



INTERIM REPORT

Q4 2022

Fourth Quarter 2022

Highlights

In December Jacktel AS (“Jacktel”) was awarded a contract by Aker BP for the provision of accommodation services to the Valhall PWP – Fenris project. The contract will commence 2Q 2026 and has a firm duration of 15 months. As part of the contract, Jacktel granted Aker BP options to extend the contract by up to 6 months.

On February 21st, subsequent to the fourth quarter, Jacktel announced that it will fully repay the Super Senior bond on the Interest Payment Date in March 2023.

Operations

Haven has been located at the Tyra field offshore Denmark and provided a 100% gangway connection through the quarter. The utilisation of available beds onboard Haven has for a large part of the quarter been higher than the 150 pax threshold in the contract. As a result, Jacktel has generated approx. 1.9 MUSD of additional income during the fourth quarter.

Financial

The Interim Financial Statements are prepared in accordance with IAS 34

Quarterly figures, Q4 2022

(Figures in brackets refer to the corresponding period of 2021)

Operating income for Q4 amounted to 11.1 MUSD (6.5 MUSD) of which 7.0 MUSD (2.8 MUSD) relates to charter hire and services reimbursed by the client. 4.1 MUSD relates to accrued income which is recognised on a straight-line basis over the current firm contract period according to IFRS 16.

Operating expenses equalled 3.9 MUSD (7.6 MUSD), of which 2.5 MUSD (3.4 MUSD) related to vessel OPEX, 0.4 MUSD (3.2 MUSD) related to reimbursable and project cost and 1.0 MUSD (0.9 MUSD) to SG&A. This resulted in an EBITDA of 7.2 MUSD (-1.1 MUSD) and an operating profit of 4.9 MUSD (-4.1 MUSD).

Net financial cost for the fourth quarter equalled 2.0 MUSD (4.2 MUSD) of which 250 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 fourth quarter amounted to 2.9 MUSD (-8.3 MUSD).

YTD figures 2022

(Figures in brackets refer to the corresponding period of 2021)

Operating income amounted to 28.0 MUSD (12.4 MUSD). Operating expenses equalled 15.0 MUSD (19.3 MUSD), of which 10.1 MUSD (8.6 MUSD) related to vessel OPEX, 2.4 MUSD (7.3 MUSD) to reimbursable and project cost and 2.5 MUSD (3.3 MUSD) to SG&A. This resulted in an EBITDA of 13.0 MUSD (-6.9 MUSD) and an operating profit of 2.2 MUSD (-18.6 MUSD).

Accumulated interest expenses for 2022 equalled 9.4 MUSD (16.3 MUSD). Net loss per of 2022 equalled 8.7 MUSD (35.5 MUSD)

Cash flow and liquidity Q4 2022

The Company generated 2.0 MUSD in operational cash flow during the fourth quarter. Following -55 KUSD from investing activities and -5,157 KUSD from financing activities, net cash flow in the fourth quarter totalled -3.2 MUSD.

Total cash at the end of the quarter equalled 2.3 MUSD.

The cash position of 2.3 MUSD is negatively impacted by a timing difference where charter hire was paid by the client early in January instead of late December.

The cash flow reflects actual invoiced income, whilst for accounting purposes an additional accrued income of 4.1 MUSD has been recognised in Q4. The lease revenue element is straight lined over the firm charter period and is reflected in the change in working capital.

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 super senior bond loan holds a fixed interest of 10 % p.a payable quarterly. The super senior bond loan is repayable in 5 quarterly instalments of 1 MUSD from September 2022 and remaining 5 MUSD at maturity date 4th December 2023. The super senior bond loan terms includes a cash sweep mechanism where any unrestricted cash in Jacktel in excess of 4 MUSD, on the date falling 10 business days prior to each interest payment date, will be payable as additional instalments. In December the instalment of 1 MUSD was paid together with a 3.9 MUSD cash sweep instalment. The remaining super senior loan amount of 3.9 MUSD will be paid 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 will be capitalized on each interest payment date until the Super Senior Bonds have been repaid in full, following which, cash interest payments shall resume. 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 contract award from AkerBP, the company is actively pursuing opportunities which will fill the gap between the completion of the contract at Tyra and the commencement of the AkerBP contract. Assuming a successful outcome of such work, the company will embark upon a financing process with the aim of refinancing the Senior Bond loan well in advance of the maturity date in December 2023.

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 fourth quarter the Company does not have any derivatives. Operational issues, as well as future changes in day rates and utilization of the unit may impact the valuation of the asset further.

Future Prospects

Since September 2022, Jacktel has been awarded contract extensions and a new contract with a combined firm backlog of 140 MUSD to Total Energies and Aker BP. The board of Jacktel is pleased to see that Jacktel is selected by top tier energy companies as a provider of offshore accommodation services and expects the gap between the TotalEnergies and AkerBP contract to be filled. With a robust backlog at improved rates, Jacktel has already experienced strong interest from various lenders offering to refinance the Senior Bond ahead of the December 2023 maturity.

Continuing high energy prices and increasing focus on stability and security of energy, oil and gas is increasingly accepted as playing an important role in future energy scenarios, resulting in increased demand for new projects and M&M activity.

Based on the recent contract award to Haven, it is evident that day rates have rapidly increased from the historically low levels experienced during 2020 and 2021.

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 environment. It is therefore likely that the wind industry will 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, 28th February 2023

Harald Thorstein
Chairman

Alf Ragnar Løvdal
Board member

Condensed Income Statement

As of December 31st, 2022

| In USD 1,000' | Note | Un-audited Q4-2022 | Un-audited Q4-2021 | Audited 2021 | Un-audited 12M- 2022 |
|---------------------------------------|------|-----------------------|-----------------------|----------------|-------------------------|
| Operating income | | 11,101 | 6,461 | 12,354 | 28,030 |
| Operating expenses | | -3,896 | -7,565 | -19,286 | -14,990 |
| EBITDA | | 7,205 | -1,104 | -6,932 | 13,039 |
| Depreciation | 5 | -2,338 | -2,981 | -11,669 | -10,849 |
| OPERATING PROFIT/(LOSS) - EBIT | | 4,867 | -4,085 | -18,600 | 2,190 |
| Interest income | | 43 | - | 208 | 62 |
| Interest expenses | | -1,953 | -4,240 | -16,329 | -9,364 |
| Other financial items | | -97 | 57 | -811 | -1,549 |
| NET FINANCIAL ITEMS | | -2,008 | -4,183 | -16,932 | -10,852 |
| PROFIT/(LOSS) BEFORE TAX | | 2,860 | -8,268 | -35,532 | -8,661 |
| NET PROFIT (LOSS) | | 2,860 | -8,268 | -35,532 | -8,661 |

Statement of Comprehensive Income

| In USD 1,000' | Un-audited Q4-2022 | Un-audited Q4-2021 | Audited 2021 | Un-audited 12M- 2022 |
|-----------------------------|-----------------------|-----------------------|----------------|-------------------------|
| Net profit this period | 2,860 | -8,268 | -35,532 | -8,661 |
| COMPREHENSIVE INCOME | 2,860 | -8,268 | -35,532 | -8,661 |

Statement of Financial Position

| In USD 1,000' | Note | Un-audited 31.12.2022 | Audited 31.12.2021 |
|-------------------------------------|------|--------------------------|-----------------------|
| ASSETS | | | |
| Non-current assets: | | | |
| Property, plant and equipment | 5 | 153,520 | 163,132 |
| Total non-current assets | | 153,520 | 163,132 |
| Current assets: | | | |
| Accounts receivable | | 3,998 | 2,828 |
| Other current assets | | 5,513 | 1,114 |
| Cash and cash equivalents | | 2,299 | 3,065 |
| Total current assets | | 11,810 | 7,007 |
| TOTAL ASSETS | | 165,330 | 170,138 |
| EQUITY AND LIABILITIES | | | |
| Equity: | | | |
| Issued capital | | 30,984 | 19,740 |
| Share premium | | 273,883 | 182,793 |
| Retained losses | | -221,576 | -212,918 |
| Total equity | | 83,291 | -10,385 |
| Non-current liabilities: | | | |
| Other interest-bearing debt | 4 | 0 | 173,940 |
| Total long-term liabilities | | 0 | 173,940 |
| Current liabilities: | | | |
| Accounts payable | | 1,189 | 583 |
| Current interest-bearing debt | 4 | 76,426 | 1,366 |
| Other current liabilities | | 4,424 | 4,634 |
| Total current liabilities | | 82,039 | 6,583 |
| Total liabilities | | 82,039 | 180,523 |
| TOTAL EQUITY AND LIABILITIES | | 165,330 | 170,138 |

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, 2020 (Audited) | 19 740 | 182 793 | -177 384 | 25 150 |
| Net income (loss) 2021 | - | - | -35 534 | -35 534 |
| Equity as at December 31st, 2021 (Audited) | 19 740 | 182 793 | -212 918 | -10 384 |
| Debt conversion | 11 244 | 91 090 | - | 102 334 |
| Net income (loss) 2022 | - | - | -8 661 | -8 661 |
| Equity as at December 31st, 2022 (Un-audited) | 30 984 | 273 883 | -221 578 | 83 291 |

Cash Flow Statement

| | Un-audited Q4-2022 | Un-audited Q4-2021 | Audited 2021 | Un-audited 12M- 2022 |
|---|-----------------------|-----------------------|----------------|-------------------------|
| In USD 1,000' | | | | |
| Net profit(loss) before tax | 2,858 | -8,269 | -35,532 | -8,663 |
| Depreciation and impairment | 2,338 | 2,981 | 11,669 | 10,849 |
| Financial income | -43 | -57 | -208 | 62 |
| Financial expenses | 2,052 | 4,240 | 17,140 | 10,915 |
| Changes in working capital | -5,237 | 1,235 | 3,364 | -5,494 |
| Net cash from operating activities | 1,968 | 130 | -3,567 | 7,669 |
| Cash flow from investing activities | | | | |
| Interest received | 43 | 57 | - | 62 |
| Acquisition of fixed assets | -98 | -3,471 | -12,204 | -1,239 |
| Net cash from investing activities | -55 | -3,414 | -12,204 | -1,177 |
| Cash flow from financing activities | | | | |
| Instalment super senior loan | -4,907 | - | - | -6,116 |
| Interest paid | -250 | -250 | - | -1,142 |
| Financial expenses | - | - | -1,134 | - |
| Net proceeds from bond issue | - | - | 10,000 | - |
| Net cash from financing activities | -5,157 | -250 | 8,866 | -7,258 |
| Net change in cash and cash equivalents | -3,244 | -3,534 | -6,905 | -766 |
| Cash and cash equivalents, opening balance | 5,543 | 6,599 | 9,970 | 3,065 |
| Cash and cash equivalents, closing balance | 2,299 | 3,065 | 3,065 | 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 Q4 2022 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

Jacktel and TotalEnergies amended the compensation model as from 1 January 2023, through 30 June 2024, increasing the charter hire substantially compared to the original contract. Consequentially, the operational cash flow from the TotalEnergies contract will be sufficient to fully repay the super senior bond loan on the interest payment date in March 2023 and pay interest on the Senior Bond loan. The holders of the remaining senior bond loan accepted that interest will only be Paid In Kind until the Super Senior bond has been repaid. Based on the current operational cash flow from the TotalEnergies contract and forecasted cash flow prognosis which includes the Valhall contract and a contract filling the gap between the TotalEnergies and AkerBP contract, the Company expect to be able to refinance the Senior Bond loan well in advance of the maturity date in December 2023.

The Company believes that the debt-to-equity conversion in Q1 2022 which resulted in a substantial strengthening of the Balance Sheet, the contract entered into with TotalEnergies, estimated cash flow prognosis of the contract entered into with Aker BP at improved day rates, in addition to the likely scenario where a contract will be awarded filling the gap between the TotalEnergies and AkerBP 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, interalia, capital structure and mix of leased and owned rigs. Non-IFRS financial measures can assist the stakeholders in comparing performance on a more consistent basis without regard to factors such as depreciation and amortization. Jacktel has defined and explained the purpose of the following APM's:

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

3. Significant accounting policies

The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the preparation of Jacktel's annual financial statements and accompanying notes for the financial year ended 31st December 2021.

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

31.12.2022 Long-term interest-bearing debt

(In USD 1000')

| Description | Lender/Trustee | Nominal amount USD | Interest rate | Book value USD |
|--|--------------------|--------------------|---------------|----------------|
| 150 MUSD Bond Loan including PIK Interest | Nordic Trustee ASA | 72,379 | 10% | 72,519 |
| 10 MUSD Super Senior Bond Loan | Nordic Trustee ASA | 3,884 | 10% | 3,907 |
| Current portion | | | | 76,426 |
| Long-term interest bearing debt - USD | | 76,263 | | 0 |

31.12.2021 Long-term interest-bearing debt

(In USD 1000')

| Description | Lender/Trustee | Nominal amount USD | Interest rate | Book value USD |
|--|--------------------|--------------------|---------------|----------------|
| 150 MUSD Bond Loan | Nordic Trustee ASA | 65,572 | 10% | 63,940 |
| 10 MUSD Super Senior Bond Loan | Nordic Trustee ASA | 10,000 | 10% | 10,000 |
| Long-term interest bearing debt - USD | | 75,572 | | 73,940 |

*) 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 Senior Loan has maturity date 4th December 2023, and the Super Senior Bond Loan will be fully repaid in March 2023, hence both loans are recognised as current liabilities in the Balance Sheet. For further details see going concern section.

5. Property Plant & Equipment

(In USD 1000')

| | Un-audited 31.12.22 | Un-audited 30.09.22 | Un-audited 30.06.22 | Un-audited 31.03.22 | Audited 31.12.21 |
|------------------------|------------------------|------------------------|------------------------|------------------------|---------------------|
| Opening balance | 155,760 | 157,838 | 160,439 | 163,132 | 162,844 |
| Additions | 98 | 770 | 241 | 130 | 11,957 |
| Depreciation | -2,338 | -2,848 | -2,841 | -2,823 | -11,669 |
| Closing balance | 153,520 | 155,760 | 157,838 | 160,439 | 163,132 |

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

The Company has performed impairment assessments per December and through 2022 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. 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.