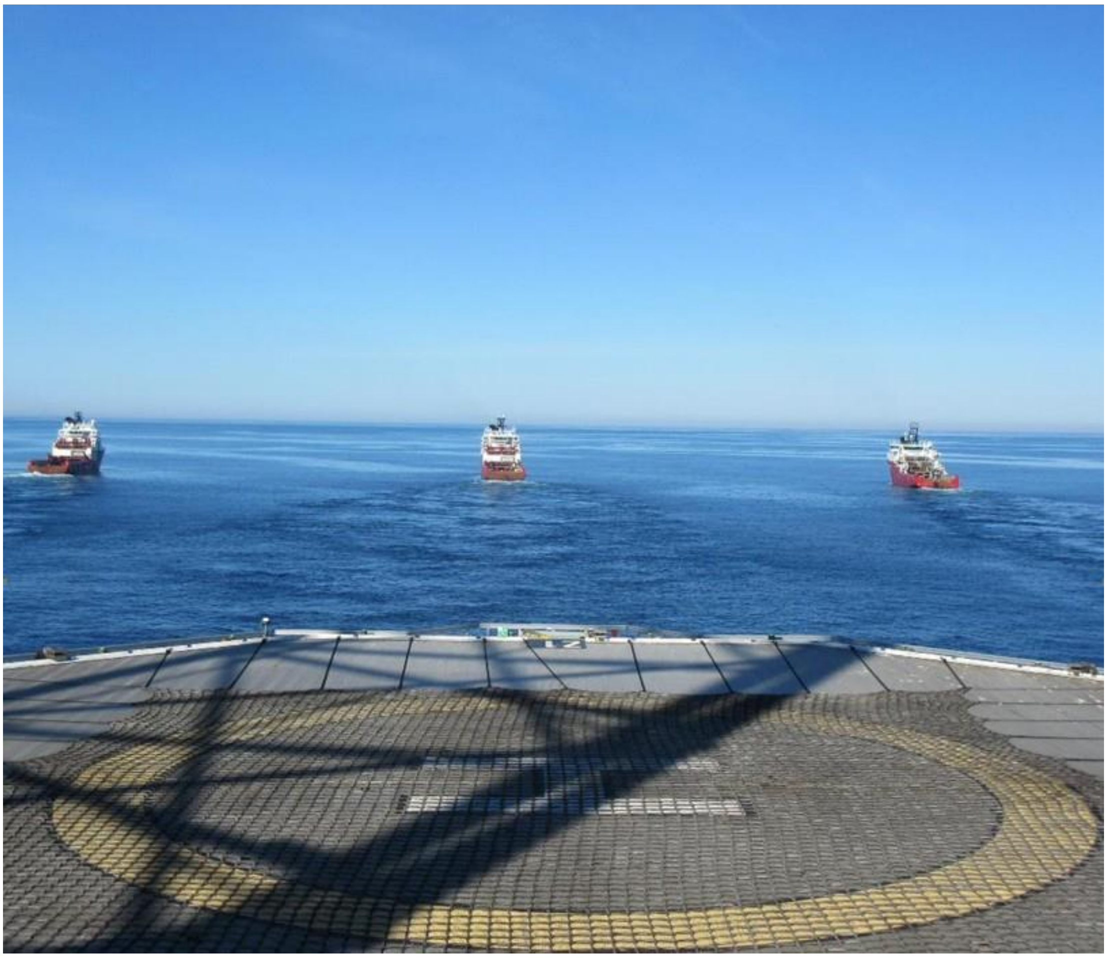
JACK TEL



INTERIM REPORT

Q2 2020

Second Quarter 2020

Operations

Haven was demobilized from the Johan Sverdrup field during the second quarter and towed to a lay-up location on the west coast of Norway where she was preserved and connected to power from shore. The crew size has been reduced to 3.

Daily ordinary operating cost equalled 21.0 KUSD during Q2, 2020, a reduction of 9.0 KUSD from Q1 2020. During the lay-up phase, daily ordinary operating cost is expected to be reduced to around 12 KUSD.

Financial

The Interim Financial Statements are prepared in accordance with IAS 34

Quarterly figures, Q2 2020
(Figures in brackets refer to the corresponding period of 2019)

The operating income for Q2 amounts to 2.0 MUSD (39.2 MUSD), of which Charter hire amounts to 0.8 MUSD. Other income of 1.2 MUSD relates to services reimbursed by Equinor.

Operating expenses equalled 3.7 MUSD (10.0 MUSD), of which 1.7 MUSD relate to vessel OPEX and 1.1 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 -1.6 MUSD (29.2 MUSD) and an operating loss of 5.0 MUSD (profit of 12.1 MUSD).

Interest expense for the second quarter equalled 3.8 MUSD (8.0 MUSD).

Net loss for the second quarter amounts to 8.7 MUSD (profit of 4.2 MUSD).

YTD Figures 2020
(Figures in brackets refer to the corresponding period of 2019)

Operating income amounted to 7.4 MUSD (77.2 MUSD). Operating expenses equalled 8.2 MUSD (19.7 MUSD), of which 4.4 MUSD relate to vessel OPEX and 2.0 MUSD relate to cost reimbursable by Equinor. In addition, 1.8 MUSD relate to technical management fee and SG&A. This resulted in an EBITDA of -0.8 MUSD (57.5 MUSD) and an operating loss of 117.8 MUSD (profit of 23.3 MUSD). The Company has performed an impairment assessment resulting in an impairment of 109.1 MUSD which was booked in Q1, 2020 and is included in the YTD figures.

Accumulated interest expenses for the first half equalled 7.5 MUSD (18.3 MUSD). Net loss for the first half of 2020 equalled 126.4 MUSD (profit of 7.5 MUSD).

Cash flow and liquidity Q2 2020
The company generated -1.0 MUSD in operational cash flow during the second quarter. Following interest payments of 3.8 MUSD, net cash flow in the second quarter equalled -5.4 MUSD.

Total cash at the end of the quarter equalled 20.4 MUSD.

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 decided in Q1 to approach the current bondholders in its 150 MUSD senior secured bond issue. Discussions are ongoing with a group of the largest bondholders, who have established an unofficial bondholder committee representing in excess of 2/3 of the total outstanding bonds but no agreement has currently been made. Unless an agreement is reached with the bondholders, the company is likely to be in conflict with the minimum cash covenant in the loan agreement during Q1, 2021. For further discussions related to Going Concern, please see next paragraph.

Going concern
Following the impairment of 109 MUSD booked in Q1 in relation to Haven, Jacktel's equity as of June 30, 2020 equaled 64,7 MUSD Further, the company considers the likelihood of winning a contract commencing in 2020 as remote. In order for the company to continue as a going concern, Jacktel is dependent upon access to additional equity or finding an agreement with existing bondholders which reduces future interest payments.

The company considers it unlikely that additional equity can be sourced. Discussions with a group of bondholders representing in excess of 2/3 of the total outstanding bonds are ongoing, but the outcome of such discussions are currently unknown. As of today, there is a material uncertainty related to finding an acceptable agreement with bondholders. If discussions with bondholders are unsuccessful and there are no other realistic alternatives to protect Jacktel's liquidity, the going concern assumption would be unrealistic. In such a situation the value of assets could be significantly lower than the carrying value used in the preparation of Jacktel's Q2 report.

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 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 second 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 impact of the Covid-19 pandemic and the oil price collapse spring 2020 had an immediate impact on the offshore industry in general and the accommodation segment specifically. All offshore accommodation players have seen contracts being suspended and / or cancelled. Further, contract opportunities for 2020 disappeared and the board expects demand will only again increase as from spring / summer 2021. As a result, the industry's order back-log is currently at an all-time low. Further, all major accommodation players are in financial distress and are currently in discussions with lenders in order to create a more sustainable financial platform. The board believes that the outcome of such discussions may have a significant impact on market dynamics going forward.

Over the last quarter, the company has seen an increased number of prospects for contracts commencing in 2021 and 2022 both on the NCS as well as in other areas of the North Sea. The company will pursue such opportunities with the aim of maximising returns over time.

Responsibility statement

We confirm to the best of our knowledge that the consolidated financial statements for the period 1 January to 30 June 2020 have been prepared in accordance with IFRS as approved by the European Union ("EU") and give a fair view of Jacktel's assets, liabilities, financial position and results for the period viewed in their entirety, and that the Board of Directors' report includes a fair review of any significant events that arose during the period and their effect on the financial report, any significant related parties' transactions and a description of the significant risks and uncertainties for the group.

Stavanger, 28th August 2020

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

Condensed Income Statement

As of June 30th, 2020

In USD 1,000'	Note	Un-audited Q2-2020	Un-audited Q2-2019	Audited 2019	Un-audited 6M- 2020	Un-audited 6M- 2019
Operating income		2 042	39 231	141 609	7 390	77 207
Operating expenses		-3 683	-9 990	-33 338	-8 198	-19 716
EBITDA		**-1 641**	**29 241**	**108 271**	**-808**	**57 491**
Depreciation	6	-3 318	-17 100	-64 355	-7 934	-34 241
Impairment	6	-	-	-	-109 102	-
OPERATING PROFIT/(LOSS) - EBIT		**-4 959**	**12 141**	**43 917**	**-117 844**	**23 251**
Interest income		-	95	3 673	53	181
Interest expenses		-3 750	-7 990	-28 250	-7 500	-18 290
Other financial items		-36	-41	-	-1 116	2 318
NET FINANCIAL ITEMS		**-3 786**	**-7 935**	**-24 577**	**-8 563**	**-15 791**
PROFIT/(LOSS) BEFORE TAX		**-8 745**	**4 206**	**19 340**	**-126 407**	**7 460**
NET PROFIT (LOSS)		**-8 745**	**4 206**	**19 340**	**-126 407**	**7 460**

Statement of Comprehensive Income

In USD 1,000'	Un-audited Q2-2020	Un-audited Q2-2019	Audited 2019	Un-audited 6M- 2020	Un-audited 6M- 2019
Net profit this period	-8 745	4 206	19 340	-126 407	7 460
COMPREHENSIVE INCOME	**-8 745**	**4 206**	**19 340**	**-126 407**	**7 460**

Condensed Statement of Financial Position

In USD 1,000'	Note	Un-audited 30.06.2020	Un-audited 30.06.2019	Audited 31.12.2019
ASSETS				
Non-current assets:				
Property, plant and equipment	6	192 354	338 038	308 269
Right-of use assets		-	-	112
Total non-current assets		**192 354**	**338 038**	**308 381**
Current assets:				
Accounts receivable		1 532	25 392	15 807
Other current assets		595	1 551	1 556
Cash and cash equivalents		20 440	22 563	18 512
Total current assets		**22 567**	**49 506**	**35 875**
TOTAL ASSETS		**214 921**	**387 544**	**344 256**
EQUITY AND LIABILITIES				
Equity:				
Issued capital		19 740	19 744	19 740
Share premium		182 793	187 979	182 793
Retained losses		-137 832	-28 495	-11 424
Total equity		**64 701**	**179 228**	**191 109**
Non-current liabilities:				
Other interest-bearing debt	5	147 826	147 189	147 507
Other non-current liabilities		-	-	116
Total long-term liabilities		**147 826**	**147 189**	**147 623**
Current liabilities:				
Accounts payable		871	4 691	2 157
Prepayments customers		-	2 721	-
Short-term interest-bearing debt		1 300	49 499	1 250
Other current liabilities		223	4 216	2 117
Total current liabilities		**2 395**	**61 127**	**5 524**
Total liabilities		**150 220**	**208 316**	**153 147**
TOTAL EQUITY AND LIABILITIES		**214 921**	**387 544**	**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**
Other comprehensive income	-	-	-	-
Capital contribution be debt conversion	114	187 979	-	188 093
Net income (loss) Q1-Q2 2019	-	-	7 460	7 460
Equity as at June 30th, 2019 (Un-audited)	**19 744**	**187 979**	**-28 495**	**179 228**
Capital contribution be debt conversion	-4	-5 186	5 191	-
Net income (loss) Q2-Q4 2019	-	-	11 880	11 880
Equity as at December 31st 2019 (Audited)	**19 740**	**182 793**	**-11 424**	**191 109**
Other comprehensive income	-	-	-	-
Net income (loss) Q1 - Q2 2020	-	-	-126 407	-126 407
Equity as at June 30th, 2020 (Un-audited)	**19 740**	**182 793**	**-137 832**	**64 701**

Cash Flow Statement

In USD 1,000'	**Un-audited Q2-2020**	**Un-audited Q2-2019**	**Audited 2019**	**Un-audited 6M-2020**	**Un-audited 6M- 2019**
Net profit(loss) before tax	-8 745	4 206	19 340	-126 407	7 460
Other income amortized	-	-	-6 175	-	
Depreciation and impairment	3 318	17 100	64 355	117 036	34 241
Financial income	-	-95	-3 673	-53	-182
Financial expenses	3 786	8 030	28 250	8 616	15 972
Changes in working capital	614	-2 204	8 552	11 304	-1 032
Net cash from operating activities	**-1 027**	**27 037**	**110 649**	**10 496**	**56 459**
Cash flow from investing activities					
Interest received	-	95	338	53	182
Acquisition of fixed assets	-672	-370	-986	-1 121	-642
Net cash from investing activities	**-672**	**-275**	**-648**	**-1 068**	**-460**
Cash flow from financing activities					
Interest paid	-3 750	-7 783	-17 433	-7 500	-18 083
Proceeds from/repayment of (-) debt	-	-21 274	-100 000	-	-41 298
Net cash from financing activities	**-3 750**	**-29 056**	**-117 433**	**-7 500**	**-59 380**
Net change in cash and cash equivalents	-5 449	-2 294	-7 432	1 928	-3 381
Cash and cash equivalents, opening balance	25 889	24 857	25 944	18 512	25 944
Cash and cash equivalents, closing balance	**20 440**	**22 563**	**18 512**	**20 440**	**22 563**

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 Q2 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
Following the impairment of 109 MUSD booked in Q1 in relation to Haven, Jacktel's equity as of June 30, 2020 equaled 64,7 MUSD Further, the company considers the likelihood of winning a contract commencing in 2020 as remote. In order for the company to continue as a going concern, Jacktel is dependent upon access to additional equity or finding an agreement with existing bondholders which reduces future interest payments.

The company considers it unlikely that additional equity can be sourced. Discussions with a group of bondholders representing in excess of 2/3 of the total outstanding bonds are ongoing, but the outcome of such discussions are currently unknown. As of today, there is a material uncertainty related to finding an acceptable agreement with bondholders. If discussions with bondholders are unsuccessful and there are no other realistic alternatives to protect Jacktel's liquidity, the going concern assumption would be unrealistic. In such a situation the value of assets could be significantly lower than the carrying value used in the preparation of Jacktel's Q2 report
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 0.9 MUSD (1.9 MUSD) has been paid per first half 2020.

5. Debt overview

30.06.2020 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 %	147 826
Long-term interest bearing debt - USD					**147 826**

30.06.2019 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 %	147 189
Long-term interest bearing debt - USD					**147 189**

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 30.06.20**	**Un-audited 31.03.20**	**Audited 31.12.19**
Opening balance	195 000	308 269	371 638
Additions	672	449	986
Depreciation	-3 318	-4 616	-64 355
Impairment	-	-109 102	-
Closing balance	**192 354**	**195 000**	**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 performed an impairment assessment as of Q1 2020, which resulted in an impairment of 109 MUSD. 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%. Management re-assessed the impairment test as of end of June, and there have been no significant changes in the underlying market assumptions, accordingly no additional impairment is recorded.

See also additional information related to material uncertainty of going concern both in the MD&A and in the accounting principles. If the company is unsuccessful in reaching an agreement with its bondholders a potential distressed sale of Haven could result in significant lower realisation value in the current challenging market, versus the value in use model applied in the impairment text. If sold in a distressed situation, there are no guarantee that the proceeds from a distressed sale will be sufficient to cover the nominal amount of the bond.

7 Subsequent events

As of the date of this report, the company still haven't reach to an agreement with its bondholders, and there is material uncertainty related to the going concern assumption. See MD&A under the section going concern for additional information.