



INTERIM REPORT

Q1 2023

First Quarter 2023

Highlights

In March Jacktel AS was awarded a contract by Equinor for the provision of accommodation services to the Draupner project. The contract will commence 3Q 2024 and has a firm duration of 10 months. As part of the contract, Jacktel AS granted Equinor options to extend the contract by up to 6 months.

The Super Senior Bond loan was fully repaid in the first quarter.

Operations

Haven is on a contract with TotalEnergies DK through Q2 2024 and has been located at the Tyra field offshore Denmark and provided a 100% gangway connection since commencement of the contract in November 2021.

Financial

The Interim Financial Statements are prepared in accordance with IAS 34.

Quarterly figures, Q1 2023

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

Operating income for Q1 amounted to 7.9 MUSD (4.9 MUSD) of which 7.9 MUSD (4.9 MUSD) relates to charter hire and services reimbursed by the client.

Operating expenses equalled 2.8 MUSD (3.2 MUSD), of which 2.5 MUSD (2.4 MUSD) related to vessel OPEX, and 0.4 MUSD (0.3 MUSD) related to reimbursable and project cost. - 0.1 MUSD (0.5 MUSD) related to SG&A, due to a reversal of accruals associated with amendment of Jacktel's management agreement with Macro Offshore Management. This resulted in an EBITDA of 5.2 MUSD (1.7 MUSD) and an operating profit of 2.2 MUSD (-1.1 MUSD).

Net financial cost for the first quarter equalled 1.9 MUSD (4.7 MUSD) of which 97 KUSD related to payable interest on the Super Senior Bond loan and 1.8 MUSD related to interest paid in kind on the Senior Bond loan.

Net profit for the first quarter amounted to 0.3 MUSD (-5.8 MUSD).

Cash flow and liquidity Q1 2023

The Company generated 5.9 MUSD in operational cash flow during the first quarter. Following 38 KUSD from investing activities and -3,8 MUSD from financing activities, net cash flow in the first quarter totalled 2.1 MUSD.

Total cash at the end of the quarter equalled 4.4 MUSD.

Finance

The Company issued a super senior secured bond loan of 10 MUSD in April 2021 to finance the required upgrade of Haven in preparation for the Tyra contract. The remaining super senior loan amount of 3.9 MUSD was fully repaid in March 2023.

In February 2022 the bond trustee exercised a call option in respect of all the shares in Jacktel and completed a debt conversion where an amount of 102.3 MUSD of the Senior Bonds was converted into 100% of the outstanding equity of Jacktel. Interest on the Senior Bonds have been capitalized on each interest payment date until the Super Senior Bonds was repaid in full, following the repayment, cash interest payments shall resume in June 2023. The senior bond loan matures in December 2023 and has been classified as a current liability in the balance sheet. On the back of the recent contract awards from Aker BP and Equinor and the current improved contract with TotalEnergies the company has experienced a strong interest from various lenders offering to refinance the Senior Bond. The company has several advanced discussions with lenders and has commenced

term sheet negotiations with the aim of refinancing the senior loan in Q2 or Q3 2023, well in advance of the December 2023 maturity.

Risk

The Company is exposed to general business market risk, credit risk, currency risk and revenue risk. The currency risk exposure is mainly due to the fact that operating expenses are mainly incurred in NOK and DKK. The currency risk is monitored on a continuous basis and use of derivatives to reduce the risk is considered regularly. Per end of the first quarter the Company does not have any derivatives. Operational issues, as well as future changes in day rates and utilization of the unit may impact the valuation of the asset further. Based on this, the going concern assumption is considered to be met.

Future Prospects

In the past year Jacktel has been awarded contract extensions and two new contracts in Norway which secures a contract backlog with options through 2027. The board of Jacktel is pleased to see that Jacktel has been selected by top tier energy companies as a provider of offshore accommodation services.

The main focus going forward will be to continue to deliver a high-quality and cost-efficient operations to generate a solid cash flow from our backlog. A key priority will be to continue to reduce the Company's net interest bearing debt and be in position to return capital to shareholders.

Despite the growing push towards renewable energy, oil and gas are still expected to be a major part of the energy mix for the foreseeable future. This has been underlined by a continuous increasing focus on stability and security of energy and as such a demand for new projects and M&M activity is expected to continue as long as oil and gas prices does not decline rapidly.

Leading up to 2030 and beyond the Company expects that the wind market will become increasingly important as new developments move further offshore and into harsher environments. It is therefore likely that the wind industry should demand "high quality" accommodation vessels which can serve as hubs for commissioning personnel and provide 100% gangway connection year around. Oil companies and governments' focus on reducing the industry's carbon footprint is expected to have a positive impact on the use of Jack Ups standing firmly on the seabed. As Jack Ups do not use propulsion for station keeping and can run on electrical power from shore, the fuel consumption and carbon footprint is significantly lower than what is the case for assets using engine powered station keeping systems. Based on this, Jack ups should have a competitive advantage in particular on the Norwegian Continental Shelf (NCS) where substantial parts of the shelf have been "electrified".

Sandnes, 23rd May 2023

Harald Thorstein
Chairman

Alf Ragnar Løvdal
Board member

Condensed Income Statement

As of March 31st, 2023

In USD 1,000'	Note	Un-audited Q1-2023	Un-audited Q1-2022	Audited 2022
Operating income		7,949	4,945	28,030
Operating expenses		-2,753	-3,206	-14,989
EBITDA		5,196	1,740	13,041
Depreciation	5	-3,016	-2,822	-10,849
OPERATING PROFIT/(LOSS) - EBIT		2,180	-1,083	2,192
Interest income		41	-	66
Interest expenses		-1,897	-3,473	-9,365
Other financial items		2	-1,206	-1,554
NET FINANCIAL ITEMS		-1,854	-4,679	-10,853
PROFIT/(LOSS) BEFORE TAX		326	-5,762	-8,661
NET PROFIT (LOSS)		326	-5,762	-8,661

Statement of Comprehensive Income

In USD 1,000'	Un-audited Q1-2023	Un-audited Q1-2022	Audited 2022
Net profit this period	326	-5,762	-8,661
COMPREHENSIVE INCOME	326	-5,762	-8,661

Statement of Financial Position

In USD 1,000'	Note	Un-audited 31.03.2023	Un-audited 31.03.2022	Audited 31.12.2022
ASSETS				
Non-current assets:				
Property, plant and equipment	5	150,507	160,439	153,520
Total non-current assets		150,507	160,439	153,520
Current assets:				
Accounts receivable		2,790	1,705	3,998
Other current assets		4,480	1,530	5,513
Cash and cash equivalents		4,423	4,570	2,299
Total current assets		11,692	7,805	11,810
TOTAL ASSETS		162,199	168,244	165,330
EQUITY AND LIABILITIES				
Equity:				
Issued capital		30,983	30,984	30,984
Share premium		273,883	273,883	273,883
Retained losses		-221,250	-218,677	-221,579
Total equity		83,616	86,189	83,288
Non-current liabilities:				
Other interest-bearing debt	4	0	73,533	0
Total long-term liabilities		0	73,533	0
Current liabilities:				
Accounts payable		495	206	1,189
Current interest-bearing debt	4	74,456	3,563	76,426
Other current liabilities		3,631	4,753	4,427
Total current liabilities		78,583	8,522	82,042
Total liabilities		78,583	82,055	82,042
TOTAL EQUITY AND LIABILITIES		162,199	168,244	165,330

Condensed Statement of Changes in Equity

	Share Capital	Share premium	Retained losses	Total equity
<i>(In USD 1,000)</i>				
Equity as at December 31st, 2021 (Audited)	19,740	182,793	-212,918	-10,385
Net income (loss) Q1 2022	-	-	-5,762	-5,762
Debt conversion	11,244	91,090	-	102,335
Equity as at March 31st, 2022 (Un-audited)	30,984	273,883	-218,680	86,188
Net income (loss) Q2-Q4 2022	-	-	-2,899	-2,899
Equity as at December 31st, 2022 (Audited)	30,984	273,883	-221,579	83,289
Net income (loss) Q1 2023	-	-	326	326
Equity as at March 31st, 2023 (Un-audited)	30,984	273,883	-221,253	83,616

Cash Flow Statement

	Un-audited Q1-2023	Un-audited Q1-2022	Audited 2022
In USD 1,000'			
Net profit(loss) before tax	326	-5,762	-8,661
Depreciation and impairment	3,016	2,822	10,849
Financial income	-41	0	-127
Financial expenses	1,895	3,473	10,980
Changes in working capital	738	1,352	-5,171
Net cash from operating activities	5,934	1,885	7,870
Cash flow from investing activities			
Interest received	41	0	65
Acquisition of fixed assets	-3	-130	-1,237
Net cash from investing activities	38	-130	-1,172
Cash flow from financing activities			
Instalment super senior loan	-3,884	0	-6,116
Interest paid	-97	-250	-971
Financial expenses	0	0	-377
Net realized agio	133	0	0
Net cash from financing activities	-3,848	-250	-7,464
Net change in cash and cash equivalents	2,124	1,505	-766
Cash and cash equivalents, opening balance	2,299	3,065	3,065
Cash and cash equivalents, closing balance	4,423	4,570	2,299

Notes to the interim report

1. General information

Jacktel AS is a company listed on NOTC. The Company is located at Vestre Svanholmen 6, 4313 Sandnes, Norway. The Company, which was established in 2009, specializes in offshore accommodation and is the owner of the Haven Jack Up accommodation unit.

2. Basis of presentation

The interim financial statements for Q1 2023 have been prepared in accordance with International Financial Reporting Standards (IFRS) as approved by the European Union ("EU"), including IAS 34 Interim Financial Reporting.

Going concern

The operational cash flow from the current TotalEnergies contract was sufficient to fully repay the super senior bond loan on the interest payment date in March 2023 and will be sufficient to pay interest on the Senior Bond loan which will commence in June 2023 and onwards. Securing contracts with Equinor and AkerBP has resulted in a strong interest from lenders offering to refinance the Senior Bond maturing in December 2023.

The Company believes that the substantial strengthening of the Balance Sheet, the contract entered into with TotalEnergies, estimated cash flow prognosis of the contracts entered into with Equinor and Aker BP at improved rates and the likelihood of refinancing the senior bond debt well in advance of maturity, provides a strong basis for the going concern assumption.

The European Securities and Markets Authority (ESMA) issued guidelines on Alternative Performance Measures (APM's) that came into force 3 July 2016. Peers comparable to the Company vary with regards to, inter alia, capital structure and mix of leased and owned rigs. Non-IFRS financial measures can assist the stakeholders in comparing performance on a more consistent basis without regard to factors such as depreciation and amortization. Jacktel has defined and explained the purpose of the following APM's:

- *EBITDA* means earnings before financial items and tax, excluding impairment losses, depreciation and amortization.
- *EBIT* means earnings before financial items and tax.
- *CASH OR LIQUIDITY RESERVE*. When used means cash and bank deposits and provide information about the cash balance at the balance sheet date and the Company's ability to meet its current liabilities.

3. Significant accounting policies

The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the preparation of Jacktel's annual financial statements and accompanying notes for the financial year ended 31st December 2022.

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.

4. Debt overview

31.03.2023 Long-term interest-bearing debt

<i>(In USD 1000')</i>				
Description	Lender/Trustee	Nominal amount USD	Interest rate	Book value USD
150 MUSD Bond Loan including PIK Interest	Nordic Trustee ASA	74,189	10%	74,456
10 MUSD Super Senior Bond Loan	Nordic Trustee ASA	0	10%	0
Current portion				74,456
Long-term interest bearing debt - USD		74,189		0

31.03.2022 Long-term interest-bearing debt

<i>(In USD 1000')</i>				
Description	Lender/Trustee	Nominal amount USD	Interest rate	Book value USD
150 MUSD Bond Loan	Nordic Trustee ASA	67,211	10%	66,533
10 MUSD Super Senior Bond Loan	Nordic Trustee ASA	10,000	10%	10,000
Current portion				-3,000
Long-term interest bearing debt - USD		77,211		73,533

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

The Super Senior Bond Loan was fully repaid in March 2023.

5. Property Plant & Equipment

<i>(In USD 1000')</i>	Un-audited	Audited
	31.03.23	31.12.22
Opening balance	153,520	163,132
Additions	3	1,237
Depreciation	-3,016	-10,849
Closing balance	150,507	153,520

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

The Company has performed impairment assessments per March which has concluded that no impairment is required.

6. Potential claims and contingencies

The final 10% of the contract price relating to the reinstatement of the original spud cans was paid to contractor during Q3 2022 together with agreed variation orders. The contractor has disputed Jacktel's interpretation of the contract and final settlement amount.

The Company has received two letters related to the 2019 tax return where Jacktel claimed an exemption under the limitation of tax deduction of interests. Unless Jacktel wins forward in its discussions with the tax authorities, the payable tax exposure is limited to approximately 10 MNOK.

Based on advises from tax lawyers and the fact that no claim from the tax authorities have been received, Jacktel is of the opinion it should qualify for the exemption rule. Consequently, no provision for such a claim has been made in the Q4 accounts.