CONSOLIDATED FINANCIAL STATEMENTS

NORTHERN OCEAN LTD.

YEAR ENDED DECEMBER 31, 2022

Index to the Consolidated Financial Statements of Northern Ocean Ltd.

Northern Ocean Ltd.

Board of Directors' Report

Key Information
Unless otherwise indicated, the terms "Northern Ocean", "we", "us", "our", the "Company", the "Northern Group" and the "Group" refer to Northern Ocean Ltd. and its consolidated subsidiaries.

Unless otherwise indicated, all references to "U.S. dollars", "USD", "dollars", "US$" and "$" in this Annual Report are to the lawful currency of the United States of America, references to "Norwegian Kroner", and "NOK" are to the lawful currency of Norway.

Company Background
Northern Ocean was incorporated under the laws of Bermuda on March 3, 2017. The Company was incorporated for the primary purpose of engaging 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 (*previously named the *West Mira)* and *Deepsea Bollsta* (previously named the *West Bollsta*), which were delivered to the Company in December 2018 and June 2019 respectively.

The Company's shares are registered for trading on the Norwegian Stock Exchange (ticker "NOL") and commenced trading on December 9, 2019. The Company was originally established as a wholly owned subsidiary of Northern Drilling Ltd. ("NODL") and in February 2020, NODL completed an exchange offer to its shareholders reducing its ownership in the Company to zero.

Our registered office is at Par-La-Ville Place, 14 Par-La-Ville Road, Hamilton, Bermuda. Our website is www.northernoceanltd.com.

Share Issuances and Financing Transactions
In January 2022, the Company completed its plan to improve its financial and operational footing as detailed in the press release issued on December 23, 2021. The plan consisted of engaging Odfjell Drilling Ltd. ("Odfjell" or "Odfjell Group" including its subsidiaries) to manage the operations of the Company's fleet, completing a private placement, amending and extending the Group's bank debt and amending and extending the Group's revolving credit facility held with the related party, Sterna Finance Ltd. ("Sterna").

i) Private Placement
The private placement required the reduction in the nominal value of each share of the Company's issued and authorized share capital from $1.00 to $0.50. New shares in the amount of 40 million were issued as part of the private placement at a subscription price of $0.50 per share, raising gross proceeds of $20.0 million.

ii) Amending and Extending the Group's Bank Debt
The final maturity of the Company's term loan facilities bank debt was extended 36 months to the first quarter of 2025, and the amortization of $40.0 million due in 2022 was deferred and added to the balloon payment at maturity.

iii) Amending and Extending the Group's Revolving Credit Facility held with Sterna.
The final maturity of the Sterna revolving credit facility was extended by 39 months and an additional $15.0 million was borrowed, taking the outstanding balance to $85.0 million. The remaining $15.0 million available under the Sterna revolving credit facility available at that time was made restricted for settling future interest payments as they fell due. Sterna shall have the ability at its discretion to convert $15.0 million of the loan amount into the Company's shares at a strike price of $0.50 per share.

In August 2022, the Company completed a private placement to provide funding for *Deepsea Bollsta* reactivation costs, working capital and other general corporate purposes. New shares in the amount of 30,793,651 were issued at a subscription price of NOK 12.60, raising approximately $40.0 million in gross proceeds.

In December 2022, the Company completed the private placement to provide funding for *Deepsea Mira* reactivation costs, working capital and other general corporate purposes. New shares in the amount of 47,022,157 were issued at a subscription price of NOK 9.50, raising approximately $45.0 million in gross proceeds. A subsequent offering of 1,058,921 million shares priced at NOK 9.50 was completed in March 2023 for shareholders who were not allocated shares in the December private placement, raising approximately $1.0 million in gross proceeds.

Operational Activity

In January 2022, the Company began the transition of operational activities to Odfjell. Odfjell has over 50 years of drilling industry expertise and utilizes the latest and innovative technological solutions on its rigs. They are based in Bergen, Norway and have experience in the harsh environment and benign deepwater floater markets. Odfjell owns and operates four harsh environment semi-submersible rigs and provides management services for four rigs with three separate owners, including the two Northern Ocean rigs.

The management agreement executed in December 2021 defines the framework and compensation structure for Odfjell's services. Through their established management system, Odfjell provides operational leadership, marketing, crews, procurement, administration and other services required to perform under contracts for drilling services. Northern Ocean retains control of commercial decisions, contracting decisions, and investment decisions for its rigs. The drilling services contracts are entered directly between a subsidiary within the Northern Group and the oil & gas company.

Deepsea Mira

In 2022, the *Deepsea Mira* was in a warm stack condition at the Hanøytangen Semco Marine shipyard near Bergen, Norway. With the assistance of PSW Technology AS, the Northern Group managed the rig until operational management was transitioned to Odfjell and planning for reactivation begun.

In December 2022, a contract was awarded for *Deepsea Mira* with a subsidiary of TotalEnergies SE ("TotalEnergies") for work outside of the Norwegian Continental Shelf (on a multi-country drilling program commencing in West Africa). The rig departed from the Norwegian shipyard in April 2023 and is expected to commence the contract in the middle of the second quarter of 2023. The contract has a firm duration of 300 days plus one 180-day option and one 90-day option. The contract adds approximately $135.0 million of firm revenue backlog to the Company (excluding bonus, options and de-mobilization).

Deepsea Bollsta

In the first quarter of 2022 the *Deepsea Bollsta* concluded a contract with Lundin Energy Norway AS (“Lundin”) and the related bareboat charter with a subsidiary of Seadrill Ltd. The rig was hot stacked alongside the *Deepsea Mira* near Bergen, Norway and the provision of marketing and management services was immediately transitioned to Odfjell.

In August 2022, a contract was awarded for *Deepsea Bollsta* from Shell Upstream Namibia B.V., a subsidiary of Shell Plc. ("Shell"), for work in Namibia, which has potential harsh environment sea conditions that may limit certain rig designs from year round performance. The contract commenced in December 2022, with an estimated firm duration of twelve months plus one six-month option. The contract added approximately $124.0 million of firm revenue backlog to the Company (excluding the option). Following the contract award, Odfjell immediately began preparation for mobilization and completed the transit safely and efficiently.

On December 10, 2022, the *Deepsea Bollsta* commenced operation and achieved technical utilization of 96% through the end of the year and 98% year-to-date 2023.

The Company's total revenue backlog at December 31, 2022, is estimated to be $232 million, excluding options, performance bonuses and reimbursable revenue.

Corporate Social Responsibility

Ensuring high standards environmentally, ethically, and socially are key values of the Company for which the Group has established policies, procedures and guidelines. The sections below of ‘The Working, Safety and Social Environment’, ‘Employment Equality’, ‘Impact on the External Environment', ‘Human Rights and 'Anti-bribery and Anti-corruption’ more specifically detail how the Company operates in accordance with these values.

The Working, Safety and Social Environment

The Company operates in an industry which poses an inherent risk to personnel health and safety. It is therefore paramount that the Company conducts its business in a manner designed to protect the health and safety of its employees. The health and safety record of potential operational managers was therefore a significant consideration when selection of the Company’s new rig manager was performed in December 2021. The new manager Odfjell has over 50 years’ experience in the industry and is well regarding in terms of safety. There have not been any serious injuries or accidents in the current year and total absence due to sickness has been minimal.

In the countries which the Company operates it is committed together with its operational manager to having a positive impact on the local society. During 2022 the Company hired a number of Namibian nationals.

At the end of 2022, the Company had seven direct employees, who are primarily office based. The mental and physical wellbeing of employees is of paramount importance to the Company. The Company provides competitive medical and wellness benefits. Northern Ocean invests in employees through providing training to develop skill sets, including providing financial and time-based support to allow employees to develop personally and professionally.

The Company's Board of Directors currently consists of four men and the employee workforce is 14% female.

Employment Equality
The Company is an equal opportunities employer and will not discriminate against any employee or job applicant because of race, color, religion, national origin, sex, age, physical or mental disability. The Company's recruitment policy is based on these values. The Company has in 2022 been, and remains, committed to base any decision with respect to any person on the Company's needs and the performance and potential of the person, and not on any other criterion.

Impact on the External Environment
The Company acknowledges that its operations have an environmental impact though emissions to air and potentially through accidental spills and discharges of contaminants to sea, which could have a severe adverse impact to the external environment. The Company is committed to ensuring that the environmental impacts of its operations are reduced wherever possible. Northern Ocean invested in hybrid battery systems for the *Deepsea Bollsta* and *Deepsea Mira* that lower fuel consumption to reduce NOx and CO2 emissions, making the units among the most environmentally friendly in the world for their capabilities. In 2022, no spills to the environment occurred in the fleet.

Human Rights
The Company does not perform, and strictly prohibits any of its business partners, including contracts and suppliers from practices such as modern slavery, child labor, forced or indentured servitude, and other human rights abuses.
The operations of Northern Ocean are global with its rigs potentially operating in countries or regions with high human rights abuse risk profiles. We recognize that respect for human rights is a global standard and that it is our responsibility to uphold this standard wherever we operate. The Company's operational manager Odfjell has since July 1, 2022, established human rights risk profiles for all new suppliers, further reducing the risk of human right violations.

Anti-Bribery and Anti-corruption
The operations of Northern Ocean are global with its rigs potentially operating in countries or regions with high reputations for corruption or bribery. To mitigate the risks the Company and its operation manager have strict policies, procedures and guidelines.

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

In August 2022 and December 2022, the Company secured employment for the *Deepsea Bollsta* and the *Deepsea Mira respectively,* with two Supermajor oil companies for work outside of the Norwegian Continental Shelf ("NCS"). In total, these two contracts gave the Company an estimated firm revenue backlog of $251 million.

As of date of this report, the *Deepsea Bollsta* was mobilized from Norway to Namibia and commenced operations in December 2022. The *Deepsea Mira* has been reactivated and is currently in transit from Norway to its first well location in West Africa. The Company will continue to have exposure to mobilization, reactivation and other pre-commencement risk until the *Deepsea Mira* has successfully commenced its contract and normal working capital cycles are established.

As a result of this pre-commencement risk of the *Deepsea Mira*, the Company may be dependent on loans and/or equity issuances to finance its loan obligations and working capital in the next twelve months, which potentially raises substantial doubt about the Company's ability to continue as a going concern until commencement occurs. The Board is confident a sound solution will be reached.

Risk Assessment
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. Such risks and uncertainties include, among others, decreasing market value of the rigs and maintaining sufficient operating liquidity. In addition, public health threats, such as the Coronavirus, influenza and other highly communicable diseases or viruses, outbreaks of which have from time to time occurred in various parts of the world in which we operate could adversely impact our operations as well as the operations of our customers. The Company also needs to comply with certain financial covenants under the terms of its existing loan facilities and failure to do so would require the outstanding loan to be pre-paid. Further, the success and growth of the Company relies on favorable contracts for its rigs continuing to be obtained, which is heavily dependent on the level of activity in the offshore oil and gas industry generally and the drilling industry specifically. The industry is highly competitive and significantly impacted

by the price of oil, which can be very volatile. The limited number of rigs in the Northern Ocean fleet also makes the Company vulnerable in the event of a loss of revenue of any such rigs due to market developments, technical or regulatory matters.

Outlook

The Company continues to have a positive outlook for 2023 and beyond in the offshore drilling market.

Long-term demand for investment in energy resources continues to strengthen, and is driven by the convergence of energy security, depleted natural resource inventories, and evaporated OPEC spare production capacity. In response to this growing demand and limitations of supply in offshore rigs, the offshore drilling markets have materially tightened resulting in higher utilizations of the global offshore fleet and significant improvements in day rates.

The harsh environment segment demand for drilling rigs has been somewhat bearish or slow in the last year and it is expected to continue similarly through 2023. New activities on the NCS have either been downsized, delayed or eliminated and there is now limited visibility of new drilling programs over the next 12 months. Outside of the NCS, indications are that demand for high specification harsh environment semi-submersible rigs will incrementally increase in regions such as the United Kingdom, Canada, Australia, the southern part of Africa and other locations where semi-submersible rigs will be preferred. Thus, some of the most capable and advanced drilling rigs are exiting the Norwegian market and finding employment in these areas.

The Northern Ocean fleet has been a part of this trend of exiting the NCS. Notwithstanding this, the Company remains active, participating in tenders and marketing efforts for work within the NCS. Northern Ocean is maintaining the optionality and ability to return to the NCS when the timing is justified. For 2023, the *Deepsea Bollsta* will continue drilling in Namibia, which is an area showing indications for potential large-scale investments from several Supermajors and could require at least one high specification semi-submersible for some time to come. The *Deepsea Mira* departed the yard in Bergen and is commencing its multi-country drilling program in West Africa in the second quarter of 2023. The Company continues to work closely with its operational manager, Odfjell, to ensure a safe and efficient reactivation, mobilization, and operations on both rigs across the globe.

Corporate Governance Report

Section 1 "Implementation and reporting on corporate governance": As a company incorporated in Bermuda, the Company is subject to Bermuda laws and regulations. Additionally, as a consequence of being listed on the Oslo Stock Exchange, the Company must comply with section 3-3b and 3-3c of the Norwegian Accounting Act and certain aspects of Norwegian securities law and is also obligated to adhere to the Norwegian Code of Practice for Corporate Governance, or the Code of Practice, on a "comply or explain" basis. Further, the Company has in place a Memorandum of Association and Bye-Laws, which set forth certain governance provisions. The Norwegian Accounting Act is found on www.lovdata.no and the Code of Practice is found on www.nues.no.

The Company's corporate governance principles are based on the Code of Practice. However, since the Company is governed by Bermuda laws and regulations, and given the nature of the Group's activities, certain practices are applied which deviate from some of the recommendations of the Code of Practice.

In the following sections, the Company's corporate governance policies and procedures will be explained with reference to the principles of corporate governance as set out in the sections identified in the Code of Practice. This summary does not purport to be complete and is qualified in its entirety by the Company's Memorandum of Association and Bye-Laws, Bermuda and Norwegian law.

Section 2 "Business": The Company is an international offshore drilling contractor to the oil and gas industry, with the ambition of acquiring and operating modern drilling assets. The Company has initially targeted the harsh environment sector and will continue to dedicate resources for further growth within this segment. The Company has an opportunistic growth strategy and will carefully review all opportunities for assets that can operate in various water depths.

In accordance with normal practice for Bermuda companies, the Company's Bye-Laws do not include a specific description of its business. According to the Memorandum of Association, the objects for which the Company was formed and incorporated are unrestricted. As a Bermuda incorporated company, the Company has chosen to establish the constitutional framework in compliance with the normal practice of Bermuda and accordingly deviate from section 2 of the Code of Practice.

Section 3 "Equity and dividends": The Company's equity capital is at a level appropriate for its objectives, strategy, and risk profile. In accordance with Bermuda law, the Board of Directors is authorized to permit its own shares to be held as treasury shares, and to issue any unissued shares within the limits of the authorized share capital without further shareholder approval. These authorities are neither limited to specific purposes nor to a specific period as recommended in section 3 of the Code of

Practice. The Board of Directors will propose to the shareholders that they consider and, if necessary, resolve to increase the authorized capital of the Company that will allow the Board of Directors some flexibility to increase the number of issued shares without further shareholder approval. Any increase of the authorized capital is, however, subject to approval by the shareholders by simple majority of the votes cast. While the Company aims to provide a competitive long-term return on the investments of its shareholders, it does not currently have a formal dividend policy.

Section 4 *"Equal treatment of shareholders and transactions with close associates"*: Neither the Company's Bye-Laws nor Bermuda company laws include regulation of pre-emptive rights for shareholders in connection with share capital increases. The Bye-Laws provide for the Board of Directors in its sole discretion to direct a share issue to existing shareholders at par value or at a premium price. The Company is subject to the general principle of equal treatment of shareholders under the Norwegian Securities Trading Act section 5-14. The Board of Directors will, in connection with any future share issues, on a case-by-case basis, evaluate whether deviation from the principle of equal treatment is justified. The Board of Directors will consider and determine on a case-by-case basis whether independent third party evaluations are required if entering into agreements with close associates in accordance with the Code of Practice section 5. The Board of Directors may decide, however, due to the specific agreement or transaction, to deviate from this recommendation if the interests of the shareholders in general are believed to be maintained in a satisfactory manner through other measures.

Section 5 *"Freely negotiable shares"*: With limited exceptions, all shares in the Company are freely negotiable, and the Bye-Laws contain no form of restriction on the negotiability of the shares, or on voting rights.

Section 6 "General meetings": The Company's Bye-Laws require five days' notice for a meeting of the shareholders, rather than 21 days. Given the Company's current commercial position, this shorter period is considered to be sufficient for shareholders to consider the matters being voted on.

The Company strives to maintain an open and fair dialogue with its shareholders through the publishing of information, presentations and responding to questions from shareholders. The Company has not, however, taken specific measures for obtaining shareholders' proposals for matters to be proposed to the meeting of shareholders. In the view of the Company, the current shareholder structure, the shareholder representation, and the policy to communicate with shareholders is sufficient to ensure that shareholders may communicate their points of view to the executive management and the Board.

The Board of Directors has not made arrangements for an independent Chairman for each annual meeting of the shareholders as the Company believes that the Chairman of the Board can act independently and in the interests of shareholders. Further, the Company does not believe that it is necessary for all directors and the auditor to be physically present at the meeting of the shareholders.

As a Bermuda registered company, the general meetings of the Company can be conducted through proxy voting. The VPS registered shareholders are holders of interests in the shares and thus represented by the VPS Registrar in the general meetings and not through their own physical presence. This is in line with the general practice of other non-Norwegian companies listed on the Oslo Stock Exchange. The Company complies in all other respects with the recommendations for general meetings as set out in of the Code of Practice.

Section 7 "Nomination committee": As permitted under Bermuda law, the Company will not have a nomination committee as recommended by the Code of Practice section 7. In lieu of a nomination committee comprised of independent directors, the Board of Directors is responsible for identifying and recommending potential candidates to become board members and recommending directors for appointment to board committees.

Section 8 "Corporate assembly and board of directors": The Company's Board of Directors shall consist of a minimum of two members, and shall at all times comprise a majority of directors who are not resident in the United Kingdom. The current composition of the Company's Board of Directors is in compliance with the independence requirements of the Code of Practice. The Company's shareholders may determine the minimum and maximum number of directors by the vote of shareholders representing a majority of the total number of votes which may be cast at any annual or extraordinary general meeting, or by written resolution. Each director is elected at an annual general meeting of shareholders for a term commencing upon election and expiring on the date of the next scheduled annual general meeting of shareholders or until his or her successor is appointed. The Bye-Laws do not permit cumulative voting for directors.

The Board of Directors elects its Chairman, rather than the shareholders. Given the Company's current development status the Company believe that this is satisfactory and that the Chairman can ensure that the Board is effective in its tasks of setting and implementing the Company's direction and strategy.

As a Bermuda registered company with a limited number of employees and contractors, the Company does not have a corporate assembly. Given the size of the Company this is not believed to be necessary.

Section 9 "The work of the board of directors": The Board is ultimately responsible for the management of the Company and for supervising its day-to-day management. The entire Board of Directors is responsible for any decisions otherwise subject to review and preparation by an audit committee.

Section 10 "Risk management and internal control": The Board shall ensure that the Company has sound internal controls and systems for risk management that are appropriate in relation to the extent and nature of the Company's activities. Further, the Board in conjunction with the executive management evaluates the risk inherent in the operations of the Company. Principal among these risks currently are risks associated with the capacity of the Group to obtain future financing on reasonable terms, risks associated with the ability of the Company to retain key staff, the general drilling market conditions and trends and the charter market conditions for the drilling rigs. In addition, the following risks inherent in the business of the Group are monitored: risk associated with changes in exchange rates, increased competition, the political, regulatory and tax environment of the Group, counterparty performance and risks associated with potential growth of the business. The Board ensures that the Company has reliable internal controls and systems for risk management through this annual assessment.

The Board has the responsibility to evaluate risk exposure and internal controls on an annual basis. The Board is also presented financial statements on a quarterly basis, which are reviewed with the executive management. The Company's annual accounts provide information on internal control and risk management systems as they relate to its financial reporting.

Section 11 "Remuneration of the board of directors": The compensation of the Company's Board of Directors is determined on an annual basis by the shareholders of the Company at the annual shareholders meeting. Board remuneration is to reflect the Board's responsibility, expertise, time spent, and the complexity of the business. Remuneration does not depend on the Company's financial performance and the Company does not grant share options to the board members. There is no obligation to present the guidelines for remuneration of the Board of Directors to the shareholders of a Bermuda incorporated company. The Company therefore deviates from this part of section 11 of the Code of Practice. There are no service contracts between the Company and any of its directors providing for benefits upon termination of their service.

Section 12 "Remuneration of executive personnel": The remuneration of the Chief Executive Officer is determined by the Board of Directors. The process aims to link the performance related element of the remuneration (options and bonus) to value creation for shareholders. There is no obligation to present the guidelines for remuneration of the executive management to the shareholders of a Bermuda incorporated company. In the view of the Company there is sufficient transparency and simplicity in the remuneration structure and information provided through the annual report and financial statements are sufficient to keep shareholders adequately informed. The Company therefore deviates from this part of section 12 of the Code of Practice.

Section 13 "Information and communications": The Company will ensure that the shareholders receive accurate, clear, relevant and timely information in accordance with the legal requirements and good corporate governance practices. Publication methods will be selected to ensure simultaneous and equal access for all equity shareholders and the information is provided in English. The Company also provides information to the market through financial reports. Events of importance are made available to the stock exchange market through notification to the Oslo Stock Exchange in accordance with the Stock Exchange regulations. Stock Exchange announcements are also made available on the Company's website.

Section 14 "Take-overs": The Company has not yet established guiding principles for how it will act in the event of a take-over bid. Although a deviation from the Code of Practice, the Board has thus far not deemed it appropriate to adopt specific guidelines for takeover situations.

Section 15 "Auditors": The auditor shall annually present its assessment of accounting risk and audit plan to the Board. The Board of Directors have established procedures for regular contact with the external auditor through the management. This contact will include, but is not limited to, the auditor presenting the audit plan for the coming year, contributing to meetings concerning the Company's annual financial statements, presentation of audit findings, including changes in accounting principles, significant estimates and judgments reflected in the annual financial statements, any areas of disagreement with management and identified internal control process improvement opportunities.

Annually, the auditor will present to the Board of Directors a review of the Company's internal control procedures, and the Board of Directors holds a meeting with the auditor at least once a year at which no member of the executive management is present. At present, the Company believes this is sufficient given its size and enables the auditor to communicate with members of the Board.

The Board of Directors have established guidelines in respect of the use of the auditor by the Company's executive management for services other than the audit. The Board of Directors shall report the remuneration paid to the auditor at the annual general meeting, including details of the fee paid for audit work and any fees paid for other specific assignments.

The external auditor has provided the Board with written confirmation of its independence.

Northern Ocean Ltd.
Responsibility Statement

We confirm that, to the best of our knowledge, the financial statements for the year ended December 31, 2022 have been prepared in accordance with current applicable accounting standards, and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the Group taken as a whole. We also confirm that the Board of Directors' Report includes a true and fair review of the development and performance of the business and the position of the Company and the Group, together with a description of the principal risks and uncertainties facing the Company and the Group.

Board of Directors and Chief Executive Officer of Northern Ocean Ltd.
April 28, 2023

/s/ Gary Casswell
Gary Casswell (Director and Chairman)

/s/ Bote de Vries Bote de Vries (Director)	/s/ Ole Falk Hansen Ole Falk Hansen (Director)
/s/ James Ayers James Ayers (Director)	/s/ Scott McReaken Scott McReaken (Chief Executive Officer)

Northern Ocean Ltd.
Consolidated Statements of Operations for the years ended December 31, 2022 and 2021

(in thousands of $, except loss per share)	2022	2021
Operating revenues		
Contract revenue	20,440	56,648
Reimbursable revenue	—	9,685
Other revenues	1,222	1,445
Total operating revenues	**21,662**	**67,778**
Operating expenses		
Rig operating expenses	37,434	51,978
Reimbursable expenses	—	7,565
Depreciation	40,209	42,657
Provision for doubtful debts	358	5,441
Administrative expenses	7,620	10,147
Total operating expenses	**85,621**	**117,788**
Net operating loss	**(63,959)**	**(50,010)**
Other income (expenses)		
Interest income	363	5
Interest expense	(27,855)	(19,643)
Foreign exchange loss	(1,040)	(88)
Other financial expenses	(11)	(1,930)
Total other income (expenses)	**(28,543)**	**(21,656)**
Net loss from continuing operations before taxes	**(92,502)**	**(71,666)**
Tax (charge) credit	(388)	3,067
Net loss from continuing operations	**(92,890)**	**(68,599)**
Related party settlement gain, net of taxes	—	57,574
Net loss	**(92,890)**	**(11,025)**
Basic and diluted loss from continuing operations per share ($)	(0.80)	(1.07)
Basic and diluted income from related party settlement gain, net of taxes, per share ($)	—	0.90
Basic and diluted loss per share ($)	(0.80)	(0.17)

See accompanying Notes to the Consolidated Financial Statements.

Northern Ocean Ltd.
Consolidated Statements of Comprehensive Income for the years ended December 31, 2022 and 2021

(in thousands of $)	**2022**	**2021**
Net loss	**(92,890)**	**(11,025)**
Foreign currency translation income (loss)	201	(418)
Other comprehensive income (loss)	**201**	**(418)**
Comprehensive loss	**(92,689)**	**(11,443)**

See accompanying Notes to the Consolidated Financial Statements.

Northern Ocean Ltd.
Consolidated Balance Sheets at December 31, 2022 and 2021

(in thousands of $)	2022	2021
ASSETS		
Current assets		
Cash and cash equivalents	67,494	5,461
Restricted cash	5,428	10,152
Related party receivables	405	3,514
Accounts receivable, net	7,770	—
Unbilled receivables	11,390	—
Other current asset	41,586	4,637
Accrued income	542	—
Current portion of right-of-use assets under operating leases	185	—
Total current assets	**134,800**	**23,764**
Non-current assets		
Drilling units	917,465	953,750
Fixtures and fittings	50	5
Deferred tax	—	35
Right-of-use assets under operating leases	197	—
Long-term deferred asset	1,270	—
Total non-current assets	**918,982**	**953,790**
Total assets	**1,053,782**	**977,554**
LIABILITIES AND EQUITY		
Current liabilities		
Current portion of long-term debt	19,970	10,000
Other current liabilities	36,971	7,454
Current portion of deferred revenue	22,218	1,924
Related party payables	—	79
Current obligations under operating leases	196	—
Total current liabilities	**79,355**	**19,457**
Non-current liabilities		
Long-term debt	369,449	389,531
Deferred revenue	6,237	2,934
Related party long-term debt	91,778	70,000
Obligations under operating leases	164	—
Total non-current liabilities	**467,628**	**462,465**
Total liabilities	**546,983**	**481,922**
Equity		
Share capital (181,618,186 shares issued and outstanding, par value $1.00 each)	90,809	63,803
Additional paid in capital	565,184	488,334
Accumulated other comprehensive loss	(145)	(346)
Retained deficit	(149,049)	(56,159)
Total equity	**506,799**	**495,632**
Total liabilities and equity	**1,053,782**	**977,554**

See accompanying Notes to the Consolidated Financial Statements.

Northern Ocean Ltd.
Consolidated Statements of Cash Flows for the years ended December 31, 2022 and 2021

(in thousands of $)	2022	2021
Net loss	**(92,890)**	**(11,025)**
Adjustments to reconcile net loss to net cash (used in) provided by operating activities		
Amortization of deferred charges	718	1,979
Amortization of deferred revenue	(2,466)	(19,459)
Provision for doubtful debts	—	5,441
Depreciation	40,209	42,657
Unrealized foreign exchange (gain) loss	201	(418)
Tax	35	(3,067)
Related party settlement gain, net of taxes	—	(57,574)
Accrued income	(542)	—
Change in operating assets and liabilities		
Accounts receivable, net	(7,770)	1,855
Unbilled receivables	(11,390)	8,913
Other current assets	(13,478)	1,752
Other long-term assets	2,033	—
Right-of-use assets under operating leases	(382)	—
Other current liabilities	29,516	(7,127)
Related party balances	3,031	13,087
Deferred revenue	—	1,177
Obligations under operating leases	360	—
Net cash used in operating activities	**(52,815)**	**(21,809)**
Investing activities		
Additions to drilling units	(4,626)	(206)
Additions to fixture and fittings	(53)	—
Net cash used in investing activities	**(4,679)**	**(206)**
Financing activities		
Net proceeds from share issuances	103,855	—
Proceeds from related party long-term debt	21,778	—
Repayment of long-term debt	(10,000)	—
Debt fees paid	(830)	—
Net cash provided by financing activities	**114,803**	**—**
Net change	**57,309**	**(22,015)**
Cash, cash equivalents and restricted cash at start of the year	**15,613**	**37,628**
Cash, cash equivalents and restricted cash at end of the year	**72,922**	**15,613**
Supplemental disclosure of cash information:		
Interest paid, net of interest capitalized	16,086	18,214
Income taxes paid	—	—

See accompanying Notes to the Consolidated Financial Statements.

Northern Ocean Ltd.
Consolidated Statements of Changes in Equity for the years ended December 31, 2022 and 2021

(in thousands of $, except number of shares)	2022	2021
Number of shares outstanding		
Balance at start of the year	63,802,378	63,802,378
Shares issued	117,815,808	—
Balance at end of the year	**181,618,186**	**63,802,378**
Share capital		
Balance at start of the year	63,803	63,803
Shares issued	58,908	—
Reduction in nominal value of shares	(31,902)	—
Balance at end of the year	**90,809**	**63,803**
Additional paid in capital		
Balance at start of the year	488,334	488,334
Shares issued	44,948	—
Reduction in nominal value of shares	31,902	—
Balance at end of the year	**565,184**	**488,334**
Accumulated other comprehensive (loss) income		
Balance at start of the year	(346)	72
Other comprehensive (loss) income	201	(418)
Balance at end of the year	**(145)**	**(346)**
Retained deficit		
Balance at start of the year	(56,159)	(45,134)
Net loss	(92,890)	(11,025)
Balance at end of the year	**(149,049)**	**(56,159)**
Total equity	**506,799**	**495,632**

See accompanying Notes to the Consolidated Financial Statements.

Northern Ocean Ltd.
Notes to the Consolidated Financial Statements

1. GENERAL

Northern Ocean was incorporated under the laws of Bermuda on March 3, 2017. The Company was incorporated for the primary purpose of engaging 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 (*previously named the *West Mira)* and *Deepsea Bollsta* (previously named the *West Bollsta*). The *Deepsea Mira* was undergoing reactivation and mobilization activities as at 31 December 2022, in preparation for its contract with TotalEnergies SE ("TotalEnergies"). The rig departed from the Hanøytangen Semco Marine shipyard near Bergen, Norway in April 2023, and is expected to commence the contract in the middle of the 2nd quarter of 2023. The *Deepsea Bollsta* is currently operating a drilling contract with Shell Upstream Namibia B.V., a subsidiary of Shell Plc. ("Shell") off the coast of Namibia.

2. BASIS OF ACCOUNTING

Basis of accounting
The consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of the consolidated financial statements requires that management make estimates and assumptions affecting the reported amounts of assets and liabilities. Actual results could differ from those estimates.

We evaluated all of our activity through April 28, 2023, being the date these financial statements were issued, and concluded that no subsequent events have occurred that would require recognition in the financial statements.

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

In August 2022 and December 2022, the Company secured employment for the *Deepsea Bollsta* and the *Deepsea Mira,* respectively*,* with two Supermajor oil companies for work outside of the Norwegian Continental Shelf ("NCS"). In total, these two contracts gave the Company an estimated firm revenue backlog of $259 million.

As of the date of this report, the *Deepsea Bollsta* was mobilized from Norway to Namibia and commenced operations in December 2022. The *Deepsea Mira* has been reactivated and is currently in transit from Norway to its first well location in West Africa. The Company will continue to have exposure to mobilization, reactivation and other pre-commencement risk until the *Deepsea Mira* has successfully commenced its contract and normal working capital cycles are established.

As a result of this pre-commencement risk of the *Deepsea Mira*, the Company may be dependent on loans and/or equity issuances to finance its loan obligations and working capital in the next twelve months, which potentially raises substantial doubt about the Company's ability to continue as a going concern until commencement occurs. The Board is confident a sound solution will be reached.

Principles of consolidation
The Company's consolidated financial statements comprise of Northern Ocean and its directly wholly owned subsidiaries. Intra-group transactions and balances, including internal profits and unrealized gains and losses, have been eliminated upon consolidation.

Revenue from contracts with customers
The activities that primarily drive the revenue earned from our drilling contracts include (i) providing a drilling rig and the crew and supplies necessary to operate the rig, (ii) mobilizing and demobilizing the rig to and from the drill site and (iii) performing rig preparation activities and/or modifications required for the contract. Consideration received for performing these activities may consist of day rate drilling revenue, mobilization and demobilization revenue, contract preparation revenue and reimbursement revenue. We account for these integrated services as a single performance obligation that is (i) satisfied over time and (ii) comprised of a series of distinct time increments.

We recognize consideration for activities that correspond to a distinct time increment within the contract term in the period the services are performed. We recognize consideration for activities that are (i) not distinct within the context of our contracts and (ii) do not correspond to a distinct time increment, ratably over the estimated contract term.

We determine the total transaction price for each individual contract by estimating both fixed and variable consideration expected to be earned over the term of the contract. The amount estimated for variable consideration may be constrained and is only included in the transaction price to the extent that it is probable that a significant reversal of previously recognized revenue will not occur throughout the term of the contract. When determining if variable consideration should be constrained, we consider whether there are factors outside of our control that could result in a significant reversal of revenue as well as the likelihood and magnitude of a potential reversal of revenue. We re-assess these estimates each reporting period as required. Refer to Note 3 - Revenue from Contracts with Customers.

Day Rate Drilling Revenue - Our drilling contracts generally provide for payment on a day rate basis, with higher rates for periods when the drilling unit is operating and lower rates or zero rates for periods when drilling operations are interrupted or restricted. The day rate invoices billed to the customer are typically determined based on the varying rates applicable to the specific activities performed on an hourly basis. Such day rate consideration is allocated to the distinct hourly increment it relates to within the contract term, and therefore, recognized in line with the contractual rate billed for the services provided for any given hour.

Mobilization Revenue - We may receive fees (on either a fixed lump-sum or variable day 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.

Demobilization Revenue - We may receive fees (on either a fixed lump-sum or variable day rate basis) for the demobilization 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 asset for demobilization fees earned, which is recognized ratably to contract drilling revenue as services are rendered over the initial term of the related drilling contract.

Revenues Related to Reimbursable Expenses - We generally receive reimbursements from our customers for the purchase of supplies, equipment, personnel services and other services provided at their request in accordance with a drilling contract or other agreement. Such reimbursable revenue is variable and subject to uncertainty, as the amounts received and timing thereof are highly dependent on factors outside of our influence. Accordingly, reimbursable revenue is fully constrained and not included in the total transaction price until the uncertainty is resolved, which typically occurs when the related costs are incurred on behalf of a customer. We are generally considered a principal in such transactions and record the associated revenue at the gross amount billed to the customer, at a point in time, as “Reimbursable revenues” in our Consolidated Statements of Operations.

Contract Balances - Accounts receivable is recognized when the right to consideration becomes unconditional based upon contractual billing schedules. Contract asset balances consist primarily of demobilization revenues which have been recognized during the period but are contingent on future demobilization activities. Contract liabilities include payments received for mobilization as well as rig preparation and upgrade activities which are allocated to the overall performance obligation and recognized ratably over the initial term of the contract.

Local Taxes - In some countries, the local government or taxing authority may assess taxes on our revenues. Such taxes may include sales taxes, use taxes, value-added taxes, gross receipts taxes and excise taxes. We generally record tax-assessed revenue transactions on a net basis.

Deferred Contract Costs - Certain direct and incremental costs incurred for upfront preparation, initial mobilization and modifications of contracted rigs represent costs of fulfilling a contract as they relate directly to a contract, enhance resources that will be used in satisfying our performance obligations in the future and are expected to be recovered. Such costs are deferred and amortized ratably to contract drilling expense as services are rendered over the initial term of the related drilling contract.

Technical utilization is defined as the percentage of hours deemed to be operational out of the total number of rig hours in the measurement period.

Other income
Other revenue is primarily earned from the provision of management services rendered to a related party, Northern Drilling Ltd. ("NODL"). Revenue is recognized as earned.

Rig operating expenses
Rig operating expenses are costs associated with operating a drilling unit that is either in operation or stacked and include the remuneration of offshore crews and related costs, rig supplies, insurance costs, expenses for repairs and maintenance and costs for onshore support personnel. We expense such costs as incurred.

Mobilization and demobilization expenses
We incur costs to prepare a drilling unit for a new customer contract and to move the rig to a new contract location. We capitalize the mobilization and preparation costs for a rig's first contract as a part of the rig value and recognize them as depreciation expense over the expected useful life of the rig (i.e. 30 years). For subsequent contracts, we defer these costs over the expected contract term (see deferred contract costs above), unless we don't expect the costs to be recoverable, in which case we expense them as incurred.

We incur costs to transfer a drilling unit to a safe harbor or different geographic area at the end of a contract. We expense such demobilization costs as incurred. We also expense any costs incurred to relocate drilling units that are not under contract.

Repairs, maintenance and periodic surveys
Costs related to periodic overhauls of drilling units are capitalized and amortized over the anticipated period between overhauls, which is generally five years. Related costs are primarily yard costs and the cost of employees directly involved in the work. We include amortization costs for periodic overhauls in depreciation expense. Costs for other repair and maintenance activities are included in vessel and rig operating expenses and are expensed as incurred.

Cash and cash equivalents
All demand and time deposits, and highly liquid low risk investments with original maturities of three months or less, are considered equivalent to cash.

Restricted cash
Restricted cash consists of bank deposits which are subject to restrictions due to legislation, regulation or contractual arrangements.

Deferred charges
Loan costs, including debt arrangement fees, are capitalized and amortized on a straight-line basis over the term of the relevant loan. The straight line basis of amortization approximates the effective interest method. Amortization of loan costs is included in other financial expenses. The Company has recorded debt issuance costs (i.e. deferred charges) as a direct deduction from the carrying amount of the related debt.

Receivables
Receivables, including accounts receivable, are recorded in the balance sheet at their nominal amount less an allowance for doubtful accounts. We establish reserves for doubtful accounts on a case-by-case basis when it is unlikely that required payments of specific amounts will occur. In establishing these reserves, we consider the financial condition of the customer as well as specific circumstances related to the receivable such as customer disputes. Receivable amounts determined as being unrecoverable are written off. Interest income on receivables is recognized as earned.

Drilling units
Rigs, vessels and related equipment are recorded at historical cost less accumulated depreciation. The cost of these assets, less estimated residual value is depreciated on a straight-line basis over their estimated remaining economic useful lives. The estimated residual value is taken to be offset by any decommissioning costs that may be incurred. The estimated economic useful life of our rigs, when new, is 30 years. Significant investments are capitalized and depreciated in accordance with the nature of the investment. Significant investments that are deemed to increase an asset's value for its remaining useful life are capitalized and depreciated over the remaining life of the asset.

Impairment of long-lived assets
The carrying value of the Drilling Units is assessed for impairment whenever events or changes in circumstances indicate that the carrying amount may no longer be appropriate. The Company first assesses recoverability of the carrying value of the asset by estimating the undiscounted future net cash flows expected to result from the asset, including eventual disposition. If the undiscounted future net cash flows are less than the carrying value of the asset, an impairment loss is recorded based on the difference between the carrying value and the fair value.

Related parties
Parties are related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also related if they are subject to common control or common significant influence.

Earnings per share
Basic earnings per share is computed based on the income available to ordinary shareholders and the weighted average number of shares outstanding. The Company does not have any potentially dilutive instruments.

Foreign currencies
The functional currency of the Company and all of its subsidiaries is either the U.S. dollar or the Norwegian Kroner, as the majority of expenditures are denominated in U.S. dollars or Norwegian Kroner. The Company's reporting currency is U.S. dollars. Assets and liabilities are translated into the functional currency at exchange rates existing at the date of the balance sheet. Such currency translation gains and losses are included in the Consolidated Statement of Operations. Transactions in currencies other than the functional currency are translated into the functional currency at the exchange rate at the transaction date. Exchange gains and losses on translation of our net equity investments in subsidiaries are reported as a separate component of accumulated other comprehensive loss in shareholders' equity. The Company utilizes various cash management tools to maintain a balance of exposure to any one particular currency and works to match cash inflows and outflows to minimize foreign currency impact. In the twelve months ended December 31, 2022, the U.S. dollar strengthened against the Norwegian Kroner resulting in a foreign currency loss.

Fair values
We have determined the estimated fair value amounts presented in these consolidated financial statements using available market information and appropriate methodologies. However, considerable judgment is required in interpreting market data to develop the estimates of fair value. The estimates presented in these consolidated financial statements are not necessarily indicative of the amounts that we could realize in a current market exchange.

Operating leases
The Company as lessee currently has two operating leases for leased office space. The Company recognizes right-of-use assets and corresponding lease liabilities for its operating leases.

The Company has not elected the practical expedient to not separate lease and non-lease components for all of our leases where we are the lessee. ASC 842 also allows lessees to elect as an accounting policy not to apply the provisions of ASC 842 to short-term leases (i.e. leases with an original term of 12-months or less). Instead, a lessee may recognize the lease payments in profit or loss on a straight-line basis over the lease term and variable lease payments in the period in which the obligation for those payments is incurred. The Company has elected not to apply the provisions of ASC 842 to short-term leases.

Where the Company is lessee, operating lease expense is recognized on a straight-line basis over the lease term.

Fuel
Fuel is stated at the lower of cost and net realizable value. Cost is determined on a first-in, first-out basis.

Recently adopted accounting standards
The Company has adopted update ASU 2020-06 (ASC 470-20 Debt with Conversion and Other Options) effective from January 1, 2022. The new standard reduces the number of accounting models for convertible debt instruments, resulting in fewer embedded conversion features being separately recognized from the host contract as compared with the previous guidance. The standard update is relevant for the amended and restated Sterna revolving credit facility closed on January 14, 2022, which contained a conversion option. Prior to the update, the embedded beneficial conversion feature would have been recognized separately by allocating a portion of the proceeds equal to the intrinsic value of that feature to additional paid-in capital. Adopting ASU 2020-06 has resulted in the Company accounting for the debt in its entirety as a liability.

3. RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

There have been no accounting pronouncements issued and not yet effective that are expected to have significance to our consolidated financial statements.

4. REVENUE FROM CONTRACTS WITH CUSTOMERS

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

(in thousands of $)	2022	2021
Drilling	15,019	37,300
Mobilization and demobilization	1,085	—
Contract preparation	1,814	19,348
One-time reimbursed costs	2,522	—
Contract revenue	**20,440**	**56,648**

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

(in thousands of $)	Cost	Accumulated amortization	Net carrying value
Balance at December 31, 2021	**—**	**—**	**—**
Cost additions	31,816	—	31,816
Amortization	—	(2,122)	(2,122)
Balance at December 31, 2022	**31,816**	**(2,122)**	**29,694**
Short-term deferred assets			28,424
Long-term deferred assets			1,270

The costs to fulfill a contact deferred asset balances comprise of the reactivation activities and mobilization preparation costs incurred up to December 31, 2022 in order for the *Deepsea Bollsta* and the *Deepsea Mira* to meet their respective contractual obligations of the contracts with Shell and TotalEnergies. These costs are being deferred and amortized over the firm contract period. The cost additions consists of $25.5 million relating to the Shell contract and $6.3 million relating to the TotalEnergies contract. The amortization relates solely to the Shell contract.

The following table provides information about receivables and contract liabilities from the Shell and TotalEnergies contracts:

(in thousands of $)	**2022**	**2021**
Accounts receivable, net	7,770	—
Unbilled receivables	11,390	—
Current contract liabilities (deferred revenue)	22,218	1,924
Non-current contract liabilities (deferred revenue)	6,237	2,934

Receivables are typically billed in the fortnight following the month the performance obligations were satisfied, and have credit terms of between 30 and 45 days. The current deferred revenue and non-current deferred revenue balances of a combined $28.5 million consists of $8.5 million of funds received from Shell under the *Deepsea Bollsta* drilling contract, $17.1 million of funds revenue received from TotalEnergies under the *Deepsea Mira* drilling contract and $2.9 million received from the Norwegian government as a grant due to the *Deepsea Mira* being built with systems which reduce NOx emissions. The balances for the drilling contract related revenues are credited to the Consolidated Statement of Operations over the estimated firm duration of the respective drilling contracts, whereas the grant from the Norwegian government is credited to the Consolidated Statement of Operations over the estimated useful life of the *Deepsea Mira.*

(in thousands of $)	
Total contract liabilities at December 31, 2021	**4,858**
Deferred revenue accruing in the year	26,063
Amortization of deferred revenue	(2,466)
Total contract liabilities at December 31, 2022	**28,455**
Current contract liabilities	22,218
Long-term contract liabilities	6,237

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 exempt from taxation until March 31, 2035.

Other Jurisdictions
The Company has subsidiaries which were incorporated in the Marshall Islands and thus are not subject to income tax. Certain of the Company's subsidiaries and branches in Norway, Ireland, Namibia and the USA are subject to income tax in their respective jurisdictions. The tax paid by subsidiaries and branches that are subject to income tax is not material.

Deferred tax
Deferred tax assets and liabilities are based on temporary differences that arise between carrying values used for financial reporting purposes and amounts used for taxation purposes of assets and liabilities 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. RELATED PARTY SETTLEMENT GAIN

On February 11, 2021, the Company announced that it had reached an agreement in principle with Seadrill Ltd. ("Seadrill") to settle outstanding balances. The settlement was subject to several conditions, including amendments from the Company's secured lenders and approval by the bankruptcy court under Seadrill's Chapter 11 protection in the U.S.

On August 8, 2021, the Company announced it had signed an amended settlement agreement with Seadrill and its subsidiaries ("Amended Settlement Agreement"), which closed all outstanding balances and claims between the companies, provided transition services for the Company's rigs, and required bareboat lease payments on the *Deepsea Bollsta* to become payable from Seadrill starting August 10, 2021. The settlement remained subject to several conditions, including approval by the bankruptcy court under Seadrill's Chapter 11 protection in the U.S.

On October 29, 2021, the Company announced the Amended Settlement Agreement had been approved by the bankruptcy court in Seadrill's Chapter 11 process in the U.S. Seadrill paid $5.2 million to the Company on November 1, 2021, in respect of the *Deepsea Bollsta* bareboat payments due for the period from August 10, 2021 to September 30, 2021.

The Amended Settlement Agreement became effective on December 23, 2021 when the final condition precedent was waived and the Company recorded a non-cash gain, net of taxes, of $57.6 million in the fourth quarter of 2021. This non-cash gain comprised of:

a. $36.4 million of *Deepsea Bollsta* bareboat revenue for the period from February 6, 2020, being the date the rig entered Norwegian waters, to August 9, 2021:
b. $27.2 million compensation for the Xmas Tree incident on the *Deepsea Mira* in May 2021, less
c. tax expense of $6.0 million on b. above.

The $138.0 million payable to Seadrill at September 30, 2021 became a receivable of $6.1 million on December 23, 2021, being the effective date of the Amended Settlement Agreement, as a result of;

i. a decrease in capitalized project costs on the *Deepsea Mira* and the *Deepsea Bollsta* of $74.9 million,
ii. an aggregate amount of $63.6 million in respect of a. and b. above,
iii. $14.4 million of *Deepsea Bollsta* bareboat revenue for the period from August 10, 2021 to December 31, 2021, which has been recorded in Contract Revenue in the fourth quarter, less
iv. $0.5 million for future transition services for the *Deepsea Bollsta*, less
v. cash paid by Seadrill in respect of *Deepsea Bollsta* bareboat charges of $5.2 million and $3.1 million on November 1, 2021 and December 3, 2021, respectively.

At December 31, 2022 and 2021, all agreements with Seadrill had been terminated and the company no longer constituted a related party.

7. EARNINGS PER SHARE

The computation of basic earnings per share is calculated by dividing the net income 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:

(in thousands of $, except number of shares)	2022	2021
Net loss from continuing operations	**(92,890)**	**(68,599)**
Related party settlement gain, net of taxes	—	57,574
Net loss	**(92,890)**	**(11,025)**
Weighted average number of ordinary shares *(in thousands)*	**115,495**	**63,802**

8. RESTRICTED CASH

The restricted cash at December 31, 2022, of $5.4 million primarily consists of a deed of performance for TotalEnergies totaling $5.3 million, which is required to be maintained until the commencement of drilling. In the prior year the $10.2 million balance primarily consisted of due loan amortizations, which as agreed with the creditors were held in a restricted bank account until there payment in January 2022.

In both the years ended December 31, 2022 and 2021, the remaining balance relates to cash withheld for a guarantee to NIS, and for payroll taxes.

9. DRILLING UNITS

Movements in the carrying value of drilling units in the years ended December 31, 2022 and 2021 may be summarized as follows:

(in thousands of $)	Cost	Accumulated depreciation	Net carrying value
Balance at December 31, 2020	**1,103,313**	**(32,568)**	**1,070,745**
Impact of Related party settlement (Note 6)	(74,931)	—	(74,931)
Additions	593	—	593
Depreciation	—	(42,657)	(42,657)
Balance at December 31, 2021	**1,028,974**	**(75,224)**	**953,750**
Adjustment to previously capitalized balance	(710)	—	(710)
Additions	4,627	—	4,627
Depreciation	—	(40,202)	(40,202)
Balance at December 31, 2022	**1,032,891**	**(115,426)**	**917,465**

No interest costs were capitalized during the years ending December 31, 2021 or December 31 2022.

11. OTHER CURRENT ASSETS

Other current assets at December 31, 2022 and 2021 may be summarized as follows:

(in thousands in $)	**2022**	**2021**
Deposit held	35	1,187
Fuel	485	—
VAT receivable	2,959	998
Other	9,683	2,452
Short-term portion of deferred assets	28,424	—
	41,586	**4,637**

Short-term portion of deferred assets

Short-term portion of deferred assets comprises of the reactivation activities and mobilization preparation costs incurred up to December 31, 2022, in order for the *Deepsea Bollsta* and the *Deepsea Mira* to meet their respective contractual obligations of the contracts with Shell and TotalEnergies. These costs are being deferred and amortized over the contract period, with amortization being recorded within rig operating expenses.

Other

The category is principally composed of prepayments for operating equipment required to reactivate and mobilize the *Deepsea Mira*.

12. OTHER CURRENT LIABILITIES

Other current liabilities at December 31, 2022 and 2021 may be summarized as follows:

(in thousands in $)	**2022**	**2021**
Accounts payable	7,662	2,332
Accrued administrative expenses	445	945
Accrued operating expenses	19,427	—
Other payables	1,982	995
Accrued interest expense	7,455	3,182
	36,971	**7,454**

13. SHORT-TERM AND LONG-TERM DEBT

(in thousands of $)	**2022**	**2021**
U.S. dollar denominated floating rate debt:		
$200.0 million term loan facility - *Deepsea Mira*	165,000	170,000
$200.0 million term loan facility - *Deepsea Bollsta*	175,000	180,000
$50.0 million term loan facility - *Deepsea Mira* and Deepsea *Bollsta*	50,000	50,000
Total debt - Gross of deferred charges	**390,000**	**400,000**
Short-term portion of debt issuance costs	(30)	—
Long-term portion of debt issuance costs	(551)	(469)
Total debt - Net of deferred charges	**389,419**	**399,531**
Short-term debt	19,970	10,000
Long-term debt	369,449	389,531

The outstanding debt as of December 31, 2022 is repayable as follows:

(in thousands in $)	
2023	20,000
2024	40,000
2025	330,000
2026	—
Thereafter	—
	390,000

$200.0 million senior secured term loan facility - *Deepsea Mira*

In November 2018, the Company entered into a $200.0 million senior secured term loan facility with a number of banks and the full loan amount was drawn in December 2018 upon the delivery of *Deepsea Mira* from the constructing shipyard. The loan initially had a nine month amortization grace period followed by nine quarterly installments of $5.0 million and a balloon payment of $155.0 million in December 2021. The interest rate was Libor plus 3.5% per annum. In November 2021, the maturity date of the facility was extended to January 2022.

In January 2022, the loan agreement was amended and extended. Of the $170.0 million outstanding on the facility pre the amendment and extension, $5.0 million was payable in the first quarter of 2022, followed by a three quarter amortization grace period, followed by eight quarterly installments of $5.0 million and a balloon payment of $125.0 million in January 2025. The interest rate per annum was amended to be the aggregate of the Secured Overnight Financing Rate ("SOFR"), the credit adjustment spread rate (defined as either 0.26161% or 0.42826% depending on the interest rate period selected by the Company) and a margin rate of 3.5%.

In December 2022, the loan was further amended by deferring the next due two installments, to be added to the balloon payment on maturity. The next installment will be paid in the third quarter this year, followed by five quarterly installments of $5.0 million and a balloon payment of $135.0 million.

The loan is secured by a mortgage on *Deepsea Mira* and contains certain financial covenants on a consolidated basis, which require a certain equity ratio, positive working capital and a minimum liquidity amount.

$200.0 million senior secured term loan facility - *Deepsea Bollsta*

In May 2019, the Company entered into an agreement with a group of banks to upsize the *Deepsea Mira* term loan facility from $200.0 million to $400.0 million by adding a separate tranche for the *Deepsea Bollsta*. The full amount of this loan was drawn down in June 2019 upon the delivery of the *Deepsea Bollsta.* The additional tranche had a three year tenure and a nine month amortization grace, followed by quarterly installments of $5.0 million and a balloon payment of $155.0 million. The terms and conditions and financial covenants were the same as the *Deepsea Mira* loan, including the interest rate of LIBOR plus 3.5% per annum.

In January 2022, the loan agreement was amended and extended. Of the $180.0 million outstanding on the facility pre the amendment and extension, $5.0 million was payable in the first quarter of 2022, followed by a three quarter amortization grace period, followed by eight quarterly installments of $5.0 million and a balloon payment of $135.0 million in January 2025. The terms and conditions and financial covenants of the *Deepsea Bollsta* facility were also updated to be the same as those of the amended *Deepsea Mira* facility, including the interest rate.

In December 2022, the loan was further amended by deferring the next due two installments, to be added on the balloon payment on maturity. The next installment will be paid in the third quarter this year, followed by five quarterly installments of $5.0 million and a balloon payment of $145.0 million.

The loan is secured by a mortgage on *Deepsea Bollsta* and contains certain financial covenants on a consolidated basis, which require a certain equity ratio, positive working capital and a minimum liquidity amount.

$50.0 million senior secured term loan facility - *Deepsea Mira* and *Deepsea Bollsta*
In 2019, as part of a revision in the bank facility, a new revolving credit facility of up to $50.0 million was made available to the Company. In all other material respects, the revised bank facility (including the additional revolving credit facility) had similar terms as the initial facility, including financial covenants and interest rates.

In January 2022, the loan agreement was amended and extended. The maturity date and interest rate of the revolving credit facility were amended to be consistent with the *Deepsea Mira* and *Deepsea Bollsta* term loan facilities.

The Company was in compliance with all financial covenants as of December 31, 2022.

Assets pledged

(in thousands of $)	**2022**	**2021**
Drilling units	917,465	953,750

Deferred charges

(in thousands of $)	**2022**	**2021**
Debt arrangement fees	6,740	5,910
Accumulated amortization	(6,159)	(5,441)
	581	**469**

In 2022, the Company paid $0.8 million (2021: $nil) with respect to debt arrangement fees.

In 2022, an amortization expense of $0.7 million (2021: $2.0 million) was recognized in respect of deferred charges, in other financial expense in the Consolidated Statement of Operations.

No interest costs were capitalized during the years ending December 31, 2021 or December 31 2022.

14. SHARE CAPITAL

On December 23, 2021, the Company announced that it had entered into a conditional subscription agreement with Hemen Holding Limited ("Hemen") and funds managed and/or advised by Hayfin Capital Management LLP and its affiliates ("Hayfin", and together with Hemen, the "Subscribers") pursuant to which they agreed to subscribe for 40 million new shares (the "New Shares") in the Company at a subscription price of USD 0.50 per share raising gross proceeds of USD 20 million (the "Private Placement").

As the subscription price was lower than the nominal value of the Company's common shares, on December 29, 2021, the Company, by virtue of Bye-laws 65-68 and 80 of the Company’s Bye-laws, issued a notice of proposed written resolution of the Shareholders, proposing the reduction of the nominal value of each share from $1.00 to $0.50 (the “Proposal”). The majority requirement for the Proposal was 50% of the issued share capital of the Company (a “Relevant Majority”) and the Proposal was carried out as soon as votes supporting the Proposal was cast by a Relevant Majority.

On January 13, 2022, the Company announced that the Proposal had been carried by a Relevant Majority. The nominal value of each share of the Company’s issued and authorized share capital was therefore reduced to $0.50.

On January 13, 2022, the Company announced that the Private Placement had been completed. The Private Placement issued 40,000,000 shares at a price of USD 0.50 per share, raising gross proceeds of $20.0 million. Following the Private Placement and registration in the relevant register of members, the Company had 103,802,378 fully paid common shares outstanding and authorized share capital of the Company of $968,098,811 divided into 1,936,197,622 common shares of a par value of $0.50 each.

On August 26, 2022, the Company completed a private placement, providing funding for the reactivation and mobilization of the *Deepsea Bollsta*, increasing working capital, and for other general corporate purposes. The private placement issued 30,793,651 shares at a price of NOK 12.60 per share, raising gross proceeds of approximately $40.0 million. Specific incremental costs directly attributable to the private placement totaled approximately $645,000. Following the private placement and registration in the relevant register of members, the Company had 134,596,029 fully paid common shares outstanding and authorized share capital of the Company of $968,098,811 divided into 1,936,197,622 common shares of a par value of $0.50 each.

On December 13, 2022, the Company completed a private placement, providing funding for the reactivation and mobilization of the *Deepsea Mira*, increasing working capital, and for other general corporate purposes. The private placement issued 47,022,157 shares at a price of NOK 9.50 per share, raising gross proceeds of approximately $45.0 million. Specific incremental costs directly attributable to the private placement totaled approximately $500,000. Following the private placement and registration in the relevant register of members, the Company has 181,618,186 fully paid common shares outstanding and authorized share capital of the Company 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, 2022 and 2021 are as follows:

	2022		2021	
(in thousands of $)	Carrying Value	Fair Value	Carrying Value	Fair Value
Assets:				
Cash and cash equivalents	67,494	67,494	5,461	5,461
Restricted cash	5,428	5,428	10,152	10,152
Liabilities:				
Floating rate debt	389,419	389,419	399,531	399,531
Related party long-term debt	91,778	87,548	70,000	65,862

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

	2022			
(in thousands of $)	Fair Value	Level 1	Level 2	Level 3
Assets:				
Cash and cash equivalents	67,494	67,494	—	—
Restricted cash	5,428	5,428	—	—
Liabilities:				
Floating rate debt	389,419	—	389,419	—
Related party long-term debt	87,548	—	—	87,548

	2021			
(in thousands of $)	Fair Value	Level 1	Level 2	Level 3
Assets:				
Cash and cash equivalents	5,461	5,461	—	—
Restricted cash	10,152	10,152	—	—
Liabilities:				
Floating rate debt	399,531	—	399,531	—
Related party long-term debt	65,862	—	—	65,862

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 reset on a quarterly basis.

Related party long-term 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 Holding Ltd. ("Hemen"), a Cyprus holding company, indirectly controlled by trusts established by Mr. John Fredriksen, for the benefit of his immediate family, owned 39.2% of the Company's outstanding ordinary shares at December 31, 2022.

In the twenty four months ended December 31, 2022, the Company has transacted business with the following related parties, being companies in which Hemen, or companies affiliated with Hemen, has a significant interest – Seatankers Management Co. Ltd. ("Seatankers"), Sterna Finance Ltd. ("Sterna"), Frontline Management (Bermuda) Ltd. or Frontline Management (together "Frontline"), Flex LNG Ltd. ("Flex"), Front Ocean Management AS and Front Ocean Management Ltd. (together "Front Ocean"), Seadrill Ltd. and its subsidiaries ("Seadrill"), Golden Ocean Management AS ("Golden Ocean") and Northern Drilling Ltd. ("NODL").

Sterna

Since 2019 the Company has held a $100.0 million revolving credit facility with Sterna. As at December 31, 2021 the drawn balance was $70.0 million. In the twelve months ended December 31, 2022, the Company drew an additional $21.8 million (2021: $nil), bringing the related party balance to $91.8 million (2021: $70.0 million). $15.0 million of the drawings were in January 2022, and in the form of a cash withdrawal for general corporate purposes, the remaining $6.8 million was drawn to settle the interest payments on the Sterna facility as they fell due.

Following the drawdown of the $15.0 million in January 2022, the remaining available funds of the facility are restricted for settling the future interest payment of the Sterna revolving credit facility as they fall due. Sterna has the ability at its discretion to convert $15.0 million of the loan amount into the Company's shares at a strike price of $0.50 per share. The loan from Sterna is repayable in full on April 17, 2025.

Golden Ocean, Frontline, Flex, Front Ocean and Seatankers transactions

The Company and its subsidiaries have received treasury, accounting, corporate secretarial and advisory services from these entities and was charged $0.5 million in 2022 (2021: $0.5million). The Golden Ocean and Flex agreements were terminated during 2021 and 2022 respectively.

NODL transactions

In 2022 the Company continues to provide management services to Northern Drilling and charged $0.9 million in the twelve months ended December 31, 2022 (2021: $1.3 million).

Seadrill

Historically Seadrill carried out rig management services for the Group. At December 31, 2022 and 2021, all agreements with Seadrill had been terminated and Seadrill no longer constituted a related party.

Related party balances

A summary of balances due from related parties at December 31, 2022 and 2021 is as follows:

(in thousands of $)	**2022**	**2021**
Seadrill	—	3,103
NODL	405	411
	405	**3,514**

A summary of short-term balances due to related parties at December 31, 2022 and 2021 is as follows:

(in thousands of $)	**2022**	**2021**
Frontline	—	45
Flex	—	34
	—	**79**

A summary of long-term balances due to related parties at December 31, 2022 and 2021 is as follows:

(in thousands of $)	**2022**	**2021**
Sterna	91,778	70,000

17. COMMITMENTS AND CONTINGENCIES

As of December 31, 2022, the Company had no capital commitments and no non-cancelable operating commitments.

18. SUBSEQUENT EVENTS

Subsequent events have been evaluated up to the date of issuance of the financial statements.

On February 15 and 16, 2023, respectively, the Company announced the approval of a prospectus and a subsequent offering for 2,500,000 shares in connection with the private placement on December 13, 2022. In the subsequent offering, eligible shareholders, being shareholders of the Company as of December 13, 2022, as registered in the Norwegian Central Securities Depository on December 15, 2022 who were not allocated shares in the private placement and who are not resident in a jurisdiction where such an offering would be unlawful or, for jurisdictions other than Norway, would require any prospectus, filing, registration or similar action, would be granted non-transferable subscription rights that, subject to applicable law, provided preferential rights to subscribe for and be allocated shares in the subsequent offering at the subscription price.

The subscription period for the subsequent offering commenced on February 16, 2023, at 09.00 hours (CET) and ended on March 1, 2023, at 16.30 hours (CET). The subscription price was NOK 9.50 per share. New shares in the amount of 1,058,921 were issued as part of the subsequent offering.

pwc

To the Board of Directors and Shareholders of Northern Ocean Ltd.

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the consolidated financial statements of Northern Ocean Ltd and its subsidiaries (the Group), which comprise the balance sheets as at 31 December 2022, the statements of operations, statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion the accompanying consolidated financial statements give a fair presentation of the financial position of the Group as at December 31, 2022, and its financial performance and its cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America (USGAAP).

Our opinion is consistent with our additional report to the Board of Directors.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group as required by relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.

We have been the auditor of the Group for 5 years from the election by the shareholders for the accounting year 2018.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 to the financial statements which indicates that the Group may be dependent on loans and/or equity issuances to finance its loan obligations and working capital in the next twelve months. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, raise substantial doubt about the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. This matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter. In addition to the matter described in the *Material*

Uncertainty Related to Going Concern section of our report, we have determined the matters described below to be the key audit matters to be communicated in our report.

The Group's business activities are largely unchanged compared to last year. As described below, *Impairment assessment for drilling units* remains a key area of focus this year. Management has not performed an impairment test as they have not identified indicators of impairment during 2022. Consequently, we have focused on management's assessment of impairment indicators in the 2022 audit.

Key Audit Matters	How our audit addressed the Key Audit Matter
Impairment assessment for Drilling Units Refer to note 2 (Basis of Accounting) and note 9 (Drilling Units) where management explains how they assess the value of the Drilling Units The Group has two semi-submersible rigs which have been put into operation. At the balance sheet date, the carrying value of the rigs were USD 917.465 thousand, which represents approximately 87% of the Group's total assets. Management performs an assessment for impairment of long-lived assets whenever events or changes in circumstances indicate that the carrying amount may no longer be appropriate. Management identified no impairment indicators in 2022. Consequently, an impairment test was not performed. We focused on this area due to the significant carrying value of the rigs and the judgment inherent in the impairment review. Due to the relative size of the items on the balance sheet, the potential impact of any fall in value of the rigs could be of significant consequence.	We evaluated and challenged management's assessment of indicators of impairment and the process by which this was performed. Management considers each drilling unit to be a cash generating unit ("CGU") in their assessment of impairment indicators. Consequently we assessed for impairment indicators on the same basis. We assessed management's accounting policy against US GAAP and obtained explanations from management as to how the specific requirements of the standards, in particular ASC 360, were met. We also assessed the consistency year-on-year of the application of the accounting policy. To assess the estimates for fair value less costs of disposal as an indicator of impairment, management compiled broker valuation for the drilling units. We satisfied ourselves that the external brokers had both the objectivity and the competence to provide the estimate. We concluded that management sufficiently understood the valuations from third party brokers, including having obtained an understanding of the methodology used in arriving at the valuations and performing sensitivity analysis and performing comparisons to other available market data where possible. To assess each of the assumptions in the impairment indicator assessment, we interviewed management and challenged their assumptions. For certain key assumptions we specifically used current and historical external market data to corroborate the drilling rates assessed by management. We challenged management on their assessment of current market rates. We considered that drilling rates

used by management were within an appropriate range.

We read the disclosures in note 9 (Drilling Units) and assessed them to be adequate and in accordance with the requirements.

No matters of consequence arose from the procedures above.

Other Information

The Board of Directors and Managing Director (management) are responsible for the information in the Board of Directors' report and the other information accompanying the financial statements. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report nor the other information accompanying the financial statements.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report and the other information accompanying the financial statements. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the other information accompanying the financial statements and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report and the other information accompanying the financial statements otherwise appear to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report or the other information accompanying the financial statements. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable statutory requirements.

Our opinion on the Board of Director's report applies correspondingly to the statement on Corporate Governance and Corporate Social Resonsibility.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements that give a fair presentation in accordance with the accounting principles generally accepted in the United States of America, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless liquidation of the Group becomes imminent.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast substantial doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Report on Compliance with Requirement on European Single Electronic Format (ESEF)

Opinion

As part of the audit of the financial statements of Northern Ocean Ltd, we have performed an assurance engagement to obtain reasonable assurance about whether the financial statements included in the annual report, with the file name NOL-2022-12-31-EN, have been prepared, in all material respects, in compliance with the requirements of the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) and regulation pursuant to Section 5-5 of the Norwegian Securities Trading Act, which includes requirements related to the preparation of the annual report in XHTML format.

In our opinion, the financial statements, included in the annual report, have been prepared, in all material respects, in compliance with the ESEF regulation.

Management's Responsibilities

Management is responsible for the preparation of the annual report in compliance with the ESEF regulation. This responsibility comprises an adequate process and such internal control as management determines is necessary.

Auditor's Responsibilities

Our responsibility, based on audit evidence obtained, is to express an opinion on whether, in all material respects, the financial statements included in the annual report have been prepared in compliance with ESEF. We conduct our work in compliance with the International Standard for Assurance Engagements (ISAE) 3000 – "Assurance engagements other than audits or reviews of historical financial information". The standard requires us to plan and perform procedures to obtain reasonable assurance about whether the financial statements included in the annual report have been prepared in compliance with the ESEF Regulation.

As part of our work, we have performed procedures to obtain an understanding of the Group's processes for preparing the financial statements in compliance with the ESEF Regulation. We examine whether the financial statements are presented in XHTML-format. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Stavanger, 28 April 2023
PricewaterhouseCoopers AS

Arne Birkeland
State Authorised Public Accountant