INTERIM REPORT

Q1 2020

First Quarter 2020

Operations

Haven has been at the Johan Sverdrup field during the first quarter with zero guest onboard. As a consequence of having zero guests onboard the Company has reduced the crew size from 21 to 15. Late April Haven was successfully demobilized from the Johan Sverdrup field to a lay-up location at Hanøytangen on the west coast of Norway. Haven will be connected to power from shore and be preserved using dry air. The crew size will be reduced to 3.

Daily ordinary operating cost equalled 30.0 KUSD during Q1, 2020, a reduction of 9.1 KUSD from Q4 2019.

Financial

The Interim Financial Statements are prepared in accordance with IAS 34

Quarterly figures, Q1 2020
(Figures in brackets refer to the corresponding period of 2019)

The operating income for Q1 amounts to 5.4 MUSD (38.0 MUSD), of which Charter hire amounts to 4.5 MUSD. Other income of 0.9 MUSD relates to services reimbursed by Equinor.

Operating expenses equalled 4.5 MUSD (9.7 MUSD), of which 2.7 MUSD relate to vessel OPEX and 0.9 MUSD to cost reimbursed by client. Additional 0.9 MUSD relate to technical management fee and SG&A costs. This resulted in an EBITDA of 0.8 MUSD (28.3 MUSD) and an operating loss of 112.9 MUSD (profit of 11.1 MUSD). Operating loss, excluding the 109 MUSD impairment (see below), equalled 3.8 MUSD.

Interest expense for the first quarter equalled 3.8 MUSD (10.3 MUSD). Other financial items equalled 1.1 MUSD (gain of 2.4 MUSD), of which 0.9 MUSD relate to net currency loss and 0.2 MUSD relate to amortization of borrowing costs.

Net loss for the first quarter, including an impairment of 109 MUSD, amounts to 117.7 MUSD (profit of 3.3 MUSD).

Cash flow and liquidity Q1 2020
The company generated 11.5 MUSD in operational cash flow during the first quarter. Following interest payments of 3.8 MUSD, net cash flow in the first quarter equalled 7.4 MUSD.

Total cash at the end of the quarter equalled 25.9 MUSD.

Impairment
Haven is currently without a contract, and with the current uncertainty in the market due to Covid-19 and significant decline in the oil price, the possibility for a new contract in the short to medium term is limited. Accordingly, the Company has performed an impairment assessment as of Q1 2020, which resulted in an impairment of 109 MUSD in Q1 2020. The impairment model is based on a utilization of 30% for Haven in 2021, which increases to 80% in 2024 and onwards. Charter hire is assumed to be low in 2020 and 2021, with a gradual improvement up to 2025 and beyond, where it is assumed a more normalised daily charter hire level. Discount rate applied is 8.8%. The impairment model is based upon the assumption of the Company's ability to continue as a going concern (see the going concern assumption), if not the case, a liquidation valuation could have resulted in a different value of Haven.

Finance
Jacktel is financed through a Bond Loan of USD 150 million, of which carry an interest of 10%. Following the market turbulence, uncertainty about the effect of the Covid-19 pandemic and the expiry of the Johan Sverdrup contract in April 2020, the company has decided to approach the current bondholders in its 150 MUSD senior secured bond issue to propose certain changes to the terms, including inter alia, suspension of interest payments and a permanent waiver of the minimum liquidity covenant which the Company expects to breach early in 1Q 2021.

Going concern
As of 2019 the company had 191 MUSD in equity. As a result of the abovementioned impairment of 109 MUSD which was booked in the first quarter, the equity has been reduced to 73 MUSD. Based on the fact that Haven will not generate income in 2020 after the second quarter, the Company has approached the bondholders in the 150 MUSD bond loan, which expire in December 2023. The rationale for the proposal is to secure a sustainable runway up to end of 2021, allowing the Company to focus its work on securing new employment for the rig to the benefit of all stakeholders. There is uncertainty related to bondholder's willingness to accept the proposal or part of the proposal. Based on the fact that the company has sufficient liquidity up until Q1-2021, the ongoing discussions with bondholders and the market initiatives, the accounts are prepared based on the going concern assumption. However, there are significant uncertainty related to this assumption. Without a sustainable agreement with the bondholders and/or successful outcome of ongoing market initiatives this could result in a potential distressed sale of the vessel. In the current market environment, there are no guarantee that the proceeds from a distressed sale will be sufficient to cover the nominal amount of the bond.

Risk
The company is exposed to general business market risk, credit risk, currency risk and revenue risk. The currency risk exposure is mainly due to the fact that charter income is denominated in USD while operating expenses are mainly incurred in NOK. The currency risk is monitored on a continuous basis and use of derivates to reduce the risk is considered regularly. Per end of the first quarter the company does not have any derivatives. Operational issues, as well as future changes in day rates and utilization of the unit may impact the valuation of the asset further.

Future Prospects

The Covid-19 pandemic and the oil price collapse since March 2020 have had an immediate negative impact on the offshore industry in general and the demand for additional offshore bed capacity specifically. Pending time to recovery, it is likely that the events will continue to impact the demand not only for 2020 but also for 2021. Overall the utilization of offshore accommodation vessels in the North Sea is at a very low level. Further, oil companies have extensively postponed both project and maintenance activities resulting in several vessels being temporary suspended or contracts terminated. The Board expects that most players will actively pursue any contract opportunities and bid aggressively to increase the utilization of its fleet. This may negatively impact day rates and the company's success ratio in the shorter term.
We have however lately seen certain positive signs and the Board notes that some oil companies have issued invitations to tender for accommodation projects over the next 6 months for work commencing in 2021 and 2022. Further postponed maintenance has historically had a positive impact on the demand for accommodation services 1 – 2 years post such cancellation of maintenance activities. Based on this the Board remains optimistic that utilization and day rate levels will again improve to a more normalised level.

Stavanger, 28th May 2020

Bjørn Henriksen	**Roy Hallås**
Chairman of Board	**CEO**
sign	**sign**

Condensed Income Statement

As of March 31st 2020

In USD 1,000'	Note	Un-audited Q1-2020	Un-audited Q1-2019	Audited 2019
Operating income		5,348	37,976	141,609
Operating expenses		-4,515	-9,726	-33,338
EBITDA		**833**	**28,250**	**108,271**
Depreciation	6	-4,616	-17,141	-64,355
Impairment	6	-109,102	-	-
OPERATING PROFIT/(LOSS) - EBIT		**-112,886**	**11,109**	**43,917**
Interest income		53	87	3,673
Interest expenses		-3,750	-10,301	-28,250
Other financial items		-1,080	2,359	-
NET FINANCIAL ITEMS		**-4,777**	**-7,855**	**-24,577**
PROFIT/(LOSS) BEFORE TAX		**-117,662**	**3,254**	**19,340**
NET PROFIT (LOSS)		**-117,662**	**3,254**	**19,340**

Statement of Comprehensive Income

In USD 1,000'	Un-audited Q1-2020	Un-audited Q1-2019	Audited 2019
Net profit/(Loss) this period	-117,662	3,254	19,340
COMPREHENSIVE INCOME	**-117,662**	**3,254**	**19,340**

Condensed Statement of Financial Position

In USD 1,000'	Note	Un-audited 31.03.2020	Un-audited 31.03.2019	Audited 31.12.2019
ASSETS				
Non-current assets:				
Property, plant and equipment	6	195 000	354 767	308 269
Right-of use assets		-	-	112
Total non-current assets		**195 000**	**354 767**	**308 381**
Current assets:				
Accounts receivable		3 880	24 693	15 807
Other current assets		968	1 233	1 556
Cash and cash equivalents		25 889	24 857	18 512
Total current assets		**30 737**	**50 783**	**35 875**
TOTAL ASSETS		**225 737**	**405 550**	**344 256**
EQUITY AND LIABILITIES				
Equity:				
Issued capital		19 740	19 630	19 740
Share premium		182 793	-	182 793
Retained losses		-129 087	-32 701	-11 424
Total equity		**73 446**	**-13 071**	**191 109**
Non-current liabilities:				
Other interest-bearing debt	5	147 667	147 030	147 507
Other non-current liabilities		-	-	116
Total long-term liabilities		**147 667**	**147 030**	**147 623**
Current liabilities:				
Accounts payable		1 137	4 462	2 157
Prepayments customers		-	4 423	-
Short-term interest-bearing debt		1 250	258 563	1 250
Other current liabilities		2 236	4 143	2 117
Total current liabilities		**4 623**	**271 591**	**5 524**
Total liabilities		**152 291**	**418 621**	**153 147**
TOTAL EQUITY AND LIABILITIES		**225 737**	**405 550**	**344 256**

Condensed Statement of Changes in Equity

(In USD 1.000)	Share Capital	Share premium	Retained losses	Total equity
Equity as at December 31st, 2018	**19 630**	**-**	**-35 955**	**-16 326**
Net income (loss) Q1 2019	-	-	3 254	3 254
Equity as at March 31st 2019 (Un-audited)	**19 630**	**-**	**-32 701**	**-13 071**
Capital contribution be debt conversion	110	182 793	5 191	188 094
Net income (loss) Q2-Q4 2019	-	-	16 086	16 086
Equity as at December 31st 2019 (Audited)	**19 740**	**182 793**	**-11 424**	**191 109**
Net income (loss) Q1 2020	-	-	-117 662	-117 662
Equity as at March 31st 2020 (Un-audited)	**19 740**	**182 793**	**-129 087**	**73 446**

Cash Flow Statement

In USD 1,000'	**Un-audited Q1-2020**	**Un-audited Q1-2019**	**Audited 2019**
Net profit(loss) before tax	-117 662	3 254	19 340
Other income amortized	-	-	-6 175
Depreciation and impairment	113 718	17 141	64 355
Financial income	-53	-87	-3 673
Financial expenses	4 830	7 942	28 250
Changes in working capital	10 690	1 172	8 552
Net cash from operating activities	**11 523**	**29 422**	**110 649**
Cash flow from investing activities			
Interest received	53	87	338
Acquisition of fixed assets	-449	-272	-986
Net cash from investing activities	**-396**	**-185**	**-648**
Cash flow from financing activities			
Interest paid	-3 750	-10 300	-17 433
Proceeds from/repayment of (-) debt	-	-20 024	-100 000
Net cash from financing activities	**-3 750**	**-30 324**	**-117 433**
Net change in cash and cash equivalents	7 377	-1 087	-7 432
Cash and cash equivalents, opening balance	18 512	25 944	25 944
Cash and cash equivalents, closing balance	**25 889**	**24 857**	**18 512**

Notes to the interim report

1. General information

Jacktel AS is a 100% subsidiary of Macro Offshore Management AS, of which is a part of the Macro Offshore Group, located at Skogstrøstraen 37, 4029 Stavanger, Norway. The company, which was established in 2009, specializes in offshore accommodation and is the owner of the Haven jack up accommodation unit.

2. Basis of presentation

The financial statements for Q1 2020 have been prepared in accordance with International Financial Reporting Standards (IFRS) as approved by the European Union ("EU"), including IAS 34 Interim Financial Reporting.

Going concern
As of 2019 the company had 191 MUSD in equity. As a result of the abovementioned impairment of 109 MUSD which was booked in the first quarter, the equity has been reduced to 73 MUSD. Based on the fact that Haven will not generate income in 2020 after the second quarter, the Company has approached the bondholders in the 150 MUSD bond loan, which expire in December 2023. The rationale for the proposal is to secure a sustainable runway up to end of 2021, allowing the Company to focus its work on securing new employment for the rig to the benefit of all stakeholders. There is uncertainty related to bondholder's willingness to accept the proposal or part of the proposal. Based on the fact that the company has sufficient liquidity up until Q1-2021, the ongoing discussions with bondholders and the ongoing market initiatives, the accounts are prepared based on the going concern assumption. However, there are significant uncertainty related to this assumption. Without a sustainable agreement with the bondholders and/or successful outcome of ongoing market initiatives this could result in a potential distressed sale of the vessel. In the current market environment, there are no guarantee that the proceeds from a distressed sale will be sufficient to cover the nominal amount of the bond.

The European Securities and Markets Authority (ESMA) issued guidelines on Alternative Performance measures (APM's) that came into force 3 July 2016. Peers comparable to the Company vary with regards to, interalia, capital structure and mix of leased and owned rigs. Non-IFRS financial measures can assist the stakeholders in comparing performance on a more consistent basis without regard to factors such as depreciation and amortization. Jacktel has defined and explained the purpose of the following APM's:

- *EBITDA* means earnings before financial items and tax, excluding impairment losses, depreciation and amortization
- *EBIT* means earnings before financial items and tax
- *CASH OR LIQUIDITY RESERVE.* When used means cash and bank deposits and provide information about the cash balance at the balance sheet date and the Company's ability to meet it current liabilities.

3. Significant accounting policies

The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the preparation of the company's annual financial statements and accompanying notes for the financial year ended 31st December 2019. IFRS 16 was implemented from January 1, 2019 without any significant impact for Jacktel AS.

4. Related party transactions

Jacktel AS has a management agreement with its parent company, Macro Offshore Management AS, for which 0.4 MUSD (1.0 MUSD) has been paid per Q1 2020.

5. Debt overview

31.03.2020 Long-term interest-bearing debt

(In USD 1000') Description	Lender/Trustee	Nominal amount EURO	Nominal amount USD	Interest rate	Book value USD
150 MUSD Bond Loan	Nordic Trustee ASA	N/A	150 000	10 %	147 667
Long-term interest bearing debt - USD					**147 667**

31.03.2019 Long-term interest-bearing debt

(In USD 1000') Description	Lender/Trustee	Nominal amount EURO	Nominal amount USD	Interest rate	Book value USD
150 MUSD Bond Loan	Nordic Trustee ASA	N/A	150 000	10 %	147 030
Long-term interest bearing debt - USD					**147 030**

For further information about debt, please see the Finance part under section Financial.

*) Book value of the Bond loan is netted with transaction costs to be expensed over the loan's lifetime.

6. Property Plant & Equipment

(In USD 1000')	Un-audited 31.03.20	Un-audited 31.03.19	Audited 31.12.19
Opening balance	308 269	371 638	371 638
Additions	449	271	986
Depreciation	-4 616	-17 141	-64 355
Impairment	-109 102	-	-
Closing balance	**195 000**	**354 767**	**308 269**

Capitalized amounts relate entirely to the Company's accommodation rig Haven.

Haven is currently without a contract, and with the current uncertainty in the market due to COVID-19 and significant decline in the oil price, the possibility for a new contract in short to medium term is limited. Accordingly, the Company has performed an impairment assessment as of Q1 2020, which resulted in an impairment of 109 MUSD in Q1 2020. The impairment model is based on a utilization of 30% for Haven in 2021, which increases to 80% in 2024 and onwards. Charter hire is assumed to be low in 2020 and 2021, with a gradual improvement up to 2025 and beyond, where it is assumed a more normalised daily charter hire level. Discount rate applied is 8.8%. The impairment model is based upon the assumption of the Company's ability to continue as a going concern (see the going concern section under basis for preparation), if not the case, a liquidation valuation could have resulted in a different value of Haven.