ANNUAL REPORT 2020

JACKTEL

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JACKTEL AS

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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.

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 **28th April 2021**.

Finance (2019 figures in brackets)

Financial results
Operating revenue for 2020 was 8.9 MUSD (141.6 MUSD). The Johan Sverdrup contract ended in April 2020 and Haven has been in lay-up at Hanøytangen since. Operating expenses were 158.9 MUSD (97.7 MUSD), of which 9.1 MUSD (29.7 MUSD) relates to vessel OPEX and 2.6 MUSD (3.5 MUSD) mainly relates to management services paid to Jacktel's parent company, Macro Offshore Management AS. This resulted in an EBITDA of -2.7 MUSD (108.3 MUSD). After deducting depreciation and impairment of 147.2 MUSD (64.3 MUSD), operating loss for the year amounted to 150.0 MUSD (profit of 43.9 MUSD).

Net financial items equaled 16.0 MUSD (24.6 MUSD) of which 15.0 MUSD (26.4MUSD) relates to interest expenses.

The Statement of Financial position reflects the book value of the accommodation rig Haven amounting to 162.8 MUSD. Other current assets include accounts receivables of 2.4 MUSD. Non-current liabilities include a Bond loan net of transaction costs of 148.1 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. Due to the prevailing situation in 2020 with the COVID-19 pandemic and the significant turmoil in the oil price heavily impacting O&G companies spending, the Company has performed quarterly impairment test resulting in 132.6 MUSD in impairment on Haven (Q1 109.1 MUSD and Q4 23.5 MUSD) The impairment test is based on estimated future charter rates and utilisation and is also supported by external broker valuations (charter free). Based on this, the Board of Directors considers the remaining book value of Haven to be approximately equal to fair value. For further details, reference is made to note 13.

The equity ratio at year-end 2020 is 14.22% (55.5%). The decreased equity ratio compared to last year is due to the loss for the year, mainly related to the impairment of Haven. For further comments, reference is made to the Going Concern section.

Net loss for 2020 equaled 166.0 MUSD (Profit of 19.3 MUSD). The Board of Directors proposes to transfer the loss to retained losses.

Cash flow and liquidity
Operational cash flow in 2020 was 9.2 MUSD (110.7 MUSD). Cash flow from investments was -1.8 MUSD, (-0.7 MUSD) and cash flow from financing was -16.0 MUSD (-117.4 MUSD) mainly relating to interest paid on interest

bearing debt. This resulted in a net decrease in cash and cash equivalents in 2020 of -8.5 MUSD (-7.4 MUSD). As of year-end 2020, the Company had overall cash reserves of 10 MUSD (18.5 MUSD).

Alternative Performance Measures

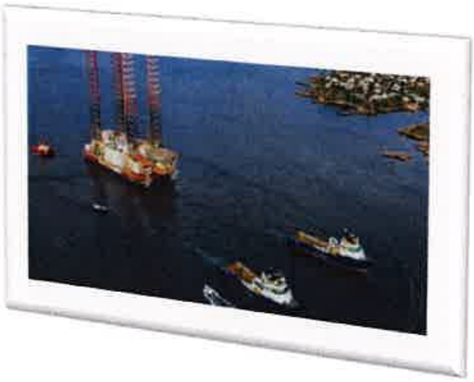
The European Securities and Markets Authority issued guidelines on Alternative Performance Measures (APMs) that came into force on 3 July 2016. The Company has defined and explained the purpose of the following APMs:

- 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. The exposure against DKK is relevant as Haven will enter the Danish sector in August 2021, with revenue in USD and crew expenses in DKK.

Haven will commence on a new contract with Total Q3 2021. 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 provided the crew and had the technical management of "Haven" including all HSE activity and risk management until June 2020. From July 2020 Macro Offshore Crew AS provided the crew and Macro Offshore Management AS performs technical management including all HSE activity and risk management.

Future changes in day rates and utilization may impact the valuation of the rig.

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 mobilisation of Haven for Tyra field in August 2021.

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 are achieved through an active and close cooperation between management and the employees. "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 2.6 % compared to 4.4 % in 2019.

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 also ensures 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 postponed operations in 2020, however at the start of 2021 it is a growing optimism and activity in the industry.

Oil prices have increased from a low point after the outbreak of Covid-19. 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 as well as the Danish shelf are planned to be electrified with power from shore. This should again positively impact the demand for Jack Ups which are able 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 2020, Jacktel AS has a net equity of 25.1 MUSD (191.1 MUSD). The net loss for 2020 is 166.0 MUSD (profit of 19.3 MUSD).

Following the Covid-19 pandemic and the market turbulence, including the significant drop in oil price in March 2020, followed by the expiry of the Sverdrup contract in April 2020, the Company has continuously been in dialogue with the bondholders in the 150 MUSD senior secured bond. In March 2021 a temporary stand-still agreement with the bondholders were entered into, including inter alia deferral of interest payments until December 2021 (added to the nominal amount) and a permanent waiver of the minimum liquidity covenant. Throughout 2020 and so far in 2021 the Company has not breached its covenants.

The Company entered into a contract with Total in March 2021. The term of the contract is 20 months for use of Haven on the Danish continental shelf. Following an upgrade of Haven, the contract will commence in Q3 2021. The upgrade is financed through a super senior secured loan of 10 MUSD which has been approved through a written resolution. The new contract entered into in a challenging market demonstrates Haven's competitive advantage as a result of its size and operational capabilities in highly regulated areas of the oil & Gas business.

Since September 2020, the Macro Offshore Group have qualified for the Norwegian COVID-19 compensation scheme, which also have improved the group's liquidity situation. Even though Jacktel AS do not qualify for the scheme on a stand-alone basis, parts of the grants have been allocated to Jacktel and has strengthened the company's financial position.

With commencement of the Total contract in Q3 2021, the cash balance of the Company is in a good position to both serve its liabilities throughout 2021 as well as reaching an agreement with the bondholders prior to expiry of the standstill agreement in December. However, the Company expects that the ongoing discussions with the bondholders will result in conversion (partly or full) of the bond loan to an equity or equity-like instrument.

Although uncertainties exist in relation to reaching a final agreement with the bondholders and the implied going concern assumption, the Company believes that the contract entered into with Total, the standstill agreement entered into with bondholders as well as the availability of the super senior loan provides a solid basis for the going concern assumption. It is however probable that current equity owners will be substantially diluted through a likely conversion of debt to an equity like instrument.

Based on the above, 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.

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 2020 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, 28th April 2021

Thomas Mejdell
Board member

David Zakutansky
David Zakutansky
Board member

Bjørn Eie Henriksen
Chairman/CEO

FINANCIAL STATEMENTS 2020

STATEMENT OF PROFIT AND LOSS

1 January – 31 December

(USD 1.000)	Notes	2020	2019
Revenue	4	8 894	141 609
TOTAL OPERATING REVENUE		**8 894**	**141 609**
OPERATING EXPENSES			
Salary and personnel costs	6	0	0
Vessel operation cost	5	-9 085	-29 703
Other operating expenses	5	-2 560	-3 634
Depreciation and impairment	13	-147 219	-64 355
TOTAL OPERATING EXPENSES		**-158 874**	**-97 692**
OPERATING PROFIT / (LOSS)		**-149 980**	**43 917**
FINANCIAL INCOME AND EXPENSES			
Interest income	8	60	338
Currency profit/loss	8	-363	3 335
Interest expenses	8	-15 677	-28 250
NET FINANCIAL ITEMS		**-15 980**	**-24 577**
PROFIT/(LOSS) BEFORE TAX		**-165 961**	**19 340**
Income tax expense (benefit)	12	**0**	**0**
NET PROFIT (LOSS)		**-165 961**	**19 340**

STATEMENT OF COMPREHENSIVE INCOME

(USD 1.000)		
Net profit/(loss) this period	-165 961	19 340
Other comprehensive income	0	0
COMPREHENSIVE INCOME	**-165 961**	**19 340**
Earnings per share:		
- Basic	-3,32	0,39
- Diluted	-3,32	0,39

STATEMENT OF FINANCIAL POSITION

(In USD 1.000)	Notes	**31.12.2020**	**31.12.2019**
ASSETS			
Non-current assets:			
Vessels, plant and equipment	13	162 844	308 269
Right-of-use assets	19	0	112
Total non-current assets		**162 844**	**308 381**
Current assets:			
Trade receivables	9/14	893	15 807
Other receivables	9/14	3 141	1 556
Cash and cash equivalents	9/15	9 970	18 512
Total current assets		**14 004**	**35 875**
TOTAL ASSETS		**176 847**	**344 256**
EQUITY AND LIABILITIES			
Equity:			
Issued capital	17	19 740	19 740
Share premium	17	182 793	182 793
Retained earnings (losses)	17	-177 385	-11 424
Total capital		**25 148**	**191 109**
Total equity		**25 148**	**191 109**
Non-current liabilities:			
Long-term interest-bearing loan	9,10	148 142	147 507
Other non-current interest-bearing liabilities	19	0	116
Total non-current liabilities		**148 142**	**147 623**
Current liabilities:			
Accounts payable	18	899	2 157
Short-term interest-bearing debt	7/18	1 250	1 250
Other current liabilities	18	1 408	2 117
Total current liabilities		**3 557**	**5 524**
Total liabilities		**151 699**	**153 147**
TOTAL EQUITY AND LIABILITIES		**176 847**	**344 256**

Stavanger, 28th April 2021

Thomas Mejdell
Board member

Bjørn Eie Henriksen
Chairman/CEO

David Zakutansky
Board member

STATEMENT OF CHANGES IN EQUITY

(In USD 1.000)	**Share Capital**	**Share-premium**	**Retained losses**	**OCI reserve**	**Total equity**
Equity as at January 1, 2019	**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**
Net profit (loss)	0	0	-165 961	0	-165 961
Other comprehensive income	0	0	0	0	0
Share issue (Note 10)	0	0	0	0	0
Equity as at December 2020	**19 740**	**182 793**	**-177 385**	**0**	**25 148**

Cash Flow Statement

(In USD 1.000)	*Note*	**Year ended December 31, 2020**	**Year ended December 31, 2019**
Cash flow from operating activities:			
Profit (loss) before tax		-165 961	19 340
Adjustment to reconcile profit (loss) after tax to net cash flows:			
Non-cash items:			
Other income amortized		0	-6 175
Depreciation	13	14 570	64 355
Impairement	13	132 650	0
Financial income	8	-60	-3 673
Financial expenses	8 /10	16 041	28 250
Working capital adjustments:			
Increase (-)/decrease in trade and other receivables		12 473	10 708
Increase/decrease (-) in trade and other payables		480	-2 156
Net cash flow from operating activities		**9 232**	**110 649**
Cash flow from investing activities:			
Interest received	8	0	338
Acquisition of fixed assets	13	-1 794	0
Rig upgrade	13	0	-986
Net cash flow from investing activities		**-1 794**	**-648**
Cash flow from financing activities:			
Interest paid	8/10	-15 000	-17 433
Customer prepayments	10	0	0
Finance expense	8	-980	0
Proceeds/(repayment) of interest-bearing debt	10	0	-100 000
Net cash flow from financing activities		**-15 980**	**-117 433**
Net increase/(decrease) in cash and cash equivalents		**-8 542**	-7 432
Cash at beginning of period		18 512	25 944
Cash at end of period		**9 970**	**18 512**

NOTES TO FINANCIAL STATEMENTS 2020

1. GENERAL INFORMATION

Jacktel AS ("Company") is a private limited company incorporated in Norway and 100% owned of Macro Offshore Management AS. Macro Offshore Management AS is a 100% owned subsidiary of Macro Offshore AS. Macro Offshore AS is a subsidiary of Macro Offshore Ltd. Nordic Capital is the majority shareholder of Macro Offshore Ltd through Mama Holdco AS and Paragon Outcomes is a significant minority shareholder. 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 28th April 2021.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 STATEMENT OF COMPLIANCE

The financial statements of Jacktel for 2020 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. With commencement of the Total contract in Q3 2021, the cash balance of the Company is in a good position to both serve its liabilities throughout 2021 as well as reaching an agreement with the bondholders prior to expiry of the standstill agreement in December. However, the Company expects that the ongoing discussions with the bondholders will result in conversion (partly or full) of the bond loan to an equity or equity-like instrument. For further details, reference is made to going concern in report of directors.

2.3 GOVERNANT GRANTS

Norwegian tax authorities established a compensation scheme for companies affected by the COVID-19 pandemic in 2020, which compensates parts of a company's unavoidable fixed costs. To be qualified for grants, the company or group must document a decrease of revenue in excess of 30%. The Macro Offshore group qualified for grants in the period September-December.

Grants are recognised as revenue in the income statement.

2.4 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.

2.5 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. 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. Time charter revenue is fixed based on a contractual rate of hire. The Company's time charter contract revenues are separated into a lease element accounted for in accordance with IFRS 16 and a service element in accordance with IFRS 15. The service element from the Company's time charter contracts are recognized over time, as the performance obligation is satisfied over time. The customer receives and consumes the benefits as the Company performs its obligation. Revenue from goods and services are recognized in the period the goods or services are transferred to the customer. Operating expenses related to time charters are expenses of the charterer. 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.

Grants received by the Norwegian tax authorities as a result of the COVID-pandemic is recognized as revenue 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
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.

2.13 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 life time 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.

2.14 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".

2.15 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.

2.16 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.

2.17 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.

2.17 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.

2.18 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.

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 resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year. 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. Future utilization of Haven as well as charter hire after the completion of the Total contract can significantly impact the valuation of Haven. See note 13 for details. The prolonged outbreak of the Corona virus can have adverse effect on the Group's operations and financial result, 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.

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 2020 the tax losses carried forward for the Company amounts to 296 MUSD.

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

When commencing the charter contract in Q3 2021Jacktel will have 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. 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 2020 and 2019 relates to the contract with Equinor on the Johan Sverdrup oil field.

Specification of revenue

(1.000 USD)	**2020**	**2019**
Leasing element of Charter hire (IFRS 16)	5 334	102 954
Service element of Charter hire (IFRS 15)	0	20 425
Other Income (IFRS 15)	3 560	18 230
Total revenue	**8 894**	**141 609**

Other income relates to grants and reimbursable income. Grants are approved by the Norwegian tax authorities for financial support to cover fixed cost and loss of income as an effect of the COVID pandemic Reimbursable income relates to additional services to Equinor.

5. Vessel Operation cost and Other Operating Expenses

(1.000 USD)	2020	2019
Insurance	538	1 042
Crew	3 895	11 496
Maintenace and spares	371	1 496
Other OPEX (incl technical Management Fee)	2 251	5 419
Reimbursable cost	2 030	10 250
Vessel operation	**9 085**	**29 703**
Consultancy fees and external personnel	279	115
Office and administrative costs	20	65
Management agreement (see note 6 and 7)	2 261	3 449
Other operating costs	0	5
Total other operating expenses	**2 561**	**3 634**

Specification auditor's fee

(1.000 USD)	2020	2019
Statutory audit	36	46
Tax and other services	3	8
Total auditor's fee	**39**	**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 crewing services and technical management including all HSE activity and risk management.

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 2.3 MUSD during 2020 (3.4 MUSD during 2019). Macro Offshore Crew AS has been providing the crew for Haven from June 2020.

Transactions with related parties can be specified as follows.

(1000 USD)	Year ended 31 December 2020			
Parent Company	**Fee**	**Net interest**	**Shareholder loan**	**Net current receivables**
Macro Offshore Management AS	2 261	0	0	467
Macro Offshore Crew AS	884	0	0	0

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

8. FINANCIAL INCOME AND EXPENSES

(1.000 USD)	**2020**	**2019**
Financial income		
Interest income	60	338
Currency profit	0	3 335
Total financial income	**60**	**3 673**
Financial expenses		
Interest expenses	-15 000	-26 404
Currency loss	-363	0
Other financial expenses	-677	-1 846
Total financial expenses	**-16 040**	**-28 250**

Interest expenses relate to interest on bond loan 15.0 MUSD (15.0 MUSD). Other financial expenses mainly consists of amortized costs related to the bond loan.

Foreign exchange gains mainly relate to operational costs in NOK.

9. Investments and other financial instruments

Classification of financial assets and liabilities:

(1.000 USD)	2020 Loans and receivables	2020 Other financial liabilities	2019 Loans and receivables	2019 Other financial liabilities
Financial assets				
Trade and other receivables	4 034	0	17 363	0
Cash and cash equivalents	9 970	0	18 512	0
Total financial assets	**14 004**	**0**	**35 875**	**0**
Financial liabilities				
Other long-term liabilities	0	148 142	0	147 623
Other short-term liabilities	0	1 250	0	1 250
Accounts payable	0	899	0	2 157
Other current liabilities	0	1 408	0	2 117
Total financial liabilities	**0**	**151 699**	**0**	**153 147**

10. Non-current liabilities

31.12.2020

(1.000 USD) **Description**	**Lender**	**Nominal amount USD**	**Interest rate**	**Book value**
150 MUSD Bond Loan	Nordic Trustee ASA	150 000	10 %	148 142
Total Long-term interest-bearing debt				

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**

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

2020 *(1.000 USD)*	**Interest- bearing debt**
Balance as of 1 January 2020	147 507
Converted to equity	0
Changes from non-cash payments	0
Interest paid	-15 000
Repayment	0
Changes from cash payments	-15 000
Unrealized exchange gain	0
Accrued interest	15 000
Amortized borrowing costs	-635
Total other changes	14 365
Balance as of 31.12.2020	**148 142**

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**

150 MUSD Bond loan

In December 2018 Jacktel AS issued a Bond agreement in the amount of 150 MUSD. The maturity date is 4th 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. Following the Covid-19 pandemic and the market turbulence, including the significant drop in oil price in March 2020, followed by the expiry of the Sverdrup contract in April 2020, the Company has continuously been in dialogue with the bondholders in the 150 MUSD senior secured bond. Throughout 2020 the Company was not in breach with any covenants. In March 2021 a temporary stand-still agreement with the bondholders were entered into, including inter alia deferral of interest payments until December 2021 (added to the nominal amount) and a permanent waiver of the minimum liquidity covenant. The Company entered into a contract with Total in March 2021. The term of the contract is 20 months for use of Haven on the Danish continental shelf. Following an upgrade of Haven, the contract will commence in Q3 2021. The upgrade is financed through a super senior secured loan of 10 MUSD issued in April 2021. The super senior bond loan holds a fixed interest of 10 % p.a payable quarterly. The bond loan is repayable in 5 quarterly instalments of 1 MUSD from September 2022 and remaining 5 MUSD is repayable at maturity date 4th December 2023. See note 2.2 Going concern for additional information.

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. Due to the Covid-19 outbreak, which among other also resulted in increased volatility in exchange rates and availability on additional funding. 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.

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 provided the crew and had the technical management of "Haven" including all HSE activity and risk management until June 2020. From July_2020 Macro Offshore Crew AS provided the crew and Macro Offshore Management AS have provided technical management services including all HSE activity and risk management.

Haven will commence a 20-month contract with Total in August 2021, with options for extension.

It is a growing activity in the market after the oil price collapse due to Corona virus in 2020. The oil prices are expected to remain at current levels in the long term and initiative to be taken for new projects to be realised. The Board is of the impression the market will continue to improve and realise projects in the future.

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.

Haven will enter Danish sector in Q3 2021 and until then be laid up and upgraded in Norway. As a result the company will be exposed for both DKK and NOK.

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 for the 150 MUSD bond loan as well as the 10 MUSD super senior bond loan issued subsequent to the balance sheet date carry a fixed 10 % p.a interest.

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 31.12.2020 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. Due to the fact that Haven have been without employment since April 2020, the liquidity situation has been challenging, see note 2.2, 10 and 20 subsequent events.

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

At 31.12.2020 *(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	163 750	0	**193 750**
Trade and other payables	2 307	0	0	0	0	**2 307**
Sum	6 057	11 250	15 000	163 750	0	**196 057**

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**

*The maturity date is 4th December 2023. ** For further information see note 10.

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 USD and buy NOK to pay operating expenses. The Company has no swap or forward contracts as of 31.12.2020.

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)	31.12.2020 Fair value measurement using: Level 1	Level 2	Level 3	Carrying value	31.12.2019 Fair value measurement using: Level 1	Level 2	Level 3	Carrying value
Other current assets	0	0	4 034	4 034	0	0	17 363	17 363
Cash and cash equivalents	9 970	0	0	9 970	18 512	0	0	18 512
Total financial assets	**9 970**	**0**	**4 034**	**14 004**	**18 512**	**0**	**17 363**	**35 875**
Long term liabilities	0	0	0	0	0	0	116	116
Short term liabilities	0	0	1 250	1250	0	0	1 250	1 250
Bond loan	148 142	0	0	148 142	147 507	0	0	147 507
Accounts payable	0	0	899	899	0	0	2 157	32 157
Prepayments customer	0	0	0	0	0	0	0	0
Other current liabilities	0	0	1 408	1 408	0	0	2 117	2 117
Total financial liabilities	**148 142**	**0**	**3 557**	**151 699**	**147 507**	**0**	**5 640**	**153 147**

Jacktel issued a 150 MUSD bond loan in December 2018 that is listed on the Nordic ABM exchange. Due to the low liquidity in the trade of the bond the fair value has been assessed at loan payable less amortised costs. The last trade of the bond was conducted at 20% of par value implying a value of 30 MUSD as of 31 December 2020. 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. With reference to the going concern section and the ongoing discussions with the bondholders, the Company expect going forward that the capital structure will be satisfactory.

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)	2020	2019
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)	2020	2019
Pre-tax profit/(loss)	**-165 961**	**19 340**
Expected income taxes according to income tax rate of 22 %	-36 511	4 255
Currency effect	0	0
Changes in deferred tax asset not recognized in the balance sheet	36 511	-4 255
Income tax expense	**0**	**0**

Deferred tax and deferred tax assets:

(1.000 USD)	2020	2019
Deferred tax assets		
Long term liabilities at amortized cost	-409	-63
Vessels, plant and equipment	35 869	17 482
Tax losses carried forward (unlimited)	61 576	47 742
Non-deductible interest expenses carried forward*	24 865	26 088
Net unrecognized deferred tax asset	**121 901**	**91 249**

** 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 2020, Jacktel has an unrecognized tax asset of 24.9 MUSD (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. The Company has performed quarterly impairment test resulting in 132.6 MUSD in impairment on Haven (Q1 109.1 MUSD and Q4 23.5 MUSD). As of the balance sheet date, the Company's main asset was the accommodation vessel Haven.

	2020		2019	
(1.000 USD)	Vessel	Total	Vessel	Total
Accumulated cost 1 January	724 502	724 502	723 516	723 516
Disposals	0	0	0	0
Additions	1 794	1 794	986	986
Accumulated cost 31 December	**726 296**	**729 296**	**724 502**	**724 502**
Accumulated depreciation 1 January	-416 233	-416 233	-351 878	-351 878
Depreciation	-14 570	-14 570	-64 355	-64 355
Impairment	-132 649	-132 649	0	0
Accumulated depreciation and impairment 31 December	**-563 452**	**-563 452**	**-416 233**	**-416 233**
Currency translation				
Carrying value 31 December	**162 844**	**162 844**	**308 269**	**308 269**

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 an impairment is required. The company also obtained external broker valuations which provided additional support for the impairment charges recorded.

Carrying value exceeds the recoverable amount, which resulted in a 132.6 MUSD impairment to decrease the carrying value of Haven to its estimated value in use of 162.8 MUSD (308.3 MUSD).

The impairment assessment is based on the following:

Pre-tax discount rate:	8.92 %
Day rates:	55,000 USD for the first 2 years, years 3 to 5 are gradually increasing from 110,000 USD to 168,000 USD and,-from year 6 185,000 USD which is yearly adjusted for inflation to the end of the vessel's useful life.
Utilization:	70 %

Day rates for year 1 and 2 is based on the contract Haven will commence Q3 2021. Oil prices are steadily increasing and COVID-19 affect will gradually reduce with vaccinations. It is estimated gradually higher investments in oil projects over year 3 to 5. From year 6 it is estimated to come back to the same level rates as the Johan Sverdrup Project.

The recoverable amount is sensitive to the assumptions listed above. 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 14 MUSD required
Change in contracted rates from maturity of the last fixed contract (commencement Q3 2021 and expiry 2023) to perpetuity of the cash flow forecast	-10 %	Impairment of approximately 23 MUSD required
Utilization (percentage points):	-3 %	Impairment of approximately 11 MUSD required

14. OTHER CURRENT ASSETS

(1.000 USD)	**2020**	**2019**
Trade debtors	893	15 807
Pre-paid expenses	1 636	592
Other current assets	0	272
VAT refund	0	692
Other Receivables	1 505	0
Total other current assets	**4 034**	**17 363**

Other receivables relate to grants from Norwegian Tax authorities.

15. CASH

(1.000 USD)	**2020**	**2019**
Cash and bank deposits	9 970	17 224
Restricted cash	0	1 288
Cash and cash equivalents in the balance sheet	**9 970**	**18 512**

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.

	2020	2019
Average number of shares outstanding	50 000 000	50 000 000
Diluted average number of shares outstanding	50 000 000	50 000 000
Profit/(loss) for the year	**-165 961**	**19 340**

Earnings per share:	**2020**	**2019**
- Basic	-3,32	0,39
- Diluted	-3,32	-0,39

17. Share capital and shareholder information

Number of shares:

	2020	2019
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. The company is included in the consolidated financial statements for Macro Offshore AS Group.

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

18. OTHER CURRENT LIABILITIES

(1.000 USD)	2020	2019
Trade accounts payables	899	2 157
Other current liabilities	2 658	3 367
Total	**3 557**	**5 524**

Other current liabilities as of 31.12.20 consist of accrued interest and provision for cost incurred, but not paid.

19. Legal disputes

The Company has currently no significant legal disputes.

20. Events after the balance sheet date

Following the Covid-19 pandemic and the market turbulence, including the significant drop in oil price in March 2020, followed by the expiry of the Sverdrup contract in April 2020, the Company has continuously been in dialogue with the bondholders in the 150 MUSD senior secured bond. In March 2021 a temporary stand-still agreement with the bondholders were entered into, including inter alia deferral of interest payments until December 2021 (added to the nominal amount) and a permanent waiver of the minimum liquidity covenant.

The Company entered into a contract with Total in March 2021. The term of the contract is 20 months for use of Haven on the Danish continental shelf. Following an upgrade of Haven, the contract will commence in Q3 2021. The upgrade is financed through a super senior secured loan of 10 MUSD which has been approved through a written resolution in the Company's 150 MUSD bond loan. The new contract entered into in a challenging market demonstrates Haven's competitive advantage as a result of its size and operational capabilities in highly regulated areas of the oil & gas business. See note 2.2 Going concern for additional information.

Statsautoriserte revisorer
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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 statement of financial position as at 31 December 2020, 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 2020 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 20 and the going concern section in the Board of Director's report that the Company is under a stand-still agreement with its Bondholders that expires in December 2021, whereafter an agreement with the Bondholders needs to be reached that can lead to a conversion of debt. Our opinion is not modified in respect to 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, 28 April 2021
ERNST & YOUNG AS

The auditor's report is signed electronically

Jon-Michael Grefsrød
State Authorised Public Accountant (Norway)

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