational start to the year for Northern Ocean, with significant milestones achieved across our fleet. These accomplishments reflect our continued focus on operational excellence, financial discipline and long-term value creation.

Operational Highlights
Deepsea Bollsta successfully completed its well for Chevron ahead of schedule and below budget, delivering superior drilling performance. The rig then commenced mobilization to the Norwegian Continental Shelf for its one-well contract with OMV and long-term contract with Equinor. The mobilization continued into Q2 and was completed according to plan. On 9 May, *Deepsea Bollsta* safely resumed operations in Norway and received its Acknowledgement of Compliance (AoC)—a major milestone made possible by the outstanding efforts of our team and rig manager, Odfjell Drilling.

Deepsea Mira continued its operations offshore Namibia under contract with TotalEnergies SE, maintaining solid drilling performance and achieving record KPIs during the quarter. During Q2, *Deepsea Mira* successfully completed its drilling campaign and began demobilization and BOP maintenance in preparation for future work in the region. Our marketing efforts remain fully engaged, and we expect *Deepsea Mira* to remain in the region for the remainder of 2025. Looking ahead, we see increasing activity across West Africa into 2026 with several majors eying the opening of drilling in South Africa and continued campaigns in Namibia. We continue to build strong local partnerships to support long-term presence and contract opportunities.

Financial Position and Organizational Restructuring
While no major financing activities were undertaken in Q1, we continue to benefit from the strengthened financial position established in 2024. During the quarter, Northern Ocean initiated a significant organizational restructuring, including the strategic closure of our Dublin office and a targeted reduction in workforce. These actions are designed to streamline operations, reduce our cost base, and enhance long-term efficiency. The restructuring is expected to be largely completed during Q2, with the full financial impact anticipated in the second half of the year.

These measures reflect our commitment to maintain a lean and agile organization, ensuring long-term economic sustainability, and ultimately creating lasting value for our shareholders

Outlook
We remain focused on:

- Securing new contracts for *Deepsea Mira*
- Maintaining high operational standards across the fleet
- Realizing the full benefits of our cost optimization efforts
- Preparing for future refinancing to enhance capital efficiency

The demand for high-specification rigs in harsh environments remains encouraging, and we are well-positioned to capitalize on emerging opportunities.

Thank you for your continued trust and support.

Sincerely
Arne Jacobsen CEO

Results

In the first quarter, operating revenue was $58.1 million, down from $65.4 million in the previous quarter. This decrease primarily reflects the lower number of operational days for the *Deepsea Bollsta* in the quarter, 30 days in total.

Total operating expenses were $54.4 million, a decrease from $65.2 million in the previous quarter, mainly due to the *Deepsea Bollsta* has reduced operational days and direct costs associated with mobilization of its Norwegian contracts being deferred.

During the quarter the Company invoiced $16.9 million in mobilization fee and $6.1 million in modification fee from Equinor Energy AS, a subsidiary of Equinor ASA (together "Equinor"). This is part of the fees to be received for the mobilization of *Deepsea Bollsta* to the Norwegian Continental Shelf.

Administrative expenses amounted to $2.6 million, compared to $2.2 million in the previous quarter.

Interest expense decreased to $15.1 million from $15.4 million in the previous quarter, reflecting decreases in the effective federal funds rate.

Foreign exchange gains were $0.7 million, compared to gains of $1.2 million in the previous quarter.

The net loss from continuing operations after taxes in the first quarter was $11.2 million, compared to a loss of $13.8 million in the previous quarter. The basic and diluted loss per share for the first quarter was $0.04, compared to a loss of $0.05 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 first quarter. During Q2, *Deepsea Mira* successfully completed its drilling campaign and began demobilization and BOP maintenance in preparation for future work in the region.

In January 2025, the *Deepsea Bollsta* completed operations in Namibia under a one-well contract with a subsidiary of Chevron Corporation. Following completion, the rig started mobilization to Norway for its one-well contract with OMV Norge AS ("OMV") and long-term contract with Equinor. On 9 May, *Deepsea Bollst*a resumed operations in Norway and received its Acknowledgement of Compliance.

The OMV contract has a firm duration of 54 to 99 days, it contributes approximately $23 to $42 million to the Company's firm backlog.

Following the work with OMV the *Deepsea Bollsta* will commence a long term contract with Equinor. The contract, that is expected to start in the second half of 2025, includes a firm two-year period with five optional one-year extensions, which added approximately $335 million in firm backlog and an additional $80 million for client-specific upgrades, integrated services and mobilization from Namibia to Norway.

The Company is continuing to cut cost and during first quarter the Company initiated a significant organizational restructuring, including closure of its operations in Dublin, Ireland. This is to further streamline its operation, reduce its cost base and enhance long-term efficiency.

At the date of this report, the Company's total firm backlog is estimated to be approximately $355 to $374 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
29 May, 2025

Consolidated Statements of Operations

(in thousands of $)	Note	Quarters Q1 2025	Q4 2024	Q1 2024	Full Year 2024
Contract revenue	3	55,613	62,850	81,746	252,615
Reimbursable revenue		2,373	2,474	3,448	10,912
Other income		82	30	182	333
Total operating revenues		**58,068**	**65,354**	**85,376**	**263,860**
Rig operating expenses	4	35,998	46,959	66,067	206,316
Reimbursable expenses		2,346	2,773	3,201	10,809
Depreciation		13,414	13,333	11,647	49,929
Administrative expenses		2,606	2,157	1,720	7,011
Total operating expenses		**54,364**	**65,222**	**82,635**	**274,065**
Net operating gain (loss)		**3,704**	**132**	**2,741**	**(10,205)**
Interest income		409	599	450	2,679
Interest expense		(15,076)	(15,359)	(12,520)	(56,300)
Foreign exchange gain		663	1,228	809	610
Other financial expenses		(2)	—	(39)	(41)
Net loss from continuing operations before taxes		**(10,302)**	**(13,400)**	**(8,559)**	**(63,257)**
Tax charge		(940)	(425)	(1,076)	(2,400)
Net loss from continuing operations		**(11,242)**	**(13,825)**	**(9,635)**	**(65,657)**
Basic and diluted loss from continuing operations per share ($)		**(0.04)**	**(0.05)**	**(0.05)**	**(0.23)**

Consolidated Statements of Comprehensive Income

	Quarters			Full Year
(in thousands of $)	Q1 2025	Q4 2024	Q1 2024	2024
Net loss	**(11,242)**	**(13,825)**	**(9,635)**	**(65,657)**
Foreign currency translation (loss) gain	(103)	(57)	360	56
Other comprehensive (loss) income	**(103)**	**(57)**	**360**	**56**
Comprehensive loss	**(11,345)**	**(13,882)**	**(9,275)**	**(65,601)**

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

Consolidated Balance Sheets

(in thousands of $)	Note	Q1 2025	2024
ASSETS			
Short-term assets			
Cash and cash equivalents		58,000	42,751
Restricted cash	7	152	138
Related party receivables		60	—
Accounts receivable, net		34,760	47,410
Unbilled receivables		1,975	7,556
Short-term portion of deferred costs		4,553	2,200
Material and supplies, net		921	344
Other current assets	9	2,505	1,973
Right-of-use assets under operating leases		80	128
Total short-term assets		**103,006**	**102,500**
Long-term assets			
Drilling units	8	933,754	929,049
Fixtures and fittings		18	18
LT Deferred Assets		11,058	—
Total long-term assets		**944,830**	**929,067**
Total assets		**1,047,836**	**1,031,567**

(in thousands of $)	Note	Q1 2025	2024
LIABILITIES AND EQUITY			
Short-term liabilities			
Short-term portion of long-term debt	11	22,437	14,950
Other current liabilities	10	47,694	47,861
Short-term portion of deferred revenue		6,817	3,970
Related party payables		—	54
Lease dilapidations		5	5
Related party debt	12	—	—
Obligations under operating leases		64	112
Total short-term liabilities		**77,017**	**66,952**
Long-term liabilities			
Long-term debt	11	276,695	284,006
Long-term deferred revenue		18,866	2,605
Long-term related party debt	12	240,232	231,840
Total long-term liabilities		**535,793**	**518,451**
Commitments and contingencies			
Total equity		435,026	446,164
Total liabilities and equity		**1,047,836**	**1,031,567**

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

Consolidated Statements of Cash Flows

(in thousands of $)	Quarters			Full Year
	Q1 2025	**Q4 2024**	**Q1 2024**	**2024**
NET LOSS	**(11,242)**	**(13,825)**	**(9,636)**	**(65,657)**
Adjustment to reconcile net (loss) income to net cash used in operating activities;				
Amortization of deferred charges	177	181	71	504
Amortization of deferred costs	2,200	6,264	20,305	33,337
Amortization of deferred revenue	(3,888)	(4,358)	(11,002)	(19,073)
Depreciation	13,414	13,333	11,647	49,929
Compensation cost	205	205	—	273
Unrealized foreign exchange loss (gain)	(103)	(57)	360	56
Accrued demobilization income	(752)	(752)	—	(752)
Accrued demobilization costs	878	878	—	878
Change in operating assets and liabilities;				
Receivables	12,651	(22,642)	(4,125)	(6,022)
Unbilled receivables	6,333	(3,926)	1,006	(284)
Other current assets	(1,109)	3,196	598	136
Right-of-use assets under operating leases	48	48	47	2
Additions to deferred costs	(15,612)	(7,793)	—	(8,464)
Additions to deferred revenue	22,995	7,191	—	8,191
Other current liabilities	(1,042)	(9,378)	(7,286)	(12,684)
Related party balances	(115)	67	35	186
Obligations under operating leases	(48)	(48)	(34)	6
Net cash provided by (used in) operating activities	**24,990**	**(31,416)**	**1,986**	**(19,438)**

Consolidated Statements of Cash Flows

(in thousands of $)	Quarters Q1 2025	Q4 2024	Q1 2024	Full Year 2024
INVESTING ACTIVITIES				
Additions to drilling units	(18,119)	(13,920)	(8,019)	(55,404)
Net cash used in investing activities	**(18,119)**	**(13,920)**	**(8,019)**	**(55,404)**
FINANCING ACTIVITIES				
Net proceeds from share issuances	—	—	—	59,598
Related party debt: proceeds	8,392	16,840	2,078	94,891
Long-term debt: repayments	—	—	—	(90,000)
Debt fees paid	—	—	—	(1,250)
Net cash provided by financing activities	**8,392**	**16,840**	**2,078**	**63,239**
Net change	**15,263**	**(28,496)**	**(3,955)**	**(11,603)**
Cash, cash equivalents and restricted cash at start of the period	**42,889**	**71,385**	**54,492**	**54,492**
Cash, cash equivalents and restricted cash at end of the period	**58,152**	**42,889**	**50,537**	**42,889**

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

Consolidated Statements of Changes in Equity

(in thousands of $ except number of shares)	**Q1 2025**	**2024**
Number of shares outstanding		
Balance at beginning of period	303,215,392	182,677,107
Shares issued	—	120,538,285
Balance at end of period	**303,215,392**	**303,215,392**
Share capital		
Balance at beginning of period	151,608	91,339
Shares issued	—	60,269
Balance at end of period	**151,608**	**151,608**
Additional paid in capital		
Balance at beginning of period	580,214	565,613
Shares issued	—	14,328
Stock options	206	273
Balance at end of period	**580,420**	**580,214**
Accumulated other comprehensive income (loss)		
Balance at beginning of period	(53)	(110)
Other comprehensive income	(103)	56
Balance at end of period	**(156)**	**(54)**
Retained deficit		
Balance at beginning of period	(285,604)	(219,947)
Net loss	(11,242)	(65,657)
Balance at end of period	**(296,846)**	**(285,604)**
Total equity	**435,026**	**446,164**

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

Notes

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* remained in operation under its contract with a subsidiary of TotalEnergies SE in Namibia during first quarter. During Q2, *Deepsea Mira* successfully completed its drilling campaign and began demobilization and BOP maintenance in preparation for future work in the region.

In January 2025, the *Deepsea Bollsta* completed operations in Namibia under a one-well contract with a subsidiary of Chevron Corporation. Following completion, the rig started mobilization to Norway for its one-well contract with OMV Norge AS ("OMV") and long-term contract with Equinor Energy AS, a subsidiary of Equinor ASA (together "Equinor"). On 9 May, *Deepsea Bollsta* resumed operations in Norway and received its Acknowledgement of Compliance.

The OMV contract has a firm duration of 54 to 99 days, it contributes approximately $23 to $42 million to the Company’s firm backlog.

Following the work with OMV the *Deepsea Bollsta* will commence a long term contract with Equinor. The contract, that is expected to start in the second half of 2025, includes a firm two-year period with five optional one-year extensions, which added approximately $335 million in firm backlog and an additional $80 million for client-specific upgrades, integrated services and mobilization from Namibia 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 31 December 2024.

Going concern assumption

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

As the *Deepsea Mira* currently has no firm backlog, the Group's financial position is reliant on securing additional drilling contracts for the rig. This situation potentially gives rise to substantial doubt regarding the Group’s ability to continue as a going concern. In the absence of new contract awards, the Group will need to rely on loan amendments, new financing arrangements, and/or equity issuances to meet its loan obligations and working capital requirements over the next twelve months. However, the Board remains confident that a solution will be reached.

3. REVENUE FROM CONTRACTS WITH CUSTOMERS

The following table provides information about composition of contract revenue:

	Quarters		
(in thousands of $)	**Q1 2025**	**Q4 2024**	**Q1 2024**
Dayrate revenue	48,101	53,417	68,131
Amortization of deferred revenue	3,861	4,331	10,975
Accrued demobilization revenue	1,044	3,152	—
Other	2,607	1,950	2,640
Contract revenue	**55,613**	**62,850**	**81,746**

Dayrate revenue
Dayrate revenue earned from the *Deepsea Bollsta* and *Deepsea Mira* drilling contracts.

Amortization of deferred revenue
The Company may receive fees from its customers for the mobilization of rigs. These activities are not considered to be distinct within the context of the contract and therefore, where these fees are known and probable the associated revenue is allocated to the overall performance obligation and recognized ratably over the initial firm term of the related drilling contract.

The following table provides information about the composition of amortization of deferred revenue:

(in thousands of $)	**Q1 2025**
Balance at beginning of period	**3,861**
Additions to deferred revenue	22,995
Amortization of deferred revenue	(3,861)
Balance at beginning of period	**22,995**
Short-term deferred revenue	6,707
Long-term deferred revenue	16,288

Note the deferred revenue assets in the balance sheet also contain funds received from the Norwegian government 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*, resulting in annual amortization of circa $110 thousand. At the date of this report $2.7 million is held as deferred revenue in relation to the NOx grant, split between short-term and long-term.

Accrued demobilization revenue
The Company may receive fees from its customers for the demobilization of our rigs. These activities are not considered to be distinct within the context of the contract and therefore, where these fees are known and probable the associated revenue is allocated to the overall performance obligation and recognized ratably over the initial firm term of the related drilling contract.

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

(in thousands of $)	**Q1 2025**
Balance at beginning of period	**752**
Accrual of demobilization revenue	1,044
Demobilization payments received	(1,796)
Balance at the end of period	**—**
Short-term accrued revenue	—
Long-term accrued revenue	—

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:

	Quarters		
(in thousands of $)	**Q1 2025**	**Q4 2024**	**Q1 2024**
Daily operating expenses	28,259	30,647	41,040
Maintenance projects	3,689	2,873	811
Amortization of deferred costs	2,200	6,264	20,305
Accrued demobilization costs	522	4,248	—
Other	1,328	2,927	3,911
Rig operating expenses	**35,998**	**46,959**	**66,067**

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.

The following table provides information about the deferred costs to fulfill a contract with customers;

(in thousands of $)	**Q1 2025**
Balance at beginning of period	**2,200**
Cost additions	15,611
Amortization	(2,200)
Balance at the end of period	**15,611**
Short-term deferred costs	4,553
Long-term deferred costs	11,058

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.

The following table provides information about the accrued costs to fulfill a contract with customers;

(in thousands of $)	**Q1 2025**
Balance at beginning of period	**878**
Accrual of demobilization costs	522
Demobilization costs incurred	(1,400)
Balance at the end of period	**—**
Short-term accrued costs	—
Long-term accrued costs	—

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 31 March, 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 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:

	Q1 2025
Net loss (in thousands of $)	(11,242)
Weighted average number of ordinary shares (in thousands)	303,215

7. RESTRICTED CASH

As of 31 March 2025, restricted cash of $0.2 million consists of funds held for an NIS guarantee and payroll taxes.

8. DRILLING UNITS

Movements in the carrying value of drilling units in the three months ended 31 March 2025, are summarized as follows:

(in thousands of $)	Cost	Accumulated depreciation	Net carrying value
Balance at 31 December 2024	**1,103,489**	**(174,440)**	**929,049**
Additions	18,119	—	18,119
Retirement of assets	(900)	900	—
Depreciation	—	(13,414)	(13,414)
Balance at 31 March 2025	**1,120,708**	**(186,954)**	**933,754**

9. OTHER CURRENT ASSETS

Other current assets as of 31 March 2025, are summarized as follows:

(in thousands of $)	
Deposit held	35
VAT receivable	1,549
Other	921
Other current assets	**2,505**

Other

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

10. OTHER CURRENT LIABILITIES

Other current liabilities as of 31 March 2025, are summarized as follows:

(in thousands of $)	
Accounts payable	8,436
Accrued administrative expense	1,623
Accrued operating expense	16,350
Other payables	12,047
Accrued interest expense	5,244
VAT liability	3,994
Other current liabilities	**47,694**

Other payables

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

11. DEBT

Debts due to non-related parties as of 31 March 2025, are summarized as follows:

(in thousands of $)	
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	(63)
Long-term portion of debt issuance costs	(805)
Total debt - net of deferred charges	**299,132**
Short-term debt	22,437
Long-term debt	276,695
Total debt - net of deferred charges	**299,132**

The outstanding debt to non-related parties as of 31 March 2025, is repayable as follows:

(in thousands of $)	
Year 1	22,500
Year 2	277,500
Year 3	—
Year 4	—
Year 5	—
Thereafter	—
Total outstanding debt	**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 $300.0 million loan facility with a consortium of banks. The bank facility has no amortization requirements until July 2025, with $7.5 million per quarter thereafter, and a final maturity date in June 2026.

Assets pledged

(in thousands of $)	
Drilling units	933,754

Deferred charges

(in thousands of $)	
Debt arrangement fees	2,080
Accumulated amortization	(1,212)
Total deferred charges	**868**

12. RELATED PARTY DEBT

As of 31 March 2025, debt due to related parties is summarized as follows:

(in thousands of $)	
$ denominated floating rate debt:	
$215.0 million credit loan facility	240,232
Total debt	**240,232**
Short-term debt	—
Long-term debt	240,232
Total debt	**240,232**

At the start of the year, the Company held a single $215.0 million facility. The 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, which it utilized in December 2024. and March 2025, increasing the principal balance of this facility from $215 million to $240.2 million.

The outstanding debt as of 31 March 2025, is repayable as follows:

(in thousands of $)	
Year 1	—
Year 2	240,232
Year 3	—
Year 4	—
Year 5	—
Thereafter	—
	240,232

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

13. SHARE CAPITAL

There were no changes to the Company's share capital during the first quarter of 2025.

As of 31 March 2025, the Company continues to have 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.

14. FAIR VALUES

The carrying value and estimated fair value of the Company's financial instruments as of 31 March 2025, are as follows:

(in thousands of $)	**Carrying value**	**Fair value**
Assets:		
Cash and cash equivalents	58,000	58,000
Restricted cash	128	128
Liabilities:		
Floating rate debt	299,132	298,440
Long-term related party debt	240,232	245,537

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

(in thousands of $)	Fair value	Level 1	Level 2	Level 3
Assets:				
Cash and cash equivalents	58,000	58,000	—	—
Restricted cash	128	128	—	—
Liabilities:				
Floating rate debt	298,440	—	—	298,440
Long-term related party debt	245,537	—	—	245,537

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.

15. RELATED PARTY TRANSACTIONS

Hemen Holdings Ltd. ("Hemen"), a Cyprus holding company, was the Company's largest shareholder as at 31 March 2025. 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 12).

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 $0.0 million in the three months ended 31 March, 2025 (2024: $0.3 million).

NODL transactions

In 2025, the Company continued to provide management services to NODL and charged $0.1 million in the three months ended 31 March, 2025 (2024: $0.2 million).

16. COMMITMENTS AND CONTINGENCIES

As of 31 March 2025, 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.

17. 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 31 March 2025, 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 1.4 years.

18. SUBSEQUENT EVENTS

On 9 May, *Deepsea Bollsta* resumed operations in Norway and received its Acknowledgement of Compliance.

During Q2 2025, *Deepsea Mira* successfully completed its drilling campaign with TotalEnergies SE and began demobilization and BOP maintenance in preparation for future work in the West Africa region.

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NORTHERN OCEAN