



NORTHERN OCEAN LTD. RESULTS FOR THE FIRST QUARTER 2024

KEY INFORMATION

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

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

HIGHLIGHTS - FIRST QUARTER 2024

- The *Deepsea Mira* and *Deepsea Bollsta* continued to work under their respective contracts with subsidiaries of TotalEnergies SE ("TotalEnergies") and Shell Plc. ("Shell") in Namibia.

RESULTS

In the first quarter, total operating revenues were \$85.4 million compared to \$80.0 million in the previous quarter. The movement was primarily driven by an increase in contract revenue. Contract revenue was earned from the drilling contracts of the *Deepsea Bollsta* with Shell (which achieved an economic utilization of 98.1% for the first quarter) and the *Deepsea Mira* with TotalEnergies (which achieved an economic utilization of 95.3% for the first quarter). Contract revenue increased to \$81.7 million from \$76.6 million in the previous quarter, the most notable contributor being an increase in average dayrate in the quarter, due to the *Deepsea Bollsta* commencing its contract extension period with Shell in December 2023 at a higher dayrate than the initial firm contract period.

Total operating expenses were \$82.6 million compared to \$84.4 million in the previous quarter. The movement was primarily a result of the decrease in the amortization of deferred costs (see note 7 for details regarding the deferred costs).

Administrative expenses were \$1.7 million, compared with \$1.9 million in the previous quarter.

Interest expense was \$12.5 million compared to \$13.0 million in the previous quarter. The movement was due to a decrease in underlying interest rates.

Foreign exchange gains were \$0.8 million compared to a loss of \$0.5 million in the previous quarter.

The net loss from continuing operations before taxes in the first quarter was \$9.6 million, compared to a loss of \$18.4 million in the previous quarter. The resultant basic and diluted loss per share in the first quarter was \$0.05, compared to a loss of \$0.10 in the previous quarter.

COMPANY UPDATE

Operations

In the first quarter, the *Deepsea Bollsta* continued to work under its contract with Shell in Namibia. Following quarter end, Shell elected on May 1 to terminate the drilling contract for convenience and compensate with standby rate until June 10. The rig transited to Walvis Bay, Namibia, for work to be performed in relation to its special periodical survey, where the rig remains as at the date of this report. The *Deepsea Bollsta* remains available post mid-July 2024.

In the first quarter, the *Deepsea Mira* continued to operate under its drilling contract with TotalEnergies in Namibia. Following quarter end the rig transited to Congo under its drilling contract where it has commenced drilling operations for TotalEnergies. The current firm term of the drilling contract ends in October 2024.

The Company is in active discussions with potential customers in the West Africa region and harsh environment markets for short and long term contracts with potential commencement in the second half of 2024.

At the date of this report, the Company's total revenue backlog is estimated to be \$62 million, excluding performance bonuses, demobilization, and reimbursable revenue. The fleet average technical utilization for 2024 year-to-date is 96.5%.

Financing

As detailed in the stock exchange announcement on March 27, 2024, regarding the amendment and restatement of the Company's credit facilities agreement with related party Sterna Finance Ltd. ("Sterna"), the maturity date of the facility which provides \$50.0 million in short-term funding, has been further extended to the end of June 2024.

OUTLOOK

In line with the outlook presented in the previous quarterly report, the market has continued to strengthen in most segments during the first quarter of 2024. A much-predicted slowdown in tender activity for work commencing in the second half 2024 and early 2025 appears to have put a dampener on rate expectations for this period, but this is balanced by strong fixtures in the high specification harsh environment segment, with recent rates exceeding the USD 500,000 dayrate mark.

Recent activity surrounding the few remaining "stranded" assets in the shipyards points to continued expectations of even higher fleet utilization and continued strengthening of rates. There appear to be few signs that contractors are willing to absorb the expected high costs associated with reactivation of long-term stacked floaters.

The Company's operations in Namibia continued throughout the first quarter. The general activity levels in Namibia remained high, with four ultra-deepwater floaters operating simultaneously in the quarter. The exploration successes from previous quarters continued which further heightened the expectations that Namibia is developing into an oil and gas basin of high activity and significant importance. Several operators in Namibia are preparing for new exploration and appraisal wells before the end of the year. While the current operations are focused on exploration and appraisal wells, with resulting short-term programs and potential lulls in demand in the near term, the success of the exploration bodes well for significant future development opportunities in Namibia.

In Norway, Canada and other harsh environment basins, early indications of increasing activity levels are observed. In Norway, any increase in activity, coupled with the recent departure of several drilling units from Norway, will challenge a delicately balanced market and will likely lead to a requirement for incremental supply. The Company continues to actively pursue these opportunities in Norway and elsewhere.

FORWARD LOOKING STATEMENTS

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

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

The Board of Directors
Northern Ocean Ltd.
Hamilton, Bermuda
May 29, 2024

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

NORTHERN OCEAN LTD.
UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Jan 1 to Mar 31, 2023	Jan 1 to Mar 31, 2024	CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS <i>(in thousands of \$)</i>	Note	2023
30,629	81,746	Contract revenue	3	215,261
1,474	3,448	Reimbursable revenue		19,902
379	182	Other income		1,760
32,482	85,376	Total operating revenues		236,923
26,549	66,067	Rig operating expenses	4	191,119
1,391	3,201	Reimbursable expenses		18,966
10,142	11,647	Depreciation		42,889
1,955	1,720	Administrative expenses		7,534
40,037	82,635	Total operating expenses		260,508
(7,555)	2,741	Net operating gain (loss)		(23,585)
507	450	Interest income		1,837
(9,763)	(12,520)	Interest expense		(45,992)
27	809	Foreign exchange gain (loss)		(389)
(3)	(39)	Other financial expenses		(7)
(16,787)	(8,559)	Net loss from continuing operations before taxes		(68,136)
(30)	(1,076)	Tax charge		(2,762)
(16,817)	(9,635)	Net loss from continuing operations		(70,898)
(0.09)	(0.05)	Basic and diluted loss from continuing operations per share (\$)	6	(0.39)

Jan 1 to Mar 31, 2023	Jan 1 to Mar 31, 2024	CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE LOSS <i>(in thousands of \$)</i>	2023
(16,817)	(9,635)	Net loss	(70,898)
(64)	360	Foreign currency translation (loss) gain	35
(64)	360	Other comprehensive (loss) income	35
(16,881)	(9,275)	Comprehensive loss	(70,863)

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

NORTHERN OCEAN LTD.
UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED BALANCE SHEET <i>(in thousands of \$)</i>	Note	Mar 2024	Dec 2023
ASSETS			
Short-term assets			
Cash and cash equivalents		50,413	54,350
Restricted cash	8	124	142
Related party receivables	16	153	129
Accounts receivable, net		45,512	41,388
Unbilled receivables		5,514	6,520
Short-term portion of deferred costs	7	6,768	27,073
Other current assets	10	1,856	2,455
Short-term portion of right-of-use assets under operating leases		83	130
Total short-term assets		110,423	132,187
Long-term assets			
Drilling units	9	919,936	923,560
Fixtures and fittings		29	33
Total long-term assets		919,965	923,593
Total assets		1,030,388	1,055,780
LIABILITIES AND EQUITY			
Short-term liabilities			
Short-term portion of long-term debt	12	389,773	29,977
Other current liabilities	11	52,380	59,668
Short-term portion of deferred revenue	7	3,768	14,743
Related party payables		61	2
Short-term portion of related party debt	13, 16	54,111	53,727
Short-term obligations under operating leases		72	106
Total short-term liabilities		500,165	158,223
Long-term liabilities			
Long-term debt	12	—	359,725
Long-term deferred revenue	7	2,687	2,715
Long-term related party debt	13, 16	99,916	98,222
Total long-term liabilities		102,603	460,662
Commitments and contingencies	17		
Total equity		427,620	436,895
Total liabilities and equity		1,030,388	1,055,780

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

NORTHERN OCEAN LTD.
UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Jan 1 to Mar 31, 2023	Jan 1 to Mar 31, 2024	CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS <i>(in thousands of \$)</i>	2023
(16,817)	(9,636)	NET LOSS	(70,898)
		Adjustment to reconcile net (loss) income to net cash used in operating activities;	
69	71	Amortization of deferred charges	283
—	20,305	Amortization of deferred costs	65,009
—	(11,002)	Amortization of deferred revenue	(30,517)
10,142	11,647	Depreciation	42,889
(64)	360	Unrealized foreign exchange loss (gain)	35
(2,219)	—	Accrued demobilization income	543
		Change in operating assets and liabilities;	
(23,477)	(4,125)	Receivables	(33,617)
6,074	1,006	Unbilled receivables	4,870
(34,641)	598	Other current assets	10,706
1,270	—	Other long-term assets	—
37	47	Right-of-use assets under operating leases	252
—	—	Additions to deferred costs	(62,388)
14,298	(7,286)	Other current liabilities	22,697
45	35	Related party balances	277
5,690	—	Additions to deferred revenue	19,520
(25)	(34)	Obligations under operating leases	(255)
(39,618)	1,986	Net cash provided by (used in) operating activities	(30,594)
		INVESTING ACTIVITIES	
(3,002)	(8,019)	Additions to drilling units	(48,966)
(3,002)	(8,019)	Net cash used in investing activities	(48,966)
		FINANCING ACTIVITIES	
959	—	Net proceeds from share issuances	959
1,583	2,078	Related party debt: Proceeds	60,171
2,542	2,078	Net cash provided by financing activities	61,130
(40,078)	(3,955)	Net change	(18,430)
72,922	54,492	Cash, cash equivalents and restricted cash at start of the period	72,922
32,844	50,537	Cash, cash equivalents and restricted cash at end of the period	54,492

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

NORTHERN OCEAN LTD.
UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY <i>(in thousands of \$ except number of shares)</i>	Jan 1 to Mar 31, 2024	2023
Number of shares outstanding		
Balance at beginning of period	182,677,107	181,618,186
Shares issued	—	1,058,921
Balance at end of period	182,677,107	182,677,107
Share capital		
Balance at beginning of period	91,339	90,809
Shares issued	—	530
Balance at end of period	91,339	91,339
Additional paid in capital		
Balance at beginning of period	565,613	565,184
Shares issued	—	429
Balance at end of period	565,613	565,613
Accumulated other comprehensive income (loss)		
Balance at beginning of period	(110)	(145)
Other comprehensive income	360	35
Balance at end of period	250	(110)
Retained deficit		
Balance at beginning of period	(219,947)	(149,049)
Net loss	(9,635)	(70,898)
Balance at end of period	(229,582)	(219,947)
Total equity	427,620	436,895

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

NORTHERN OCEAN LTD.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL

Northern Ocean was incorporated under the laws of Bermuda on March 3, 2017. The Company 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* and *Deepsea Bollsta*. The *Deepsea Mira* is currently operating under a drilling contract with TotalEnergies SE ("TotalEnergies") off the coast of Congo. The *Deepsea Bollsta* is currently in Walvis Bay, Namibia, with work being performed for its special periodical survey.

2. BASIS OF ACCOUNTING

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

Going concern assumption

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

As at the date of this report, the Company has an estimated firm revenue backlog of \$62 million, with the firm drilling contract terms ending in June 2024 and October 2024 for the *Deepsea Bollsta* and the *Deepsea Mira* respectively.

Based on the current contract backlog, working capital and the short-term nature of current funding, the Company will be dependent on loan amendments, obtaining new loans and/or equity issuances to finance its loan obligations and working capital in the next twelve months. This potentially raises substantial doubt about the Company's ability to continue as a going concern.

However, the Board remains confident that a solution will be reached and the Company continues to have a positive outlook on Northern Ocean's ability to continue obtaining profitable contracts in the near term, with the Company continuing ongoing dialogues with potential customers in West African region and harsh environment areas.

3. REVENUE FROM CONTRACTS WITH CUSTOMERS

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

<i>(in thousands of \$)</i>	Jan 1 to Mar 31, 2024
Dayrate revenue	68,131
Amortization of deferred revenue	10,975
Other	2,640
Contract revenue	81,746

Dayrate revenue

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

Amortization of deferred revenue

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

Other

This balance consists of add-on revenue. The costs associated with this revenue are included within rig operating expenses (detailed in note 4).

4. RIG OPERATING EXPENSES

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

<i>(in thousands of \$)</i>	Jan 1 to Mar 31, 2024
Daily operating expenses	41,040
Maintenance projects	811
Amortization of deferred costs	20,305
Other	3,911
Rig operating expenses	66,067

Daily operating expenses

This category includes the costs associated with the daily operations of the rigs. The notable constituents of the daily operating expenses are the expenses for offshore personnel, repairs and maintenance (excluding projects with a cost in excess of USD 100,000), onshore support services, catering costs and management fees payable to Odfjell.

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

Maintenance projects

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

Amortization of deferred costs

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

Other

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

5. INCOME TAXES

Bermuda

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

Other jurisdictions

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

Deferred tax

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

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

6. EARNINGS PER SHARE

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

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

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

	Jan 1 to Mar 31, 2024
Net loss (in thousands of \$)	(9,635)
Weighted average number of ordinary shares (in thousands)	182,677

7. DEFERRED REVENUE AND COSTS

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

<i>(in thousands of \$)</i>	Contract revenue	Other	Total
Total deferred revenue at December 31, 2023	14,633	2,825	17,458
Amortization of deferred revenue	(10,975)	(28)	(11,003)
Total deferred revenue at March 31, 2024	3,658	2,797	6,455
Short-term deferred revenue	3,658	110	3,768
Long-term deferred revenue	—	2,687	2,687

Contract revenue

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

At the commencement of the first quarter, the outstanding balance of the deferred contract revenue related solely to the *Deepsea Mira*, with the *Deepsea Bollsta's* deferred contract revenue being fully amortized by December 2023, at the end of its initial firm contract period under its drilling contract with Shell. In the current quarter, the *Deepsea Mira's* deferred revenue continued to be amortized and will be fully amortized by the second quarter of 2024.

Other

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

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

<i>(in thousands of \$)</i>	Contract costs
Total deferred costs at December 31, 2023	27,073
Amortization of deferred costs	(20,305)
Total deferred costs at March 31, 2024	6,768
Short-term deferred costs	6,768
Long-term deferred costs	—

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 and enhance resources that will be used in satisfying performance obligations. Such costs are deferred and amortized ratably to rig operating expenses as services are rendered over the initial firm term of the related drilling contract.

At the commencement of the first quarter, the outstanding balance of the deferred contract costs related solely to the *Deepsea Mira*, as the *Deepsea Bollsta's* deferred contract costs were fully amortized by December 2023. In the first quarter, the *Deepsea Mira's* deferred costs continued to be amortized, and will be fully amortized by the second quarter of 2024.

8. RESTRICTED CASH

The restricted cash as of March 31, 2024, of \$0.1 million consists of cash withheld for a guarantee to NIS and payroll taxes.

9. DRILLING UNITS

Movements in the carrying value of drilling units in the year ended March 31, 2024, are summarized as follows:

<i>(in thousands of \$)</i>	Cost	Accumulated depreciation	Net carrying value
Balance at December 31, 2023	1,066,716	(143,156)	923,560
Additions	8,019	—	8,019
Retirement of assets	(910)	910	—
Depreciation	—	(11,643)	(11,643)
Balance at March 31, 2024	1,073,825	(153,889)	919,936

10. OTHER CURRENT ASSETS

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

<i>(in thousands of \$)</i>	
Deposit held	35
VAT receivable	791
Other	1,030
	1,856

Other

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

11. OTHER CURRENT LIABILITIES

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

<i>(in thousands of \$)</i>	
Accounts payable	7,444
Accrued administrative expense	2,275
Accrued operating expense	17,716
Other payables	10,073
VAT liability	4,736
Accrued interest expense	10,136
	52,380

12. DEBT

Debt due to non-related parties as of March 31, 2024, are summarized as follows:

<i>(in thousands of \$)</i>	
U.S. dollar denominated floating rate debt:	
\$200.0 million term loan facility - <i>Deepsea Mira</i>	165,000
\$200.0 million term loan facility - <i>Deepsea Bollsta</i>	175,000
\$50.0 million term loan facility - <i>Deepsea Mira and Deepsea Bollsta</i>	50,000
Total debt - gross of deferred charges	390,000
Short-term portion of debt issuance costs	(227)
Total debt - net of deferred charges	389,773
Short-term debt	389,773
Long-term debt	—
Total debt - net of deferred charges	389,773

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

<i>(in thousands of \$)</i>	
Year 1	390,000
Year 2	—
Year 3	—
Year 4	—
Year 5	—
Thereafter	—
	390,000

The Company is in compliance with the covenants set out in the bank debt agreements.

Assets pledged

<i>(in thousands of \$)</i>	
Drilling units	919,936

Deferred charges

<i>(in thousands of \$)</i>	
Debt arrangement fees	830
Accumulated amortization	(603)
	227

13. RELATED PARTY DEBT

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

<i>(in thousands of \$)</i>	
\$ denominated fixed rate debt:	
\$100.0 million term loan facility	99,916
\$50.0 million term loan facility	54,111
Total debt	154,027
Short-term debt	54,111
Long-term debt	99,916
Total debt	154,027

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

<i>(in thousands of \$)</i>	
Year 1	54,111
Year 2	99,916
Year 3	—
Year 4	—
Year 5	—
Thereafter	—
	154,027

The Company is in compliance with the covenants set out in the agreement with Sterna.

Since 2019, the Company has held a \$100.0 million revolving credit facility with Sterna. As of March 31, 2024, the Company has drawn a total of \$99.9 million from the facility, an increase of \$1.7 million from the previous quarter, drawn to settle the payment-in-kind interest of the facility as it fell due. The remaining available funds of the facility are restricted for settling the future interest payments 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 \$100.0 million facility from Sterna is repayable in full on April 17, 2025.

On June 28, 2023, the Company amended and restated its credit facilities agreement with related party Sterna to provide an additional \$50.0 million of short-term funding, originally repayable by the end of September 2023. As at the date of this report, the maturity has been extended until the end of June 2024, and the interest component of the loan is being compounded with the loan principle to be settled on final maturity.

14. SHARE CAPITAL

In 2024, up to the date of this report there have been no events which have effected the share capital of the Company.

At quarter end, the Company has 182,677,107 fully paid common shares outstanding and authorized share capital of \$968,098,811, divided into 1,936,197,622 common shares of a par value of \$0.50 each.

15. FAIR VALUES

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

<i>(in thousands of \$)</i>	Carrying value	Fair value
Assets:		
Cash and cash equivalents	50,413	50,413
Restricted cash	124	124
Liabilities:		
Floating rate debt	389,773	389,773
Long-term related party debt	99,916	98,623
Short-term related party debt	54,111	55,946

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

<i>(in thousands of \$)</i>	Fair value	Level 1	Level 2	Level 3
Assets:				
Cash and cash equivalents	50,413	50,413	—	—
Restricted cash	124	124	—	—
Liabilities:				
Floating rate debt	389,773	—	389,773	—
Long-term related party debt	98,623	—	—	98,623
Short-term related party debt	55,946	—	—	55,946

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

- Cash and cash equivalents – the carrying values in the balance sheet approximate fair value.
- Restricted cash – the carrying value in the balance sheet approximates fair value.
- Floating rate debt (being total debt less the carrying value of deferred charges) – the fair value of floating rate debt has been determined using level 2 inputs and is considered to be equal to the carrying value since it bears variable interest rates, which are recalculated on a quarterly basis.
- Long-term related party debt – the fair value has been determined using level 3 inputs being the discounted expected cash flows of the outstanding debt.
- Short-term related party debt – the fair value has been determined using level 3 inputs being the discounted expected cash flows of the outstanding debt.

16. RELATED PARTY TRANSACTIONS

Hemen Holdings Ltd. ("Hemen"), a Cyprus holding company, owned 39.0% of the Company's outstanding ordinary shares at March 31, 2024. C.K. Limited is the trustee of two trusts (the "Trusts") that indirectly hold all of the ordinary shares of Hemen. Accordingly, C.K. Limited, as trustee, may be deemed to beneficially own the ordinary shares of the Issuer that are beneficially owned by Hemen. Mr. Fredriksen established the trusts for the benefit of his immediate family. He is neither a beneficiary nor a trustee of either Trust. Therefore, Mr. Fredriksen has no economic interest in such ordinary shares and disclaims any control over such ordinary shares, save for any indirect influence he may have with C.K. Limited, as the trustee of the Trusts, in his capacity as the settlor of the Trusts.

The Company currently transacts, or previously has transacted, business with the following related parties, being companies in which Hemen, or companies affiliated with Hemen, have a significant interest:

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

Sterna transactions

See related party debt (Note 13).

Frontline, Front Ocean and Seatankers transactions

The Company and its subsidiaries have received treasury, accounting, corporate secretarial and advisory services from these entities and were charged \$0.3 million in the three months ended March, 2024 (2023: \$0.1 million).

NODL transactions

In 2024, the Company continued to provide management services to NODL and charged \$0.2 million in the three months ended March 31, 2024 (2023: \$0.1 million).

A summary of short-term balances due from related parties as of March 31, 2024, is as follows:

<i>(in thousands of \$)</i>	
NODL	153

There were no long-term balances due from related parties as of March 31, 2024.

A summary of short-term balances due to related parties as of March 31, 2024, is as follows:

<i>(in thousands of \$)</i>	
Sterna	54,111

A summary of long-term balances due to related parties as of March 31, 2024, is as follows:

<i>(in thousands of \$)</i>	
Sterna	99,916

17. COMMITMENTS AND CONTINGENCIES

As of March 31, 2024, the Company had no capital commitments.

18. SUBSEQUENT EVENTS

Between the balance sheet date and the date of this report there have been no subsequent events of note.