ANNUAL REPORT 2019

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JACKTEL AS

CONTENTS

REPORT OF THE BOARD OF DIRECTORS

JACKTEL AS

Jacktel AS is a 100% owned subsidiary of Macro Offshore Management AS (former Master Marine AS). The Group is located at Skogstøstraen 37, 4029 Stavanger. Jacktel AS was established in 2009 and is the owner of the jack-up accommodation rig Haven.

On 3 March 2019, Macro Offshore Management AS main shareholder, Nordic Capital, and Paragon Outcomes, the owner of the Crossway Group agreed to merge the two companies through the formation of a new holding company which should be the parent company of the two existing companies. Following the merger, Macro Offshore AS owns 100 % of Macro Offshore Management AS, Crossway Eagle LLC and Crossway Dolphin Ltd and prepares consolidated financial statements that include Jacktel AS. Macro Offshore AS then became a 100 % subsidiary of the new holding company, Macro Offshore Ltd. Nordic Capital are the majority shareholder of Macro Offshore Ltd through Mama Holdco AS, while Paragon Outcomes controls the remaining shares of Macro Offshore Ltd.

FINANCIAL DEVELOPMENT AND RESULTS

The Financial Statements are prepared in accordance with International Financial Reporting Standards (IFRS) as approved by the European Union.

The annual accounts were approved by the Board of Directors on 23 April 2020.

Finance (2018 figures in brackets)

Financial results
Operating revenue for 2019 was 141.6 MUSD (90.2 MUSD). The Johan Sverdrup contract commenced in June 2018 and Jacktel did not have any operating revenue before that. Operating expenses were 33.3 MUSD (21.0 MUSD), of which 29.7 MUSD relates to vessel OPEX and 3.5 MUSD relates mainly to management services paid to Jacktel's parent company, Macro Offshore Management AS. This resulted in an EBITDA of 108.3 MUSD (69.2 MUSD). After deducting depreciation of 64.3 MUSD (46.1 MUSD), operating profit for the year amounted to 43.9 MUSD (23.2 MUSD).

Interest expenses for 2019 equaled 26.4 MUSD (46.5 MUSD), of which 17.4 MUSD relates to interests payable on external loans and 9.0 MUSD relates to interests on shareholder loans. Net exchange gain for 2019 equalled 3.3 MUSD.

The Statement of Financial position reflects the book value of the accommodation rig Haven amounting to 308.3 MUSD. Other current assets include accounts receivable of 15.8 MUSD. Non-current liabilities include a Bond loan net of transaction costs of 147.6 MUSD. The Bond loan expires in full on 4 December 2023.

The fair market value of Haven is dependent on the development in the offshore industry. The Company has performed an impairment assessment as of 31 December 2019 concluding that Haven should not be impaired. This valuation is also supported by external broker valuations (charter free) and the implied valuation in the merger. Based on this, the Board of Directors considers the book value of Haven to be approximately equal to book value as of year-end. For further details, reference is made to note 13. The equity ratio at year-end 2019 is 55.5 % (-3.8 %). The increased equity ratio compared to last year is due to the profit for the year and the conversion of the shareholder loan amounting to MUSD 183 into equity. For further comments, reference is made to the Going Concern section.

Net profit for 2019 equaled 19.3 MUSD (loss of 16.4 MUSD). The Board of Directors proposes to transfer the profit to retained losses.

Cash flow and liquidity
Operational cash flow in 2019 was 110.7 MUSD (41.1 MUSD). Cash flow from investments was -0.7 MUSD, (-66.7 MUSD) and cash flow from financing was -117.4 MUSD (-27.9 MUSD) mainly relating to interest paid on interest bearing debt as well as repayment of MUSD 100 super senior bank debt. This resulted in a net decrease in cash and cash equivalents in 2019 of -7.4 MUSD (decrease of 53.5 MUSD). As of year-end 2019, the Company had overall cash reserves of 18.5 MUSD (25.9 MUSD).

Alternative Performance Measures
The European Securities and Markets Authority issued guidelines on Alternative Performance Measures (APMs) that came into force on 3 July 2016. The Company has defined and explained the purpose of the following APMs:

- EBITDA. When used by the Company means Earnings Before Interest, Tax, Depreciation and Amortization. The Company believes that EBITDA provides useful information about the ability to serve the long-term debt.
- EBIT. When used means Earnings Before Interest and Tax and provides information about the profitability of the Company.
- 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.

Financial Exposure

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 exposure against EUR has significantly been reduced as part of the refinancing in 2018. The exposure against NOK is currently considered low due to reduced activity and Jacktel has not entered into any derivate agreements.

The main contract with Equinor was completed in December 2019, however Haven entered into a lay-up contract with Equinor ending at 15 April 2020. The management is currently considering other opportunities for utilization of the rig. Future changes in day rates and utilization may impact the valuation of the asset.

OPERATIONS

Risk Management Overview
The Company is exposed to several different market risks arising from the Company's normal business activities. Financial market risk is the possibility that fluctuations in currency exchange rates or interest rates will affect the value of the Company's assets, liabilities or future cash flows. To reduce and manage these risks, the Company periodically reviews and assesses its primary financial market risks, including liquidity risk and credit risk. Once risks are identified, appropriate action is taken to mitigate the specific risk.

Operational Risk
Utilization is one of the most significant operational risks, hence both owner and technical manager work closely together to maximize utilization through effective maintenance and detailed follow up of the operation. OSM Offshore AS provides the crew and has the technical management of "Haven" including all HSE activity and risk management. In December the technical management agreement with OSM was terminated, and as of June 2020, Macro Offshore Management will be the new technical manager of Haven. Macro Offshore Management is the parent company and has used its personnel to continuously monitor the technical manager's performance in order to mitigate any operational risk.

The Corona virus pandemic is affecting the operations negatively. Logistics related to transportation of goods and crew are more burdensome as a result of the various actions put in place to hinder further spreading of the virus. Difficulties surrounding logistics of goods and personnel may impact on the cost of operation and timing of critical activities such as the demobilisation of Haven from Johan Sverdrup in April 2020. Further the pandemic has also negatively impacted the demand for Jacktel`s services.

Health, Safety and Environmental (HSE) Reporting

The Company aims to conduct all operations in a safe and environmentally friendly way.

The Company works closely with technical manager and clients to ensure safe operation of "Haven". A high safety and environmental standard is achieved through an active and close cooperation with, and monitoring of, OSM Offshore AS. "Haven" complies with the highest safety and environmental standards required by the Norwegian Petroleum Safety Authority. The total registered sick leave among the crew at "Haven" was 4.4 % compared to 5.8 % in 2018.

Organization, workplace environment and employees

The Company is an asset owning company and has no employees. All management of the Company is performed through a management services agreement with the parent company. Macro Offshore Management AS provides executive management and general administration, including marketing, finance, accounting, financial reporting as well as other general services. Macro Offshore Management AS is also actively following up OSM's technical team in order to ensure a safe and cost-efficient operation of the rig. All commercial discussions with clients are done by the parent company.

The Company is against all forms of corruption and works actively through the Company's Ethics Code of Conduct and face-to-face interactions to ensure that corruption does not occur in The Company's business activities.

The Company's Integrated Management System (IMS) is compliant with and operated in accordance with ISO 9001-2008.

Future Prospects

The Corona virus pandemic is affecting the market negatively. Logistics related to transportation of goods and crew are more burdensome as a result of the various actions put in place to hinder further spreading of the virus. Most oil companies have put all non-critical activities on hold. In addition, the collapse in oil price has resulted in oil companies cutting spending to a bare minimum. The combination of the oil price collapse and the impact of the Corona virus has had a significant negative impact on the market and there are currently few realistic prospects for utilisation of Haven in the shorter term. Further, most players in the accommodation market have a low order back log. With few known prospects in the market, the Board expects the competition for new contracts to be fierce. This could lead to an even higher downwards pressure on day rates, earnings, asset price decline and increased financing cost.

In the longer term, oil prices are expected to increase. The futures curve as of end of March indicates the Brent oil price to strengthen substantially in the next 12 months. This should lead to increased activity level as a result of new projects becoming commercially attractive and a substantial recovery in M&M project activity.

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 its engines for station keeping the fuel consumption and carbon footprint is significantly lower than what is the case for assets using engine powered station keeping systems.
As a result of the ambition to reduce the industry's carbon footprint, large parts of the Norwegian Continental Shelf are planned to be electrified with power from shore. This should again positively impact the demand for Jack Ups which has the ability to run on power from shore. The electrification could also have a positive impact on the M&M market during the transition period.

Around 85% of the fields in the North Sea are in water depths of less than 115 meters. Average age of fields in the North Sea is almost 25 years, and many were installed during the 1970's and 80's. Authorities and oil companies focus on increased recovery rate from existing oil fields and expect that this will extend the economic lifetime of the fields. In addition, older infrastructures are frequently used in connection with development of new oil fields. In total these factors should also have a positive impact on the demand for additional bed capacity in the longer term.

GOING CONCERN

As of 31 December 2019, Jacktel AS has a net equity of 191.1 MUSD. The net profit for 2019 is 19.3 MUSD.

Based on the refinancing in December 2018 and the operational cash flow from the Johan Sverdrup contract, the Board of Directors confirms that the assumption of going concern is in place and forms the basis for the financial statements in accordance with the Norwegian Accounting Act.

Following the market turbulence, including significant drop in oil price in March 2020, the expiry of the current contract in April 2020 and the uncertainty about the effect of the Corona pandemic (see future prospects), the Company has approached 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.

The rational 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. As of April 23rd, no agreement with bondholders has been reached.

INTERNAL CONTROL

Internal control related to the financial statements closing process is established to ensure the reliability of the financial reporting and compliance with applicable laws and regulations. Policies and procedures established by Management contribute to secure necessary competence, segregation of duties, risk assessments and quality in internal and public reporting. In respect of the reporting, the Board of Directors demonstrates independence from Management.

Jacktel also identifies and evaluates risks that may affect the business and how to mitigate the exposure. The risk for fraud is also considered on a regular basis.

RESPONSIBILITY STATEMENT

We confirm to the best of our knowledge that the financial statements of Jacktel AS for the year ended 31 December 2019 have been prepared in accordance with International Financial Reporting Standards as adopted by the EU and give a true and fair view of the assets, liabilities, financial position and profit and loss of the Company. We also confirm to the best of our knowledge that the Board of Directors' Report provides a fair view of the developments and performance of the business and the financial position of the Company and a description of significant risks and uncertainties that may exist.

Stavanger, 23 April 2020

Bjørn Eie Henriksen
Chairman of the Board

Roy Hallås
CEO

Financial Statements 2019

Statement of profit and loss

1 January – 31 December

(USD 1.000)	Notes	**2019**	**2018**
Revenue	4	141 609	90 193
TOTAL OPERATING REVENUE		**141 609**	**90 193**
OPERATING EXPENSES			
Vessel operation cost	5	-29 703	-18 106
Other operating expenses	5	-3 634	-2 867
Depreciation	13	-64 355	-46 070
TOTAL OPERATING EXPENSES		**-97 692**	**-67 043**
OPERATING PROFIT / (LOSS)		**43 917**	**23 151**
FINANCIAL INCOME AND EXPENSES			
Financial income	8	3 673	12 717
Financial expenses	8	-28 250	-52 268
NET FINANCIAL ITEMS		**-24 577**	**-39 552**
PROFIT/(LOSS) BEFORE TAX		**19 340**	**-16 401**
Income tax expense (benefit)	12	**0**	**0**
NET PROFIT (LOSS)		**19 340**	**-16 401**

Statement of Comprehensive Income

(USD 1.000)		
Net profit/(loss) this period	19 340	-16 401
Other comprehensive income	0	0
COMPREHENSIVE INCOME	**19 340**	**-16 401**
Earnings per share:		
- Basic	0,39	-0,33
- Diluted	0,39	-0,33

STATEMENT OF FINANCIAL POSITION

(In USD 1.000)	Notes	**31.12.2019**	**31.12.2018**
ASSETS			
Non-current assets:			
Vessels, plant and equipment	13	308 269	371 638
Right-of-use assets	19	112	0
Total non-current assets		**308 381**	**371 638**
Current assets:			
Trade receivables	9/14	15 807	25 772
Other receivables	9/14	1 556	2 299
Cash	9/15	18 512	25 944
Total current assets		**35 875**	**54 014**
TOTAL ASSETS		**344 256**	**425 652**
EQUITY AND LIABILITIES			
Equity:			
Issued capital	17	19 740	19 630
Share premium	17	182 793	0
Retained earnings (losses)	17	-11 424	-35 956
Total capital		**191 109**	**-16 326**
Total equity		**191 109**	**-16 326**
Non-current liabilities:			
Long-term interest-bearing loan	9,10	147 507	146 880
Other non-current interest-bearing liabilities	19	116	0
Total non-current liabilities		**147 623**	**146 880**
Current liabilities:			
Accounts payable	18	2 157	3 403
Prepayments customer	18	0	6 175
Short-term interest-bearing debt	7/18	1 250	282 061
Other current liabilities	18	2 117	3 459
Total current liabilities		**5 524**	**295 098**
Total liabilities		**153 147**	**441 978**
TOTAL EQUITY AND LIABILITIES		**344 256**	**425 652**

Stavanger, 23 April 2020

Bjørn Eie Henriksen
Chairman of the Board

Roy Hallås
CEO

STATEMENT OF CHANGES IN EQUITY

(In USD 1.000)	Share Capital	Share-premium	Retained losses	OCI reserve	Total equity
Equity as at January 1, 2018	**19 630**	**0**	**-19 554**	**0**	**76**
Net profit (loss)	0	0	-16 401	0	-16 401
Other comprehensive income	0	0	0	0	0
Equity as at December 2018	**19 630**	**0**	**-35 955**	**0**	**-16 325**
Net profit (loss)	0	0	19 340	0	19 340
Other comprehensive income	0	0	0	0	0
Share issue (Note 10)	110	182 793	5 191	0	188 094
Equity as at December 2019	**19 740**	**182 793**	**-11 424**	**0**	**191 109**

CASH FLOW STATEMENT

(In USD 1.000)	*Note*	**Year ended December 31, 2019**	**Year ended December 31, 2018**
Cash flow from operating activities:			
Profit (loss) before tax		19 340	-16 401
Adjustment to reconcile profit (loss) after tax to net cash flows:			
Non-cash items:			
Other income amortized		-6 175	-3 409
Depreciation	13	64 355	46 070
Financial income	8	-3 673	-334
Financial expenses	8	28 250	40 356
Working capital adjustments:			
Increase (-)/decrease in trade and other receivables		10 708	-23 697
Increase/decrease (-) in trade and other payables		-2 156	-1 483
Net cash flow from operating activities		**110 649**	**41 102**
Cash flow from investing activities:			
Interest received	8	338	334
Rig upgrade	13	-986	-66 989
Net cash flow from investing activities		**-648**	**-66 655**
Cash flow from financing activities:			
Interest paid	8	-17 433	-46 500
Customer prepayments	10	0	3 374
Refinancing and hedging cost paid		0	-12 588
Net proceeds/(repayment) of interest-bearing debt	10	-100 000	27 795
Net cash flow from financing activities		**-117 433**	**-27 919**
Net increase/(decrease) in cash and cash equivalents		**-7 432**	**-53 472**
Cash at beginning of period		25 944	76 416
Cash at end of period		**18 512**	**25 944**

NOTES TO FINANCIAL STATEMENTS 2019

1. GENERAL INFORMATION

Jacktel AS ("Company") is a private limited company incorporated in Norway. The headquarter is located at Skogstøstraen 37, 4029 Stavanger, Norway. Jacktel AS is an offshore accommodation company.

The annual accounts were approved by the Board of Directors on 23 April 2020.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 STATEMENT OF COMPLIANCE

The financial statements of Jacktel for 2019 has been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board and approved by the European Union ("EU"), as well as the additional relevant requirements under the Norwegian Accounting Act.

2.2 GOING CONCERN

The financial statements have been prepared based on the going concern assumption. However due to the uncertain market conditions ,amongst others as a result of the Corona pandemic and the oil price collapse, 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. See the Board of Director's report and Note 21 Subsequent events for additional information.

2.3 BASIS OF PREPARATION

The financial statements have been prepared on a historical cost basis, modified for financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss. The statement of comprehensive income is presented by nature of costs (IAS 1). The principal accounting policies are set out below.

The financial statements provide comparative information in respect of the previous period. The Company also presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when it is:

- Expected to be settled in the normal operating cycle
- Held primarily for the purpose of trading
- Due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as non-current.

2.4 Changes in accounting policies and disclosures

Following changes have been applied with effect from 1st January 2019:

- Jacktel has applied IFRS 16 Leases for the first time in 2019. The nature and effect of the changes as a result of adoption of the new accounting standard is described in section 2.12 and in note 19
- IFRIC Interpretation 23 Uncertainty over income tax treatment. The Interpretation has been applied without any impact on the financial statements or the disclosures
- Amendments to IFRS 9 Prepayment Features with Negative Compensation. The amendments have been applied without any impact on the financial statements or the disclosures
- Annual improvements 2015 – 2017 Cycle. Amendments to IFRS 3 Business Combinations, IFRS 11 Joint Arrangements, IAS 12 Income taxes and to IAS 23 Borrowing costs have been applied without any impact on the financial statements or the disclosures.

2.5 Presentation currency

Jacktel applies USD as reporting currency for its financial statements rounded to the nearest thousand unless otherwise indicated.

2.6 Revenue recognition

IFRS 15 requires identification of the performance obligations for the transfer of goods and services in each customer contract. Revenue can first be recognized upon satisfaction of performance. IFRS 15 was implemented with use of the modified retrospective approach with no practical expedients used. With exception for additional note disclosures and segregation of the service component and the lease component the new standard did not have any impact on the financial statements.

Jacktel is providing offshore accommodation services using the vessel "Haven". Revenue from contracts with customers is recognized when control of the services is transferred to the customer and at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those services. Disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in note 3.

Lease income from operating leases is recognized as income on a straight-line basis over the lease term, and other receivable for preparation to meet and fulfil the requirements of the specific contract, unless another systematic basis is more representative.

Interest income is recognized on an accrual basis and is included in financial items in the income statement.

2.7 Foreign currency

The financial statements are presented in USD, which is also the Company's functional currency.

The functional currency is set based on the criteria defined in IFRS, with revenue currency as the most important one. Revenue, major transactions and vessel valuation are denominated in USD. The Company evaluate functional currency on a regular basis, and it might be adjusted in case of material changes in the operation. Transactions in foreign currencies are translated into USD at the exchange rate applicable on the transaction date. Monetary items in other currencies are translated into USD using the exchange rate applicable on the balance sheet date. Non-monetary items that are measured at their historical cost expressed in a foreign currency are translated into USD using the exchange rate applicable on the transaction date. Non-monetary items that are measured at their fair value expressed in a foreign currency are translated into USD at the exchange rate applicable on the balance sheet date. Changes to exchange rates are recognized in the income statement as they occur during the accounting period.

The functional currency for each individual company in the group is evaluated based on the economic environment in which the entity operates.

2.8 Segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker who is responsible for allocating resources and assessing the performance of the operating segments. The chief operating decision maker has been identified as the Board of Directors and the Executive Management. The Company has only one operational segment, which is the operation of the accommodation vessel, “Haven”.

2.9 Borrowing costs

Borrowing costs directly attributable to acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs an entity incurs in connection with the borrowing of funds.

2.10 Income tax

Taxes in the income statement include taxes payable and changes to deferred tax. Deferred tax liabilities/tax assets are calculated based on the temporary differences between book and tax values that exist at the end of the period. Deferred tax assets are recognised to the extent that it is likely that the tax benefit can be utilised.

Deferred tax assets and liabilities are measured based on the expected future tax rates applicable, recognised at their nominal value and classified as non-current assets and long-term liabilities respectively. Taxes payable and deferred taxes are recognised directly to equity to the extent that they relate to equity transactions.

2.11 Property, plant and equipment

Property, plant and equipment are recognised at cost less accumulated depreciation and impairment losses. When assets are sold or disposed of, the carrying amount is derecognised and any gain or loss is recognised in the income statement. The cost of tangible non-current assets is the purchase price, including taxes/duties and costs directly linked to preparing the asset ready for its intended use. Tangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. An impairment loss is recognised by the excess value of the carrying value of the asset and the recoverable amount and is recognised in the income statement. The recoverable amount is the higher of the asset’s net selling price and its value in use. The value in use is determined by reference to the discounted future net cash flows expected to be generated by the asset. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount, however limited by the carrying value if no impairment loss had been recognised in prior years.

Depreciation is calculated using the straight-line method over the estimated economically useful life, taking residual values into consideration. Components with different economic useful life are depreciated on a straight-line basis, over the component useful life. The depreciation period and method are assessed every year. The hull is depreciated over 30 years from start of operation, other parts of the rig is depreciated over 10-25 years pending on type of equipment. Project specific upgrades are depreciated over the useful life of the contract. The residual value is subject to an assessment at each year-end, and changes are treated as a change of estimate.

Repair and maintenance costs are expensed in the period they are incurred. Costs related to major inspections/periodic surveys will be recognised in the carrying value of the units if certain recognition criteria are satisfied. The cost will be amortised over the period to the next inspection/survey.

2.12 Leases

Jacktel applied the modified retrospective approach when implementing IFRS 16. Prior period financial information is not restated.

For Jacktel as lessor, the accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. IFRS 16 does not have an impact for leases where Jacktel is the lessor.

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. The evaluation is based on the substance of the transaction rather than the form of the contract, and the determination is made when entering into the leasing agreement.

Lease contracts where Jacktel appears as lessee and the contracts are applicable to IFRS 16, are treated according to the standard. Right-of-use assets are measured based on the net present value. Corresponding lease liabilities are recognized as long-term interest-bearing debt. The right-of-use assets are depreciated on a straight-line basis over the lease period. The lease liabilities will be repaid over the lease period while the interest element is charged to the income statement on a monthly or quarterly basis.

2.11 IMPAIRMENT OF FINANCIAL ASSETS

Receivables are initially recognized at fair value which in general is the original invoice amount. For trade receivable and loans to subsidiaries the Group and the Company applies a simplified approach in calculation expected credit losses. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime expected credit losses at each reporting date, based on historical credit loss experience adjusted for forward looking factors specific to the debtors and the economic environment.

2.12 FINANCIAL LIABILITIES - BORROWINGS

Borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, borrowings and the related transaction costs are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognised in net profit or loss when the liabilities are de-recognised as well as through the amortization process. Borrowings containing prepayment options are evaluated to determine if these options are closely related to the cost instrument or are embedded derivatives. In assessing whether the option is closely related, the Company consider whether the exercise price is approximately equal to the amortized cost at each exercise date. Borrowings are considered "current" if they fall due within 12 months after the balance sheet date. Borrowings falling due later than 12 months after balance sheet date are considered "long term".

2.13 DE-RECOGNITION OF FINANCIAL ASSETS AND LIABILITIES

A financial asset is de-recognised when:

- the rights to receive cash flows from the asset have expired,
- the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement, or
- the Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2.14 CASH

Cash includes cash in hand and bank deposits. Restricted cash includes cash on retention account held in relation to bond loan and deposits related to office rental.

2.15 EQUITY

(a) Equity and liabilities

Financial instruments are classified as liabilities or equity in accordance with the underlying economic realities. Interest, dividend, gains and losses relating to a financial instrument classified as a liability are recognised in the income statement. Amounts distributed to holders of financial instruments that are classified as equity will be recognised directly in equity. Convertible bonds and similar instruments including a liability and/or an equity element are divided into two components when issued, and these are recognised separately as a liability or equity.

(b) Costs of equity transactions

Transaction costs directly related to an equity transaction are recognized directly to equity after deducting tax expenses.

2.16 PROVISIONS

A provision is recognised when the Company has a present obligation (legal or self-imposed) as a result of a previous event, it is probable (more likely than not) that a financial settlement will take place as a result of this obligation and the size of the amount can be measured reliably. Provisions are reviewed on each balance sheet date and their level reflects the best estimate of the liability.

2.17 EARNINGS PER SHARE

Basic earnings per share are calculated by dividing net profit / (loss) for the year by the weighted average number of shares outstanding in the relevant period. Diluted earnings per share are calculated based on the if-converted method; the profit/(loss) for the Company divided by the average number of outstanding shares weighted over the relevant period and the potential number of shares converted, if the criteria for conversion is fulfilled.

2.18 STANDARDS ISSUED BUT NOT YET EFFECTIVE

Following standards and amendments are issued, but not yet effective. None of these have been applied by Jacktel.

- *Amendments to IFRS 3 Definition of a Business*
  In October 2018, the IASB issued amendments to the definition of a business in IFRS 3 Business Combinations, to help entities determine whether an acquired set of activities and assets is a business or not.

  The Amendments are subject to approval by EU and are expected to be effective for annual periods beginning on or after 1st January 2020.

  The Company will adopt the amendments when they come into force. However, the amendments are not expected to have any impact on the financial statements.

- *Amendments to IAS 1 and IAS 8 Definition of Material*
  In October 2018, the IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of "material" across the standards and to clarify certain aspects of the definition.

  The amendments to the definition of "material" is not expected to have any impact on the financial statements. The amendments will be effective for annual periods beginning on or after 1st January 2020.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. Management bases its judgments and estimates on historical experience and on various other factors that are expected to be reasonable under the circumstances. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future. The key sources of judgement and estimation of uncertainty at the balance sheet date, that have a significant risk for causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Estimates and assumptions with significant impact on Jacktel's financial statements relate to depreciation and impairment assessment of the Company's assets. Management assess whether there are any indications of impairment for all non-financial assets at the reporting date. The vessel is tested for impairment when there are indications that the carrying values may not be recoverable. When value in use calculations are performed, management estimates the expected future cash flows from the assets or cash-generating unit and chooses a suitable discount rate in order to calculate the present value of those cash flows. These are based on management's evaluations, including estimates of future performance, revenue generating capacity of the assets, and assumptions of the future market conditions. Changes in circumstances and in management's evaluations and assumptions may give rise to impairment losses. See note 13 for details. The outbreak of the Corona virus and the significant decline in oil prices in the first quarter of 2020 will have adverse effect on the Group's operations and financial result this year, but the extent and duration of these conditions over the longer term remain largely uncertain and dependent on future developments that cannot be accurately predicted at this time. Both are considered non-adjusting event as national and international responses were put in place in 2020. See note 21 Subsequent events for additional information.

Estimates and assumptions may also have impact on the depreciation of fixed assets. The management determines the expected economic useful life of the assets based on the time of acquisition and subsequent refurbishments. For details regarding depreciation periods, reference is made to section 2.9.

Management also make judgment regarding capitalization of the deferred tax asset. Currently there are no convincing evidence, accordingly no deferred tax asset is recognized. Per 31 December 2019 the tax losses carried forward for the Company amounts to 198 MUSD.

Regarding the revenue from contracts with customers, Jacktel has applied the following judgements that significantly affect the determination of the amount and timing:

Jacktel has two ongoing contracts, one for use of the accommodation rig and one for catering services on the same rig. The contract for use of the rig consists of two elements; one for lease of the rig and one for services provided onboard. The compensation is also split between a capital element and an operating element. Services provided are compensated based on daily rates.

Management is accordingly able to determine the transaction price and allocate the price to the performance obligations. Services are invoiced and compensated based on when they are provided, and Management is also able to recognize the revenue when performance obligations are satisfied.

Variation orders issued by the customer during the year have recognized using the same principle. The variation orders have clearly described the performance obligations and the transaction price.

Modification work requested and financed by the customer has been capitalized as part of the upgrade project. The modification is contract specific and the cost will be amortized over the fixed contract period.

4. Income and Segment Information

The Company's only asset is the jack-up accommodation rig "Haven". It is therefore only one segment to report which is equal to the income statement. Operating revenue in 2019 relates to the contract with Equinor on the Johan Sverdrup oil field.

Specification of revenue

(1.000 USD)	**2019**	**2018**
Leasing element of Charter hire (IFRS 16)	102 954	60 725
Service element of Charter hire (IFRS 15)	20 425	13 487
Other Income (IFRS 15)	18 230	15 981
Total revenue	**141 609**	**90 193**

Other Income relates to reimbursable additional services to Equinor. Future minimum payments under non-cancellable operating leases contracted for at the reporting date, but not recognized as receivable amounts to 5.2 MUSD. The Johan Sverdrup Lay-up contract expires in April 2020, and currently the Company is actively marketing Haven for new projects.

5. Vessel Operation cost and Other Operating Expenses

(1.000 USD)	**2019**	**2018**
Insurance	1 042	608
Crew	11 496	7 459
Maintenace and spares	1 496	1 003
Other OPEX (incl technical Management Fee)	5 419	1 935
Reimbursable cost	10 250	7 101
Vessel operation	**29 703**	**18 106**
Consultancy fees and external personnel	115	201
Office and administrative costs	65	-690
Management agreement (see note 6 and 7)	3 449	3 160
Other operating costs	5	196
Total other operating expenses	**3 634**	**2 867**

Specification auditor's fee

(1.000 USD)	**2019**	**2018**
Statutory audit	46	48
Tax and other services	8	4
Total auditor's fee	**52**	**52**

Auditor's fee is presented without VAT. The fee is included in Other operating expenses.

6. Salary and personnel expense and management services

There are no employees in the Company and no remuneration was paid to the Board of Directors.

The management of the Company is performed through a management services agreement with the parent company Macro Offshore Management AS providing executive management and general administration, including finance, accounting, financial reporting as well as other general services.

7. Transactions with related parties

The Company defines related parties as anyone with control or joint control of the Company and subcontractors with direct influence in the company.

Jacktel AS has a management agreement with the parent company Macro Offshore Management AS for which they have paid 3.4 MUSD during 2019 (3.2 MUSD during 2018).

Transactions with related parties can be specified as follows.

(1000 USD)	**Year ended 31 December 2019**			
Parent Company	**Management Fee**	**Net interest**	**Shareholder loan**	**Net current receivables**
Macro Offshore Management AS	3 449	8 971	0	439

(1000 USD)	**Year ended 31 December 2018**			
Parent Company	**Management Fee**	**Net interest**	**Shareholder loan**	**Net current receivables**
Macro Offshore Management AS	3 161	33 555	183 119	-973

8. Financial income and expenses

(1.000 USD)	**2019**	**2018**
Financial income		
Interest income	338	334
Foreign exchange gains	3 335	12 383
Total financial income	**3 673**	**12 717**
Financial expenses		
Interest expenses	-26 404	-46 501
Foreign exchange losses	0	0
Other financial expenses	-1 846	-5 767
Total financial expenses	**-28 250**	**-52 268**

Interest expenses relate to interest on shareholder loans from Macro Offshore Management AS (9.0 MUSD), interest on bond loan (15.1 MUSD) and interest on DNB loan (2.3 MUSD). Other financial expenses mainly consist of amortized costs related to the bond loan.

Foreign exchange gains mainly relate to the loans and cash equivalents denominated in EUR.

9. INVESTMENTS AND OTHER FINANCIAL INSTRUMENTS

Classification of financial assets and liabilities:

	2019		2018	
(1.000 USD)	**Loans and receivables**	**Other financial liabilities**	**Loans and receivables**	**Other financial liabilities**
Financial assets				
Trade and other receivables	17 363	0	28 071	0
Cash and cash equivalents	18 512	0	25 944	0
Total financial assets	**35 875**	**0**	**54 014**	**0**
Financial liabilities				
Other long-term liabilities	0	147 623	0	146 880
Other short-term liabilities	0	1 250	0	282 061
Accounts payable	0	2 157	0	3 403
Other current liabilities	0	2 117	0	9 634
Total financial liabilities	**0**	**153 147**	**0**	**441 978**

10. NON-CURRENT LIABILITIES

31.12.2019

(1.000 USD) **Description**	**Lender**	**Nominal amount USD**	**Interest rate**	**Book value**
150 MUSD Bond Loan	Nordic Trustee ASA	150 000	10 %	147 507
Total Long-term interest-bearing debt		**150 000**		**147 507**

31.12.2018

(1.000 USD) **Description**	**Lender**	**Nominal amount USD**	**Interest rate**	**Book value**
150 MUSD Bond Loan	Nordic Trustee ASA	150 000	10 %	146 880
Total Long-term interest-bearing debt		**150 000**		**146 880**

Reconciliation of movements of liabilities to cash flows arising from financing activities:

2019 *(1.000 USD)*	**Interest- bearing debt**
Balance as of 1 January 2019	428 941
Converted to equity	-188 094
Changes from non-cash payments	-188 094
Interest paid	-17 433
Repayment	-100 000
Changes from cash payments	-117 433
Unrealized exchange gain	8 507
Accrued interest	17 433
Amortized borrowing costs	-1 847
Total other changes	24 093
Balance as of 31.12.2019	**147 507**

2018 *(1.000 USD)*	**Interest- bearing debt**
Balance as of 1 January 2018	420 188
Proceeds from borrowings	27 795
Changes from financing cash flow	27 795
Unrealized exchange loss	-18 016
Amortized borrowing costs	-1 026
Total liability related other changes	-19 042
Balance as of 31.12.2018	**428 941**

150 MUSD Bond loan

In December 2018 Jacktel AS issued a Bond agreement in the amount of 150 MUSD. The maturity date is 4 December 2023 and the loan holds a fixed interest of 10 % p.a, payable quarterly. The loan agreement holds a minimum cash covenant of at least 5 MUSD, or 5% of the outstanding bond and bank loans. The bond loan is listed on Nordic ABM. The bond loan is secured by mortgages on the vessel Haven. In March 2020, the Company initiated a process with its bondholders to propose certain changes to the terms, including inter alia, suspension of interest payments and a permanent waiver of the minimum liquidity covenant, see note 21 Subsequent events for additional information.

The maturity date of the 99.8 MEUR shareholder loan from Master Marine AS was 30 September 2019, and as of 31.12.2018 the loan was classified as short-term liabilities. In 2019 the shareholder loan plus accrued interest was converted to equity.

The 100 MUSD DNB loan was fully repaid in 2019 and was classified as short-term liabilities as of 31.12.18.

11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Risk Management Overview

The Company operates on an international basis with cash flows and financing in different currencies. The Company is therefore exposed to market risks related to fluctuations in exchange rates and interest rates. To reduce and manage the risks, the Company periodically reviews and assesses the financial market risks, including liquidity risk and credit risk. When risks are identified, appropriate action is taken to mitigate the risk. The outbreak of the Corona virus after balance sheet date, has increased the Company's risk exposure, see note 21 Subsequent events for additional information.

Operational Risk

Utilization of the accommodation vessel Haven is considered to be the largest operational risk, hence both owner and technical manager work closely together to maximize the utilization. OSM Offshore AS provides the crew and has the technical management of "Haven" including all HSE activity and risk management. Jacktel monitors the technical manager's performance on a regular basis to mitigate any operational risk.

The market remains quiet with few specific contract opportunities. A significantly reduced oil price together with the Corona virus pandemic has resulted in an uncertainty for the oil industry in the shorter term. In the longer-term the oil price is expected to increase again, and initiative to be taken to realize new projects. Even though management is positive, there is a significant risk in terms of utilization and rates after the contract with Equinor.

Currency Risk

The Company aim to minimize the currency risk by balancing, to the extent possible, the currencies of different types of assets and liabilities as well as balancing revenues against expenses. The refinancing of the bond loan in December 2018 significantly reduced the Company's exposure against EUR, and USD remain the key currency, regarding revenue, asset value and financing.

The Company may reduce the currency risk generated from operational cash flows by using derivatives. The Company entered into a derivative agreement in 2018 in relation to the refinancing of the EUR bond loan, to hedge against fluctuations in EUR exchange rates. The derivative agreement was settled in early December 2018. Jacktel has no derivative agreements as of 31.12.19.

	+/- USD/EUR	**Profit before tax** ***(1.000 USD)***	**Equity** ***(1.000 USD)***
2019	5%	0/0	0/-0
2018	5%	17 520/-17 520	0/-0

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The interest rate is fixed for the Bond loan.

Credit Risk

Credit risk is the risk that a counterparty will not be able to meet its obligations under a financial instrument or customer contract. The Company is exposed to credit risk from its operating activities, primarily trade receivables, and from its financing activities, including deposits with banks and financial institutions.

The Company is continuously monitoring the credit risk. The risk is however considered low since the customers are typically major oil companies with high credit ratings and operating in the North Sea.

As of 31.12.2019 there is no objective evidence indicating that the accounts receivable is impaired, and no impairment losses have been recognized in the income statement. The Company has no receivables exceeding due date. The vessel is currently not in operation and the credit risk is considered low.

Credit risk from balances with banks and financial institutions is managed in accordance with Company policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty.

Credit assessment of sub-contractors and suppliers is part of Jacktel's project evaluations and risk analysis.

Liquidity Risk

The liquidity risk is mainly related to potential loss of day rate due to down time on "Haven". The Company makes active use of a system for planning and forecasting to secure stable cash flow and liquidity sufficient to meet its obligations.

The table below summarizes the maturity profile of the Company's financial liabilities:

At 31.12.2019 *(1.000 USD)*	**Less than 3 months**	**3 to 12 months**	**1 to 2 years**	**2 to 3 years**	**Thereafter***	**Total**
Bond loan	3 750	11 250	15 000	15 000	165 000	**210 000**
Trade and other payables	4 274	0	0	0	0	**4 274**
Sum	8 024	11 250	15 000	15 000	165 000	**214 274**

At 31.12.2018 *(1.000 USD)*	**Less than 3 months**	**3 to 12 months**	**1 to 2 years**	**2 to 3 years**	**Thereafter***	**Total**
Bond loan	3 750	11 250	15 000	15 000	180 000	**225 000**
Bank loan	26 141	76 556	0	0	0	**102 697**
Parent company loans	0	184 217	0	0	0	**184 217**
Trade and other payables	6 862	0	0	0	0	**6 862**
Sum	36 753	272 023	15 000	15 000	180 000	**518 776**

*The maturity date is 4th December 2023.

Financial instrument or derivatives risk

The Company may use financial instruments and derivatives to manage its financial risks, including spot contracts for buying and selling currencies. Spot contracts are mainly used to sell EUR and USD and buy NOK to pay operating expenses. The Company has no swap or forward contracts as of 31.12.2019.

Financial assets and liabilities risk

Set out below is a comparison by category for carrying amounts and fair values of all of the Company's financial assets and liabilities that are carried in the financial statements. The estimated fair value amounts have been determined by management, using appropriate market information and valuation methodologies based on IFRS level 1-3 hierarchy. The carrying amount of cash and cash equivalents is a reasonable estimate of their fair value.

(1.000 USD)	31.12.2019				31.12.2018			
	Fair value measurement using:				Fair value measurement using:			
	Level 1	Level 2	Level 3	Carrying value	Level 1	Level 2	Level 3	Carrying value
Other current assets	0	0	17 363	17 363	0	0	28 071	28 071
Cash and cash equivalents	0	18 512	0	18 512	0	25 944	0	25 944
Total financial assets	**0**	**18 512**	**17 363**	**35 875**	**0**	**25 944**	**28 071**	**54 015**
Long term liabilities	0	0	116	116	0	0	0	0
Short term liabilities	0	0	1 250	1 250	0	0	282 061	282 061
Bond loan	147 507	0	0	147 507	146 880	0	0	146 880
Accounts payable	0	0	2 157	2 157	0	0	3 403	3 403
Prepayments customer	0	0	0	0	0	0	6 175	6 175
Other current liabilities	0	0	2 117	2 117	0	0	3 459	3 459
Total financial liabilities	**147 507**	**0**	**5 640**	**153 147**	**146 880**	**0**	**295 098**	**441 978**

Jacktel issued a new 150 MUSD bond loan in December 2018 that is listed on the Nordic ABM exchange and the fair value is based on prices per December 2019. The carrying amount of cash and cash equivalents, other current assets and liabilities and prepayments is a reasonable estimate of their fair value. Fair value of long-term liabilities is based on amortized cost.

Capital management

The primary objective of the capital management is to ensure that the Company maintains a satisfactorily capital structure in line with the risk of the business. The capital is defined as the total of shareholder’s equity and long-term debt. The capital structure is monitored on a regular basis based on selected indicators.

The Company manages its excess liquidity from loan and equity with low risk placements. All financial capital is currently placed on deposits with first class banks with investment grade rating in Norway

12. INCOME TAX

(1.000 USD)	**2019**	**2018**
Tax payable	0	0
Changes in deferred tax	0	0
Income tax expense	**0**	**0**
Tax payable for the year	0	0
Correction of previous years current income taxes	0	0
Total tax payable	**0**	**0**

Reconciliation of the effective tax rate and nominal tax rate applicable to Jacktel AS:

(1.000 USD)	**2019**	**2018**
Pre-tax profit/(loss)	**19 340**	**-16 401**
Expected income taxes according to income tax rate of 22 %	4 255	-3 772
Currency effect	0	0
Changes in deferred tax asset not recognized in the balance sheet	-4 255	3 772
Income tax expense	**0**	**0**

Deferred tax and deferred tax assets:

(1.000 USD)	**2019**	**2018**
Deferred tax assets		
Long term liabilities at amortized cost	-63	-901
Vessels, plant and equipment	17 482	31 987
Tax losses carried forward (unlimited)	47 742	35 158
Non-deductible interest expenses carried forward*	26 088	25 522
Net unrecognized deferred tax asset	**91 249**	**91 766**

** Interest expenses paid to related parties is deductible for tax purposes only to a certain extend. Non-deductible interest expenses could be carried forward for 10 years. As of 31 December 2019, Jacktel has an unrecognized tax asset of 26.0 MUSD related to non-deductible interest which can be carried forward.*

13. NON-CURRENT ASSETS

Vessels, plant and equipment

Depreciation is based on the economic life of the asset using a straight-line depreciation method. As of the balance sheet date, the Company's main asset was the accommodation vessel Haven.

	2019		**2018**	
(1.000 USD)	Vessel	Total	Vessel	Total
Accumulated cost 1 January	723 516	723 516	603 752	603 752
Disposals	0	0	0	0
Additions	986	986	119 764	119 764
Accumulated cost 31 December	**724 502**	**724 502**	**723 516**	**723 516**
Accumulated depreciation 1 January	-351 878	-351 878	-305 809	-305 809
Depreciation	-64 355	-64 355	-46 069	-46 069
Impairment	0	0	0	0
Accumulated depreciation and impairment 31 December	**-416 233**	**-416 233**	**-351 878**	**-351 878**
Currency translation				
Carrying value 31 December	**308 269**	**308 269**	**371 638**	**371 638**

Impairment

At each reporting date, an assessment in accordance with IAS 36.9 is carried out whether internal or external information indicates a potential fall in the value of non-current assets. Due to the current market outlook and the uncertainty regarding future contracts, management has carried out an impairment assessment for "Haven".

Value of "Haven" accommodation unit

The assessment concluded that no impairment is required. External broker evaluations obtained as of 31 December 2019, and the implied valuation of Haven in the formation of the Crossway – Macro Offshore Group completed in December 2019 supported the conclusion.

The book value of "Haven" amounts to 308.3 MUSD as of 31st December 2019.

The impairment assessment is based on the following assumptions:

- Pre-tax discount rate: 11.88 %
- Day rates 130,000 USD for the first 4 years, then 210,000 USD
- Utilization 88 %

Given changes in the above stated assumptions, the impact on the financial statement would be:

- Pre-tax discount rate (percentage points): +1 % Impairment of approximately 20 MUSD required
- Rates at the end of contract period: -10 % Impairment of approximately 8 MUSD required
- Utilization (percentage points): -3 % Impairment of approximately 8 MUSD required

Thus far in 2020, the Corona virus and the decline in the oil price has heavily impacted the rig market and the ability to secure a new contract on Haven in a short-term perspective. Since national and global restrictions were put in place in 2020, this is considered a non-adjusting event (see note 21 Subsequent events), and assumptions applied in the impairment test is not updated to reflect these matters.

14. Other current assets

(1.000 USD)	**2019**	**2018**
Trade debtors	15 807	25 772
Pre-paid expenses	592	15
Other current assets	272	1 595
VAT refund	692	689
Total other current assets	**17 363**	**28 070**

15. CASH

(1.000 USD)	**2019**	**2018**
Cash and bank deposits	17 224	24 893
Restricted cash	1 288	1 051
Cash and cash equivalents in the balance sheet	**18 512**	**25 944**

Restricted cash relates to deposits for interest on the Bond Loan.

16. Earnings per share

The basic earnings per share are calculated as the ratio of the profit (loss) for the year attributable to shareholders divided by the weighted average number of ordinary shares outstanding during the financial year.

	2019	**2018**
Average number of shares outstanding	50 000 000	50 000 000
Effect of dilutive potential ordinary shares:		
Diluted average number of shares outstanding	50 000 000	50 000 000
Profit/(loss) for the year	**19 340**	**-16 401**

Earnings per share:	**2019**	**2018**
- Basic	0,39	-0,33
- Diluted	0,39	-0,33

17. Share capital and shareholder information

Number of shares:

	2019	**2018**
Ordinary shares		
At 1 January	50 000 000	50 000 000
At 31 December	**50 000 000**	**50 000 000**

All shares are owned by Macro Offshore Management AS. The nominal value per share is NOK 3.02.

For calculation of earnings per share and diluted earnings per share reference is made to Note 16

18. OTHER CURRENT LIABILITIES

(1.000 USD)	**2019**	**2018**
Trade accounts payables	2 157	3 403
Prepayments from customer	0	6 175
Short-term interest-bearing debt	0	282 061
Other current liabilities	3 367	3 459
Total	**5 524**	**295 098**

Other current liabilities as of 31.12.19 consist of accrued interest and provision for cost incurred, but not paid.

Short-term interest-bearing debt as of 31.12.18 consisted of:

(1.000 USD) **Description**	**Lender**	**Nominal amount EUR**	**Nominal amount USD**	**Interest rate**	**Book value**
99.8 MEUR Term loan facility	Macro Offshore Management AS	99 830	119 726	12 %	183 119
100 MUSD Bank Loan (Jacktel AS)	DNB Bank ASA	N/A	100 000	Libor + 2.5 %	98 942
Total short-term interest-bearing debt		**99 830**	**204 340**		**282 061**

The shareholder loan has been converted to equity in 2019 while the DNB loan has been fully repaid.

Pre-payments from customer related to reimbursable costs paid by Equinor of which the income will be recurred during the contract period.

19. RIGTH-TO-USE ASSETS

Jacktel as a lessee

The only contract applicable to IFRS 16 is Jacktel's lease contract for use of the office premises in Skogstøstraen, Stavanger. The contract expires April 2022 and the yearly lease payment amounts to NOK 416 000. Jacktel has applied the modified retrospective approach effective from 1st January 2019 when implementing IFRS 16. Prior period financial information is not restated.

Net present value of the lease contract as of 1st January 2019 was USD 158 000. The value will be depreciated on a straight-line basis over the lease period.

(1.000 USD)	**Right-to-use assets**
At implementation 1st January 2019	158
Depreciation expense 2019	-46
As of 31st December, 2019	**112**

(1.000 USD)	**Lease Liabilities**
At implementation 1st January 2019	158
Paid 2019	-42
As of 31st December, 2019	**116**

Jacktel as a lessor

Jacktel's only asset is the accommodation rig Haven. Haven has during 2019 been engaged on a contract with Equinor for accommodation services on the Johan Sverdrup field. The services were compensated based on a fixed daily rate. After completing the main contract, Jacktel entered into a lay-up contract with Equinor securing daily rates until 15th April 2020.

Implementing IFRS 16 did not result in any changes in the accounts for Jacktel as a lessor.

20. LEGAL DISPUTES

The Company has currently no significant legal disputes.

21. EVENTS AFTER THE BALANCE SHEET DATE

Following the market turbulence, including significant drop in oil price in March 2020, the expiry of the current contract in April 2020 and the uncertainty about the effect of the Corona pandemic there are currently few realistic prospects for utilization of Haven in the shorter term. Further most players in the accommodation market have a low order back log. With few known prospects in the market, the Board expects the competition for new contracts to be fierce. This could lead to an even higher downward pressure on day rates, earnings, asset price decline and increased financing cost. The Company has in March approached the current bondholders in its 150 MUSD senior secured bond issue (with expiry in December 2023) 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. As of April 23rd, no agreement with bondholders has been reached.

The rational 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.

Building a better working world

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INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Jacktel AS

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Jacktel AS, which comprise the balance sheet as at 31 December 2019, the statements of profit and loss, comprehensive income, cash flows and changes in equity for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements have been prepared in accordance with laws and regulations and present fairly, in all material respects, the financial position of the Company as at 31 December 2019 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Basis for opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's *responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Norway, and we have fulfilled our ethical responsibilities as required by law and regulations. We have also complied with our other ethical obligations in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter related to market uncertainty and commenced process to propose amendment in bond terms

We draw attention to Note 21 and in the Board of Director's report that following the market turbulence (drop in oil price and covid-19) and the expiry of Haven's rig contract in April 2020, the Company has commenced a process to propose amendments in the terms of the bond loan to avoid covenant breach in Q1-2021. Our opinion is not modified in respect of this matter.

Other information

Other information consists of the information included in the Company's annual report other than the financial statements and our auditor's report thereon. The Board of Directors and Chief Executive Officer (management) are responsible for the other information. Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of the auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with law, regulations and generally accepted auditing principles in Norway, including ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on other legal and regulatory requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report concerning the financial statements, the going concern assumption, and proposal for the allocation of the result, is consistent with the financial statements and complies with the law and regulations.

Opinion on registration and documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, *Assurance Engagements Other than* Audits *or Reviews of Historical Financial Information*, it is our opinion that management has fulfilled its duty to ensure that the Company's accounting information is properly recorded and documented as required by law and bookkeeping standards and practices accepted in Norway.

Oslo, 24 April 2020
ERNST & YOUNG AS

The auditor's report is signed electronically

Jon-Michael Grefsrød
State Authorised Public Accountant (Norway)

Signaturene i dette dokumentet er juridisk bindende. Dokument signert med "Penneo™ - sikker digital signatur".
De signerende parter sin identitet er registrert, og er listet nedenfor.

"Med min signatur bekrefter jeg alle datoer og innholdet i dette dokument."

Jon-Michael Grefsrød
Statsautorisert revisor
På vegne av: Ernst & Young AS
Serienummer: 9578-5992-4-3016511
IP: 46.46.xxx.xxx
2020-04-24 09:26:17Z

Penneo Dokumentnøkkel: LPFTZ-6E88Y-42DP3-6HWLU-S2XEE-EYIN3

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