INTERIM REPORT

Q3 2019

Third Quarter 2019

Operations

Haven has been in operation at the Johan Sverdrup field and delivered 100% technical uptime to client in the quarter. In the fourth quarter the client plans to gradually reduce the number of guests onboard Haven. Equinor has the option to reduce the number of guests to zero, in which case the day rate will be reduced. In a scenario with zero guests, the marine crew will be decreased to minimum safe manning. Haven will remain at the Johan Sverdrup field from Dec 7th through April 15th, 2020. The client has the option to use up to 300 beds during the contract period, which ends April 15th, 2020. Contract value is between 6.4 MUSD and 25.7 MUSD pending bed utilization, and Jacktel has the option to terminate the contract at any time in the contract period, in order to take a new contract.

Daily ordinary operating cost equaled 43.8 KUSD during Q3, 2019.

Financial

The Interim Financial Statements are prepared in accordance with IAS 34

Quarterly figures, Q3 2019
(Figures in brackets refer to the corresponding period of 2018)

The operating income for Q3 amounts to 37.3MUSD (38.0 MUSD), of which Charter hire amounts to 33.1 MUSD. Other income of 4.2 MUSD relates to additional services provided to Equinor.

Operating expenses equalled 7.7 MUSD (8.8 MUSD), of which 3.8 MUSD relate to vessel OPEX and 2.6 MUSD to cost reimbursed by client. Additional 1.1 MUSD relate to technical management fee and SG&A costs. Non recurring cost equaled 0.2 MUSD. This resulted in an EBITDA of 29.6 MUSD (29.2 MUSD) and an operating profit of 12.5 MUSD (13.4 MUSD).

Interest expenses related to the bank and bond loans equaled 4.2 MUSD (11.8 MUSD) for the third quarter.

Net profit for the third quarter amounts to 7.7 MUSD (1.1 MUSD).

YTD Figures 2019
(Figures in brackets refer to the corresponding period of 2018)

Operating income amounted to 114.5 MUSD (52.3 MUSD). Operating expenses equalled 27.4 MUSD (12.5 MUSD), of which 12.4 MUSD relate to vessel OPEX and 11.0 MUSD relate to cost reimbursable by Equinor as well as other services provided. In addition, 3.3 MUSD relate to technical management fee and SG&A and 0.7 MUSD is non-recurring costs. This resulted in an EBITDA of 87.1 MUSD (39.8 MUSD) and an operating profit of 35.7 MUSD (12.3 MUSD).

Accumulated interest expenses per September equalled 22.5 MUSD (34.8 MUSD), of which 13.5 MUSD relate to interest payable on the bank and bond loans, and 9.0 MUSD relate to interest accrued on shareholder loans.

Net profit per September 2019 equalled 15.2 MUSD (loss of 15.6 MUSD).

Cash flow and liquidity Q3 2019
The company generated 27.0 MUSD in operational cash flow during the third quarter. Following repayment of bank debt and interest payments of 29.2 MUSD, net cash flow in the third quarter equaled -2.3 MUSD.

Total cash at the end of the quarter equaled 20.3 MUSD.

Finance
Jacktel is financed through a Bond Loan of USD 150 million and a Bank Loan of USD 100 million. The loans carry an interest of 10% and Libor + 2.5% respectively. The Bond Loan expires in December 2023, while the Bank Loan will be fully repaid in December 2019. Following a repayment of the bank loan of 25 MUSD during the third quarter, outstanding bank loan equaled 25 MUSD.

The completion of the merger between Master Marine AS and Crossway Holdings has progressed slower than expected. Final approval from lenders are expected during Q4 2019.

Going concern
In the second quarter the company converted 188.0 MUSD loans from its parent Master Marine into equity. As a result, the solidity of the company was significantly improved, and future interest expenses reduced accordingly. Further, the Bank loan (see finance section) will be repaid, in full, during the 4th quarter in line with the original installment structure, while the Bond loan expire in 2023. Based on the current operational cash flow, the lay up contract at Johan Sverdrup and a net equity of 187.0 MUSD, the Board of Directors confirm that the assumption of going concern is in place and forms the basis for the quarterly report. The current cash flow makes Jacktel able to meet its obligations including payment of interest on the 3rd party debt over the next 12 months.

Risk
The company is exposed to general business market risk, credit risk, currency risk and revenue risk. Credit risk related to the Equinor contract is considered low. 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 third 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.

Future Prospects

The North Sea market remains quiet but starts to show small signs of a slow recovery in form of increased tendering activity. In addition, some opportunities should emerge following budget sanctions among the E&P companies late 2019.

The activity level in the southern part of the North Sea, as well as in more benign waters such as Brazil and the middle east is expected to remain at a fair level. This may result in some migration of vessels from the North Sea to regions with higher activity, and an improved supply demand balance in the North Sea.

Condensed Income Statement

In USD 1,000'	Note	Un-audited Q3-2019	Un-audited Q3-2018	Audited 2018	Un-audited 9M- 2019	Un-audited 9M- 2018
Operating income		37 260	37 984	90 193	114 467	52 255
Operating expenses		-7 697	-8 776	-20 972	-27 410	-12 500
EBITDA		**29 563**	**29 207**	**69 221**	**87 057**	**39 755**
Depreciation	6	-17 100	-15 840	-46 070	-51 341	-27 464
OPERATING PROFIT/(LOSS) - EBIT		**12 463**	**13 367**	**23 151**	**35 716**	**12 292**
Interest income		75	108	334	256	198
Interest expenses		-4 170	-11 834	-46 501	-22 461	-34 783
Other financial items		-623	-522	6 616	1 695	6 673
NET FINANCIAL ITEMS		**-4 719**	**-12 248**	**-39 552**	**-20 509**	**-27 913**
PROFIT/(LOSS) BEFORE TAX		**7 744**	**1 119**	**-16 401**	**15 207**	**-15 620**
NET PROFIT (LOSS)		**7 744**	**1 119**	**-16 401**	**15 207**	**-15 620**

Statement of Comprehensive Income

In USD 1,000'	Un-audited Q3-2019	Un-audited Q3-2018	Audited 2018	Un-audited 9M- 2019	Un-audited 9M- 2018
Net profit this period	7 744	1 119	-16 401	15 207	-15 620
COMPREHENSIVE INCOME	**7 744**	**1 119**	**-16 401**	**15 207**	**-15 620**

Condensed Statement of Financial Position

In USD 1,000'	Note	Un-audited 30.09.2019	Un-audited 30.09.2018	Audited 31.12.2018
ASSETS				
Non-current assets:				
Property, plant and equipment	6	321 045	386 694	371 638
Total non-current assets		**321 045**	**386 694**	**371 638**
Current assets:				
Accounts receivable		24 821	13 293	25 772
Other current assets		1 557	12 011	2 299
Cash and cash equivalents		20 285	36 601	25 944
Total current assets		**46 663**	**61 904**	**54 014**
TOTAL ASSETS		**367 709**	**448 598**	**425 652**
EQUITY AND LIABILITIES				
Equity:				
Issued capital		19 744	19 630	19 630
Share premium		187 979	0	0
Retained losses		-20 750	-35 177	-35 956
Total equity		**186 973**	**-15 547**	**-16 326**
Non-current liabilities:				
Shareholder loans		0	279 141	0
Other interest-bearing debt	5	147 348	0	146 880
Prepayments customers		0	6 079	0
Total long-term liabilities		**147 348**	**285 220**	**146 880**
Current liabilities:				
Accounts payable		3 844	3 528	3 403
Prepayments customers		567	870	6 175
Short-term interest-bearing debt	5	24 804	168 211	282 061
Other current liabilities		4 172	6 315	3 459
Total current liabilities		**33 387**	**178 924**	**295 098**
Total liabilities		**180 735**	**464 145**	**441 978**
TOTAL EQUITY AND LIABILITIES		**367 708**	**448 598**	**425 652**

Condensed Statement of Changes in Equity

(In USD 1.000)	Share Capital	Share premium	Retained losses	Total equity
Equity as at January 1st, 2018	**19 630**	**-**	**-19 554**	**75**
Net income (loss) Q1 - Q3 2018	-	-	-15 621	-15 621
Equity as at September 30th, 2018 (Un-audited)	**19 630**	**-**	**-35 175**	**-15 547**
Net income (loss) Q4 2018	-	-	-780	-780
Equity as at December 31st, 2018 (Audited)	**19 630**	**-**	**-35 955**	**-16 327**
Capital contribution by debt conversion	114	187 979	-	188 093
Net income (loss) Q1 - Q3 2019	-	-	15 207	15 207
Equity as at September 30th, 2019 (Un-audited)	**19 744**	**187 979**	**-20 748**	**186 973**

Cash Flow Statement

In USD 1,000'	**Un-audited Q3-2019**	**Un-audited Q3-2018**	**Audited 2018**	**9M-2019**	**9M-2018**
Net profit(loss) before tax	7 744	1 119	-16 401	15 204	-15 621
Recognized deferred revenue	-1 658	-1 266	-3 409	-1 658	-1 688
Depreciation	17 100	15 840	46 070	51 341	27 464
Financial income	-75	-108	-334	-257	-6 871
Financial expenses	4 794	12 356	40 356	20 767	34 783
Changes in working capital	-981	-15 532	-25 180	-2 013	-22 475
Net cash from operating activities	**26 924**	**12 409**	**41 102**	**83 384**	**15 592**
Cash flow from investing activities					
Interest received	75	108	334	257	198
Prepaid construction cost	-	-	-	-	-
Rig upgrade	-107	-8 563	-66 989	-749	-63 439
Net cash from investing activities	**-32**	**-8 455**	**-66 655**	**-492**	**-63 241**
Cash flow from financing activities					
Interest paid	-4 170	-11 834	-46 500	-22 253	-34 783
Prepayment from customer	-	991	3 374	-	3 341
Refinancing and hedging cost paid	-	-	-12 588	-	-
Proceeds from/repayment of (-) borrowings	-25 000	17 242	27 795	-66 298	36 276
Net cash from financing activities	**-29 170**	**6 399**	**-27 919**	**-88 551**	**4 834**
Net change in cash and cash equivalents	-2 278	10 353	-53 472	-5 659	-42 815
Cash and cash equivalents, opening balance	22 563	26 248	79 416	25 944	79 416
Cash and cash equivalents, closing balance	**20 285**	**36 601**	**25 944**	**20 285**	**36 601**

Notes to the interim report

1. General information

Jacktel AS is a 100% subsidiary of Master Marine AS, parent company in the Master Marine 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 Q3 2019 have been prepared in accordance with International Financial Reporting Standards (IFRS) as approved by the European Union ("EU"), including IAS 34 Interim Financial Reporting. The financial statements are prepared on a going concern basis and should be read in conjunction with the Company's financial statements as at 31 December 2018. Reference is also made to section "Going Concern" in the Board of Directors 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 2018. 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, Master Marine AS, for which 2.7 MUSD (1.8 MUSD) has been paid per Q3 2019.

5. Debt overview

30.09.2019 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	150 000	10%	147 348
Long-term interest bearing debt - USD				**147 348**

30.09.2019 Short-term interest-bearing debt

(In USD 1000') Description	Lender/Trustee	Nominal amount USD	Interest rate	Book value USD
100 MUSD Bank loan	DNB bank ASA	100 000	1 month LIBOR + 2,5%	24 804
Short-term interest bearing debt - USD				**24 804**

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 30.09.19**	**Un-audited 30.06.19**	**Un-audited 31.03.19**	**Audited 31.12.18**
Opening balance	338 038	354 768	371 638	297 988
Additions	107	370	271	119 719
Depreciation	-17 100	-17 100	-17 141	-46 069
Closing balance	**321 045**	**338 038**	**354 768**	**371 638**

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