INTERIM REPORT

Q2 2022

Second Quarter 2022

Operations

Haven has been located at the Tyra field offshore Denmark during the entire quarter. Haven has provided a 100% gangway connection and has continued its safety record with no lost time incidents. The current contract commenced in November 2021 with a duration of 20 + 6 months. Following periods of logistical challenges in relation to crew and consumables as a result of Covid-19 related restrictions, operational activities are more normalised following the easing of such restrictions in 2Q 2022.

Financial

The Interim Financial Statements are prepared in accordance with IAS 34

Quarterly figures, Q2 2022
(Figures in brackets refer to the corresponding period of 2021)

The operating income for Q2 amounts to 5.3 MUSD (1.1 MUSD).

Operating expenses equalled 3.6 MUSD (3.7 MUSD), of which 2.8 MUSD (2.2 MUSD) relates to vessel OPEX and 0.2 MUSD (0.7 MUSD) is related to reimbursable and project cost. Additional 0.6 MUSD (0.8 MUSD) relates to SG&A. This resulted in an EBITDA of 1.7 MUSD (-2.6 MUSD) and an operating loss of 1.2 MUSD (5.5 MUSD).

Financial expenses for the second quarter equalled 2.1 MUSD (4.3 MUSD) of which 2.0 MUSD (4.1 MUSD) is related to interest expenses.

Net loss for the second quarter amounts to 3.3 MUSD (9.8 MUSD).

YTD figures 2022
(Figures in brackets refer to the corresponding period of 2021)

Operating income amounted to 10.2 MUSD (1.1 MUSD). Operating expenses equalled 6.8 MUSD (5.8 MUSD), of which 5.7 MUSD (4.0 MUSD) relate to vessel OPEX and project cost. In addition, 1.1 MUSD (1.8 MUSD) relate to technical management fee and SG&A. This resulted in an EBITDA of 3.4 MUSD (-4.7 MUSD) and an operating loss of 2.3 MUSD (10.5 MUSD).

Accumulated interest expenses for the first half equalled 5.4 MUSD (7.9 MUSD). Net loss for the first half of 2022 equalled 9.1 MUSD (18.8 MUSD)

Cash flow and liquidity Q2 2022
The Company generated 0.9 MUSD in operational cash flow during the second quarter. Following -0.2 MUSD from investing activities and -0.3 MUSD from financing activities, net cash flow in the second quarter totalled 0.4 MUSD.

Total cash at the end of the quarter equalled 3.5 MUSD.

Finance
The Company issued a super senior secured bond loan of 10 MUSD in April 2021 to finance the required upgrade of Haven in preparation for the Tyra contract. The super senior bond loan holds a fixed interest of 10 % p.a payable quarterly. The super senior bond loan is repayable in 5 quarterly instalments of 1 MUSD from September 2022 and remaining 5 MUSD at maturity date 4th December 2023. The super senior bond loan terms includes a cash sweep mechanism where any unrestricted cash in Jacktel in excess of 4 MUSD, on the date falling 10 business days prior to each interest payment date,will be payable as additional instalments.
In February 2022 the bond trustee exercised a call option in respect of all the shares in Jacktel and completed a debt conversion where an amount of 102.3 MUSD of the Senior Bonds was converted into 100% of the outstanding equity of Jacktel. Interest on the Senior Bonds will be capitalized on each interest payment date until the Super Senior Bonds have been repaid in full, following which, cash interest payments shall resume. The senior bond loan matures in December 2023.

Going concern
Following the substantial debt conversion in February 2022, the balance sheet of Jacktel has been improved and the equity per Q2 amounts to 83 MUSD providing an equity ratio of approximately 50%.

Operational cash flow from the current TotalEnergies contract, is expected to be sufficient to repay the super senior bond loan of USD 10 MUSD by the end of 2023. The holders of the remaining senior bond loan have accepted that interest is to be Paid In Kind until the super senior bond has been repaid.

The Company believes that the recent substantial strengthening of the Balance Sheet, the current contract entered into with TotalEnergies and the issuing of the super senior bond loan provides a strong basis for the going concern assumption.

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 and DKK. 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

Disruptions in the European energy market, driven by the war in Ukraine, has put energy security on forefront of the political agenda. Oil and gas are likely to continue to play an important role in future energy scenarios, improving demand for new projects and M&M activity.

The market is continuing to tighten and there has been a significant increase in tendering activity during the quarter. Tendering activity has increased both within the traditional Oil & Gas markets, but we have also seen that certain projects in the wind industry has a demand for more “high quality” assets both with respect to accommodation facilities as well as the technical integrity of the units during winter storms.

Oil companies and governments’ focus on reducing the industry’s carbon footprint is expected to have a positive impact on the use of Jack Ups standing firmly on the seabed. As Jack Ups do not use propulsion for station keeping and can run on electrical power from shore, the fuel consumption and carbon footprint is significantly lower than what is the case for assets using engine powered station keeping systems. Based on this, Jack ups should have a competitive advantage in particular on the Norwegian Continental Shelf (NCS) where substantial parts of the shelf have been “electrified”.

Responsibility statement

We confirm to the best of our knowledge that the consolidated financial statements for the period 1 January to 30 June 2022 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.

Sandnes, 10th August 2022

Harald Thorstein	Alf Ragnar Løvdal
Chairman	Board member

Condensed Income Statement

As of June 30th, 2022

In USD 1,000'	Note	Un-audited Q2-2022	Un-audited Q2-2021	Audited 2021	Un-audited 6M- 2022	Un-audited 6M- 2021
Operating income		5.255	1.115	12.354	10.200	1.115
Operating expenses		-3.594	-3.735	-19.286	-6.800	-5.781
EBITDA		**1.660**	**-2.620**	**-6.932**	**3.400**	**-4.666**
Depreciation	5	-2.841	-2.841	-11.669	-5.663	-5.847
OPERATING PROFIT/(LOSS) - EBIT		**-1.180**	**-5.461**	**-18.600**	**-2.263**	**-10.513**
Interest income		-	-	208	-	-
Interest expenses		-1.962	-4.088	-16.329	-5.435	-7.868
Other financial items		-155	-257	-811	-1.361	-456
NET FINANCIAL ITEMS		**-2.117**	**-4.345**	**-16.932**	**-6.796**	**-8.324**
PROFIT/(LOSS) BEFORE TAX		**-3.297**	**-9.807**	**-35.532**	**-9.059**	**-18.838**
NET PROFIT (LOSS)		**-3.297**	**-9.807**	**-35.532**	**-9.059**	**-18.838**

Statement of Comprehensive Income

In USD 1,000'	Un-audited Q2-2022	Un-audited Q2-2021	Audited 2021	Un-audited 6M- 2021	Un-audited 6M- 2020
Net profit this period	-3.297	-9.807	-35.532	-9.059	-18.838
COMPREHENSIVE INCOME	**-3.297**	**-9.807**	**-35.532**	**-9.059**	**-18.838**

Condensed Statement of Financial Position

In USD 1,000'	Note	Un-audited 30.06.2022	Un-audited 30.06.2021	Audited 31.12.2021
ASSETS				
Non-current assets:				
Property, plant and equipment	5	157.838	161.784	163.132
Total non-current assets		**157.838**	**161.784**	**163.132**
Current assets:				
Accounts receivable		3.355	529	2.828
Other current assets		1.914	1.588	1.114
Cash and cash equivalents		3.476	16.069	3.065
Total current assets		**8.745**	**18.186**	**7.007**
TOTAL ASSETS		**166.583**	**179.970**	**170.138**
EQUITY AND LIABILITIES				
Equity:				
Issued capital		30.984	19.740	19.740
Share premium		273.883	182.793	182.793
Retained losses		-221.974	-196.223	-212.918
Total equity		**82.893**	**6.310**	**-10.385**
Non-current liabilities:				
Other interest-bearing debt	4	74.259	167.195	173.940
Total long-term liabilities		**74.259**	**167.195**	**173.940**
Current liabilities:				
Accounts payable		1.581	4.977	583
Short-term interest-bearing debt	4	4.594	0	1.366
Other current liabilities		3.256	1.487	4.634
Total current liabilities		**9.431**	**6.464**	**6.583**
Total liabilities		**83.690**	**173.660**	**180.523**
TOTAL EQUITY AND LIABILITIES		**166.583**	**179.970**	**170.138**

Condensed Statement of Changes in Equity

(In USD 1.000)	Share Capital	Share premium	Retained losses	Total equity
Equity as at December 31st, 2020 (Audited)	**19,740**	**182,793**	**-177,384**	**25,149**
Net income (loss) Q1-Q2 2021	-	-	-18,838	-18,838
Equity as at June 30th 2021 (Un-audited)	**19,740**	**182,793**	**-196,222**	**6,311**
Net income (loss) Q3-Q4 2021	-	-	-16,694	-16,694
Equity as at December 31st 2021 (Audited)	**19,740**	**182,793**	**-212,916**	**-10,383**
Debt conversion	11,244	91,090	-	102,334
Net income (loss) YTD 2022	-	-	-9,059	-9,059
Equity as at June 30th, 2022 (Un-audited)	**30,984**	**273,883**	**-221,974**	**82,893**

Cash Flow Statement

In USD 1,000'	Un-audited Q2-2022	Un-audited Q2-2021	Audited 2021	Un-audited 6M- 2022	Un-audited 6M- 2021
Net profit(loss) before tax	-3,297	-9,807	-35,532	-9,059	-18,838
Depreciation and impairment	2,841	2,841	11,669	5,663	5,847
Financial income	-	-	-208	-	-
Financial expenses	1,962	4,345	17,140	6,796	8,324
Changes in working capital	-604	4,020	3,364	-1,976	5,554
Net cash from operating activities	**902**	**1,399**	**-3,567**	**1,424**	**887**
Cash flow from investing activities					
Acquisition of fixed assets	-241	-4,318	-12,204	-371	-4,788
Net cash from investing activities	**-241**	**-4,318**	**-12,204**	**-371**	**-4,788**
Cash flow from financing activities					
Interest paid	-250	-142		-642	-
Financial expenses	-	-	-1,134	-	-
Net proceeds from bond issue	-	10,000	10,000	-	10,000
Net cash from financing activities	**-250**	**9,858**	**8,866**	**-642**	**10,000**
Net change in cash and cash equivalents	411	6,939	-6,905	411	6,099
Cash and cash equivalents, opening balance	3,065	9,130	9,970	3,065	9,970
Cash and cash equivalents, closing balance	**3,476**	**16,069**	**3,065**	**3,476**	**16,069**

Notes to the interim report

1. **General information**

Jacktel AS is per 30 June 2022 a private company which is listed on NOTC. The Company is located at Vestre Svanholmen 6, 4313 Sandnes, 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 interim financial statements for Q2 2022 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 substantial debt conversion in February 2022, the balance sheet of Jacktel has been improved and the equity per Q2 amounts to 83 MUSD providing an equity ratio of approximately 50%.

Operational cash flow from the current TotalEnergies contract, is expected to be sufficient to repay the super senior bond loan of USD 10 MUSD by the end of 2023. The holders of the remaining senior bond loan have accepted that interest is to be Paid In Kind until the super senior bond has been repaid.

The Company believes that the recent substantial strengthening of the balance sheet, the current contract entered into with TotalEnergies and the issuing of the super senior bond loan provides a basis for the going concern assumption.

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 2021.

4. Debt overview

31.06.2022 Long-term interest-bearing debt

(In USD 1000') Description	Lender/Trustee	Nominal amount USD	Interest rate	Book value USD
150 MUSD Bond Loan including PIK Interest	Nordic Trustee ASA	68,891	10%	68,259
10 MUSD Super Senior Bond Loan	Nordic Trustee ASA	10,000	10%	10,000
Current portion				-4,000
Long-term interest bearing debt - USD		**78,891**		**74,259**

31.06.2021 Long-term interest-bearing debt

(In USD 1000') Description	Lender/Trustee	Nominal amount USD	Interest rate	Book value USD
150 MUSD Bond Loan	Nordic Trustee ASA	157,593	10%	157,123
10 MUSD Super Senior Bond Loan	Nordic Trustee ASA	10,000	10%	10,072
Long-term interest bearing debt - USD		**167,593**		**167,195**

In February 2022 102.3 MUSD of the senior Bond loan (initially 150 MUSD) was converted to equity.

*) Book value of the Bond loans is netted with transaction costs to be expensed over the loan's lifetime and also includes accrued interest that will be paid in kind.

Current portion consist of quarterly instalments of 1 MUSD which will be payable under the Super Senior Bond Loan from September 2022. In addition to the quarterly instalments commencing in September 2022, any unrestricted cash in Jacktel in excess of 4 MUSD on the date falling10 business days prior to each interest payment date, will be payable as additional instalments.

5. Property Plant & Equipment

(In USD 1000')	**Un-audited 30.06.22**	**Un-audited 31.03.22**	**Audited 31.12.21**
Opening balance	160,439	163,132	162,844
Additions	241	130	11,957
Depreciation	-2,841	-2,823	-11,669
Closing balance	**157,838**	**160,439**	**163,132**

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

The Company performed impairment assessments through 2021 which concluded that impairment was not required. Management has performed an impairment test as of end of June 2022. The impairment model is based on the terms in the awarded 20 + 6-month contract with TotalEnergies. Long term utilization for Haven is expected to be 70% in 2025 and onwards. Charter hire is assumed to be gradually improving up to 2027 and beyond, where it is assumed a more normalised daily charter hire level. Discount rate applied is 10%. Following the current high hydrocarbon and energy prices as well as a continued global recovery from Covid-19 the Company expect increasing investments by the oil and gas industry. In addition, an increasing number of projects in the renewable energy sector where offshore accommodation facilities may be used can create upwards pressure on day rates. Based on the improved underlying market assumptions no additional impairment is recorded.

6. Potential claims and contingencies

The final 10% of the contract price relating to the reinstatement of the original spud cans will be paid to Semco during 3Q 2022 together with agreed variation orders. Jacktel has, however, disputed several variation order requests claimed by Semco. The parties have started an arbitration process which will potentially take place in Norway.

The Company has received two letters related to the 2019 tax return where Jacktel claimed an exemption under the limitation of tax deduction of interests. Unless Jacktel wins forward in its discussions with the tax authorities, the payable tax exposure is limited to approximately 10 MNOK.
Based on advises from tax lawyers and the fact that no claim from the tax authorities have been received, Jacktel is of the opinion it should qualify for the exemption rule. Consequently, no provision for such a claim has been made in the Q2 accounts.