INTERIM REPORT

Q3 2020

Third Quarter 2020

Operations

Haven is located at a lay-up location on the west coast of Norway, where she is preserved and connected to power from shore. The crew size has been reduced to 3.

The vessel is with effect from June 1 2020 operated by Macro Offshore. For 3Q 2020 daily ordinary operating cost has been reduced to 11.0 KUSD, a reduction of 10.0 KUSD from Q2 2020.

Financial

The Interim Financial Statements are prepared in accordance with IAS 34

Quarterly figures, Q3 2020
(Figures in brackets refer to the corresponding period of 2019)

The operating income for Q3 amounts to 0 MUSD (37.3 MUSD).

Operating expenses equalled 1.8 MUSD (7.7 MUSD), of which 1.0 MUSD relate to vessel OPEX and 0.75 MUSD relate to technical management fee and SG&A costs. This resulted in an EBITDA of -1.8 MUSD (29.6 MUSD) and an operating loss of 5.1 MUSD (profit of 12.5 MUSD).

Interest expense for the third quarter equalled 3.8 MUSD (4.2 MUSD).

Net loss for the third quarter amounts to 8.8 MUSD (profit of 7.7 MUSD).

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

Operating income amounted to 7.4 MUSD (114.5 MUSD). Operating expenses equalled 9.9 MUSD (27,4 MUSD), of which 5.4 MUSD relate to vessel OPEX and 2.0 MUSD relate to cost reimbursable by Equinor. In addition, 2.5 MUSD relate to technical management fee and SG&A. This resulted in an EBITDA of -2.5 MUSD (87.1 MUSD) and an operating loss of 122.9 MUSD (profit of 35.7 MUSD). The Company 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 per September equalled 11.3 MUSD (22.5 MUSD). Net loss per September of 2020 equalled 135.2 MUSD (profit of 15.2 MUSD).

Cash flow and liquidity Q3 2020
The company generated -1.8 MUSD in operational cash flow during the third quarter. Following -0.5 MUSD from investing activities and interest payments of 3.8 MUSD, net cash flow in the third quarter equalled -6.0 MUSD.

Total cash at the end of the quarter equalled 14.4 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 (The Bondholder Group) 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 September 30, 2020 equaled 56 MUSD. In order for the company to continue as a going concern, Jacktel is dependent upon access to additional funding or finding an agreement with existing bondholders which reduces future interest payments and enables the company to take on future contracts.

Discussions with The Bondholder Group are ongoing, but the outcome of such discussions is 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 Q3 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 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 further.

Future Prospects

The company has seen increased bidding activity over the last quarter and expects several new ITT's will be issued in the next 1-3 months. Current bids have been for fairly short-term demands (less than 6 months), but the company expects that new ITT's will be for longer term contracts with commencement in the 2nd half of 2021 and early 2022.

Stavanger, 28th October 2020

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

Condensed Income Statement

As of September 30th, 2020

In USD 1,000'	Note	Un-audited Q3-2020	Un-audited Q3-2019	Audited 2019	Un-audited 9M- 2020	Un-audited 9M- 2019
Operating income		-	37,260	141,609	7,390	114,467
Operating expenses		-1,757	-7,697	-33,338	-9,955	-27,410
EBITDA		**-1,757**	**29,563**	**108,271**	**-2,565**	**87,057**
Depreciation	6	-3,318	-17,100	-64,355	-11,252	-51,341
Impairment	6	-	-	-	-109,102	-
OPERATING PROFIT/(LOSS) - EBIT		**-5,075**	**12,463**	**43,917**	**-122,919**	**35,716**
Interest income		1	75	3,673	54	256
Interest expenses		-3,750	-4,170	-28,250	-11,250	-22,461
Other financial items		28	-623	-	-1,089	1,695
NET FINANCIAL ITEMS		**-3,721**	**-4,719**	**-24,577**	**-12,285**	**-20,509**
PROFIT/(LOSS) BEFORE TAX		**-8,796**	**7,744**	**19,340**	**-135,204**	**15,207**
NET PROFIT (LOSS)		**-8,796**	**7,744**	**19,340**	**-135,204**	**15,207**

Statement of Comprehensive Income

In USD 1,000'	Un-audited Q3-2020	Un-audited Q3-2019	Audited 2019	Un-audited 9M- 2020	Un-audited 9M- 2019
Net profit this period	-8,796	7,744	19,340	-135,204	15,207
COMPREHENSIVE INCOME	**-8,796**	**7,744**	**19,340**	**-135,204**	**15,207**

Condensed Statement of Financial Position

In USD 1,000'	Note	Un-audited 30.09.2020	Un-audited 30.09.2019	Audited 31.12.2019
ASSETS				
Non-current assets:				
Property, plant and equipment	6	189,537	321,045	308,269
Right-of use assets		-	-	112
Total non-current assets		**189,537**	**321,045**	**308,381**
Current assets:				
Accounts receivable		1,779	24,821	15,807
Other current assets		269	1,557	1,556
Cash and cash equivalents		14,386	20,285	18,512
Total current assets		**16,434**	**46,663**	**35,875**
TOTAL ASSETS		**205,971**	**367,708**	**344,256**
EQUITY AND LIABILITIES				
Equity:				
Issued capital		19,740	19,744	19,740
Share premium		182,793	187,979	182,793
Retained losses		-146,629	-20,750	-11,424
Total equity		**55,904**	**186,973**	**191,109**
Non-current liabilities:				
Other interest-bearing debt	5	147,984	147,348	147,507
Other non-current liabilities		-	-	116
Total long-term liabilities		**147,984**	**147,348**	**147,623**
Current liabilities:				
Accounts payable		813	3,844	2,157
Prepayments customers			567	-
Short-term interest-bearing debt		1,250	24,804	1,250
Other current liabilities		19	4,172	2,117
Total current liabilities		**2,083**	**33,387**	**5,524**
Total liabilities		**150,067**	**180,735**	**153,147**
TOTAL EQUITY AND LIABILITIES		**205,971**	**367,708**	**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 - Q3 2020	-	-	-135,204	-135,204
Equity as at September 30th, 2020 (Un-audited)	**19,740**	**182,793**	**-146,629**	**55,904**

Cash Flow Statement

In USD 1,000'	**Un-audited Q3-2020**	**Un-audited Q3-2019**	**Audited 2019**	**Un-audited 9M-2020**	**Un-audited 9M- 2019**
Net profit(loss) before tax	-8,796	7,744	19,340	-135,204	15,204
Other income amortized	-	-1,658	-6,175	-	-1,658
Depreciation and impairment	3,318	17,100	64,355	120,354	51,341
Financial income	1	-75	-3,673	-54	-257
Financial expenses	3,722	4,794	28,250	12,339	20,767
Changes in working capital	-47	-981	8,552	11,257	-2,013
Net cash from operating activities	**-1,802**	**26,924**	**110,649**	**8,692**	**83,384**
Cash flow from investing activities					
Interest received	-1	75	338	54	257
Acquisition of fixed assets	-501	-107	-986	-1,622	-749
Net cash from investing activities	**-502**	**-32**	**-648**	**-1,568**	**-492**
Cash flow from financing activities					
Interest paid	-3,750	-4,170	-17,433	-11,250	-22,253
Proceeds from/repayment of (-) debt	-	-25,000	-100,000	-	-66,298
Net cash from financing activities	**-3,750**	**-29,170**	**-117,433**	**-11,250**	**-88,551**
Net change in cash and cash equivalents	-6,054	-2,278	-7,432	-4,126	-5,659
Cash and cash equivalents, opening balance	20,440	22,563	25,944	18,512	25,944
Cash and cash equivalents, closing balance	**14,386**	**20,285**	**18,512**	**14,386**	**20,285**

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 Q3 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 September 30, 2020 equaled 56 MUSD. In order for the company to continue as a going concern, Jacktel is dependent upon access to additional funding or finding an agreement with existing bondholders which reduces future interest payments and enables the company to take on future contracts.

Discussions with The Bondholder Group are ongoing, but the outcome of such discussions is 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 Q3 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.

4. Related party transactions

Jacktel AS has a management agreement with its parent company, Macro Offshore Management AS, for which 1.6 MUSD (2.7 MUSD) has been paid per Q3 2020.

Macro Offshore Crew AS, a wholly owned subsidiary of Macro Offshore Management AS, has provided crew personnel to Haven, for which 255 KUSD has been paid per Q3 2020.

5. Debt overview

30.09.2020 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%	147,984
Long-term interest bearing debt - USD					**147,984**

30.09.2019 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%	147,348
Long-term interest bearing debt - USD					**147,348**

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 30.09.20**	**Un-audited 30.06.20**	**Un-audited 31.03.20**	**Audited 31.12.19**
Opening balance	192,354	195,000	308,269	371,638
Additions	501	672	449	986
Depreciation	-3,318	-3,318	-4,616	-64,355
Impairment	-	-	-109,102	-
Closing balance	**189,537**	**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 up 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 September, 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 are still in discussions 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.