



# BERGEN GROUP

QUALITY THROUGH SERVICE AND INNOVATION



INTERIM REPORT  
2018: Q4

# Bergen Group ASA Interim Report Q4 2018

## Structural measures complete, merger ready for completion

- Business area with inadequate profitability terminated.
- Extraordinary general Meeting December 21st 2018 with 99,9 % support for merger with Endúr Fabricom AS
- Merger process en-route; completion scheduled February 2019.
- Name change upon merger completion, from Bergen Group ASA to Endúr ASA.
- Continued stock exchange listing; ticker changes from BERGEN to ENDUR

## Substantial growth in order backlog in Q4

- Order backlog of NOK 275 million as of 31 Dec 2018, an increase of 80 % from 31 Dec 2017
- Growth in both segments; Aquaculture and Services.
- Breakthrough in new markets; new customers and frame-agreements characterizes growth in order books.

## Key figures for Q4 2018

- Turnover of NOK 72 Million in Q4, and NOK 224 million accumulated YTD 2018.
- Positive cash flow from operations in Q4 of NOK 11,5 million, and YTD 2018 of NOK 4,5 million.
- EBITDA of negative NOK 19 million in Q4 after structural and one-off costs of NOK 13,5 million
- EBIT is negative NOK 41 million after deprecation of goodwill NOK 21 million.
- Equity ratio of 52 % as of December 31st 2018.

## Endúr Fabricom with profitable quarter in Q4 and strong order backlog

- Endúr Fabricom AS with a profit in Q4: NOK 72 million in turnover and positive EBITDA of NOK 2.4 million after restructuring costs.
- Sturdy platform for profitable operation; Endúr Fabricom with NOK 730 million order backlog as of 31 Dec 2018.

<b>BERGEN GROUP ASA - KEY FIGURES**</b>	<b>Q4</b>	<b>Q4</b>	<b>FY</b>	<b>FY</b>
<b>(unaudited) Amounts in TNOK</b>	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
Operating revenue*	71 702	63 246	223 813	272 102
EBITDA	(18 728)	(9 453)	(41 278)	(4 079)
EBIT	(40 891)	(10 477)	(66 357)	(8 215)
Profit/Loss before tax	(41 658)	(10 898)	(71 979)	(10 894)
Profit/Loss	(42 108)	(11 690)	(71 628)	(11 686)
Total Capital	241 899	269 273	241 899	269 273
Total Equity	125 977	195 463	125 977	195 463
Equity ratio	52 %	73 %	52 %	73 %
Net interest bearing debt	5 341	(37 457)	5 341	(37 457)
Order backlog - Services	275 500	152 200	275 500	152 200

\* Figures for operating revenue includes intercompany eliminations.

\*\*Figures does not include Endúr Fabricom AS

## Financial Review

This interim report has been developed according to IAS 34 "Interim Financial Reporting", and follows the same accounting principles as the annual accounts for 2018. From 1 May 2017, Bergen Group AAK AS



(formerly AAK Energy Services AS) was consolidated into the group's financial statements. Comparative figures for Q2 2017 include Bergen Group AAK as from 1 May 2017. Key figures for Endúr Fabricom AS for Q4 2018 and YTD 2018 can be found under "Endúr Fabricom".

Sjøsterk II AS (now Bergen Group Sjøsterk AS) and Sjøsterk AS (now Bergen Group Sjøsterk Eiendom AS), were both acquired by Bergen Group in mid-July 2018. The accounts figures for these two companies are consolidated into the group accounts for the first time in the third quarter of 2018, and is visible in the new reporting segment "Aquaculture". This segment has no comparative figures.

## Profit and loss statement Q4 2018

Bergen Group recorded total revenue of NOK 71.7 million in Q4 2018, compared to NOK 63.2 million in Q4 2017. EBITDA in Q4 2018 was NOK -18.7 million compared to NOK -9.4 million in Q4 2017.

After depreciation and amortization of NOK 1.2 million and deprecation of goodwill of MNK 21 million, EBIT in Q4 2018 was NOK -40.9 million, compared to NOK -10.5 million in Q4 2017.

Net financial items was NOK -0.8 million in Q4 2018, compared to NOK -0.4 million in Q4 2017.

Loss before tax was NOK 41.7 million in Q4 2018, compared to loss before tax of NOK 10.9 million in Q4 2017. Net profit after tax was NOK -42.1 million in Q4 2018, compared to NOK -11.7 million in Q4 2017.

**One-off costs:** EBITDA in Q4 2018 also include one-off costs of MNOK 13.5 million. This includes liquidation costs tied to the termination of the Bergen Group Services prefab-site at Sotra, transaction costs and loss on an individual project.

In total, restructuring and one-off costs are NOK 28 million YTD 2018. This includes NOK 21 million in loss and termination costs related to Bergen Group Services' site located on Straume, Sotra.

## Balance sheet and cash flow per Q4 2018

Total assets for Bergen Group were NOK 242 million per end Q4 2018, whereas cash and cash equivalents including restricted cash were NOK 32.6 million.

Interest bearing debt was NOK 37.9 million at end of Q4 2018, of which NOK 16.1 million relates to convertible loan, and NOK 14.8 million relates to a loan to acquire new business in Q3 2018, NOK 7 million regards sales credit for purchase of stock in Endúr Fabricom AS

Bergen Group's book equity end Q4 2018 was NOK 126 million, equal to an equity ratio of 52%.

Bergen Group generated a net positive cash flow of NOK 10.4 million in Q4 2018. Cash flow from operations activities was positive NOK 11.5 million. This mainly due to a reduced working capital related to work in progress. Cash flow from investment activities was NOK -7.2 million, and include the purchase of stock in Endúr Fabricom AS. Cash flow from financing activities was NOK 6.1 million. This is mainly due to seller credit in relation to purchase of stock in Endúr Fabricom AS.

## Reporting segments

This interim report reports for the following independent segments:

- **Services** (Bergen Group Services AS and Bergen Group AAK)
- **Aquaculture** (Bergen Group Sjøsterk AS)
- **Other** (other Group activities)

Furthermore, key figures from Endúr Fabricom for Q4 and FY 2018 will be reported in a separate section.

SEGMENT SERVICES	Q4 2018	Q4 2017	FY 2018	FY 2017
Operating revenue*	48 137	63 246	195 905	271 591
EBITDA	(12 298)	(4 179)	(24 342)	12 835
Depreciation, amortisation, impairment	(21 837)	(1 885)	(24 430)	(4 078)
EBIT	(33 136)	(6 065)	(48 772)	8 756
Order backlog	196 500	152 200	196 500	152 200

\*Figures for revenues excludes intercompany eliminations

Segment Services consists of Bergen Group Services AS and Bergen Group AAK AS.

**Bergen Group Services AS** has a well established position in maritime service and ship maintenance based on the company's extensive expertise in carrying out complex maritime service projects. The primary geographical market is Western Norway, but the extent of travel-based assignments elsewhere in the country and towards offshore installations has shown increasing activity over the last years.

The operational activity within ship maintenance and maritime service towards the civilian market has in Q4 been in line with the previous quarters, Call-offs on existing framework contracts have in Q3 been somewhat lower compared with the corresponding quarter last year.

Bergen Group Services was in Q4 awarded a 3-year framework agreement with Equinor Energy AS related to engine maintenance on offshore installations. The framework agreement was valid from 1 February 2019 and is expected to generate a turnover of at least NOK 50 million during the contract period. The agreement also includes an option for renewal for another 2 years.

The total activity generated from the Norwegian Armed Forces has remained unchanged in Q4 compared to the two previous quarters, and thus at a level generating low turnover and low profitability. Order reserves within this market area have not changed significantly during the quarter.

The prefab-activity, located in leased premises at Straume / Sotra, was January 2019 decided to be terminated. This department has, throughout 2018, struggled with a lack of profitability. Termination costs are mainly included in the Q4-figures. In total, deficits and termination costs in this department amount to NOK 10 million in Q4 and NOK 21 million for the whole of 2018. Additional costs may affect the first and second quarters of 2019 to a limited extent.

The Q4-figures includes depreciation cost of goodwill in Bergen Group Services AS with NOK 21 million, ref. Note 12.

**Bergen Group AAK AS** has a well-established market position when it comes to producing services within access technology and complex service assignments related to maintenance and modification work within various fields. The services are delivered to a number of sectors where there is demanding access. Parts of the 4th quarter are defined as low season for access technical services.

SEGMENT AQUACULTURE	Q4 2018	Q4 2017	FY 2018**	FY 2017
Operating revenue*	25 149	-	29 492	-
EBITDA	1 950	-	2 712	-
Depreciation, amortisation, impairment	(166)	-	(483)	-
EBIT	1 784	-	2 229	-
Order backlog	79 000	-	79 000	-

\*Figures for revenues excludes intercompany eliminations

\*\*FY 2018 includes figures for BG Sjøsterk from July 2018

**Segment Aquaculture** is a new focus area for the Group. As of the end of the fourth quarter of 2018, the operating activities in this segment comprise Bergen Group Sjøsterk AS. This company, together with the real estate company Bergen Group Sjøsterk Eiendom AS, was taken acquired from Backe Bergen in July 2018.

The operational operations in Sjøsterk, when it was under the ownership of Backe Bergen AS, had a turnover of NOK 18 million in the first half of 2018 and an operating profit before depreciation and write-downs (EBITDA) of NOK 3.8 million. These numbers are not included in the above table. Accumulated figures for the

the year 2018 (both before and after the takeover of the Sjøsterk companies) are a turnover of NOK 43 million and an EBITDA of NOK 5.8 million.

Bergen Group Sjøsterk has in the fourth quarter signed orders for the production of one barge (hull) and one turn-key fish feed barge. During the second half of 2018, the company has been awarded contracts for a total of six concrete barges for the aquaculture industry. The contracts represent a total of nearly NOK 110 million. The first barge produced after the acquisition of Sjøsterk was handed over to Osland Havbruk at the end of December. The five projects remaining in the order books as per 31 December will be completed and delivered to the respective during the second and third quarters of 2019.

<b>SEGMENT OTHER</b>	<b>Q4 2018</b>	<b>Q4 2017</b>	<b>FY 2018</b>	<b>FY 2017</b>
Operating revenue*	971	1 005	3 980	4 602
EBITDA	(8 380)	(5 272)	(19 648)	(16 913)
Depreciation, amortisation, impairment	(159)	862	(166)	(57)
EBIT	(8 539)	(4 412)	(19 814)	(16 971)

\*Figures for revenues excludes intercompany eliminations

**Segment other** comprise other activities in the Group. This also include various M&A expenses related to the ongoing growth processes.

## Endúr Fabricom

<b>ENDUR FABRICOM</b>	<b>Q4 2018</b>	<b>FY 2018</b>
Operating revenue	72 248	180 121
EBITDA	2 369	(5 649)
Restructuring costs	3 763	4 738
EBITDA adjusted for restructuring costs	6 132	(911)
Order backlog	730 000	730 000

Endúr Fabricom AS is a well-established oil service company with headquarters in Stavanger and with a solid experience as a supplier of maintenance, modification, installation, fabrication and conversion of complex oil and gas installations both onshore and offshore. After the company got new owners in February 2018, order quantity has increased significantly, and as of 31 December, it was MNOK 730.

The company is in the process of gaining operational foothold in several important hubs for the oil and gas industry, with emphasis on MMO projects (Maintenance, Modifications and Operations). In this connection, the company has put in place various framework agreements that ensure both long-term activity and activity in different geographical areas. This includes a 5-year maintenance and modification contract at Esso's refinery at Slagentangen near Tønsberg. The contract, which includes an option for extension, will alone generate work for around 30 people on a fixed basis. In addition, necessary periodic recruitment is required in connection with major maintenance projects.

The company also has a long-term MMO agreement (2016-2020) as a subcontractor to Wintershall related to Brage Well Connection, as well as a 4-year agreement (2018-21) with Aker BP related to maintenance and support at all Aker BP's installations.

An important project with start-up in the fourth quarter of 2018 was linked to the contract with Equinor for demolition of the existing G12 gas turbine and generator with associated equipment at the Mongstad facility in Nordhordland. This contract has mostly employed about 170 people. The project will be completed in Q1 2019.

The number of employees as of 31 December 2018 is 180 people.

## QHSE

Bergen Group works systematically and continuously in improving QHSE (Quality, Health, Environment and Safety) performance, systems and security culture associated with all operations within the Group. The group has a zero vision for HSE and events that affect the external environment as well as a zero-error philosophy of quality. The goal is to prevent employees from getting hurt or sick at work, ensuring the correct quality of our deliveries and avoiding environmental impacts around us.

In the fourth quarter of 2018, the Group registered one (1) loss of absence among its own employees due to the use of vibrating equipment.. Accumulated HSE target figures Year-To-Date, includes the subsidiaries Bergen Group Services AS and Bergen Group AAK AS (all three quarters) and Bergen Group Sjøsterk (as from Q3).

- LTA / H1 = (3.4) (Lost Time Accidents)
- TRI / H2 = 23.7 (Total Recordable Injuries)
- F value = (6.6) (Absence Day Rate)

These values are considered acceptable.

Bergen Group Services AS, Bergen Group AAK and Bergen Group Sjøsterk AS have in Q4 performed an operational activity in line with the company's adopted program for continuous work on quality and HSE in the third quarter. The companies still has focus on reporting improvement proposals and carrying out risk assessments, as a part of the company's preventive work.

The systematic work to avoid damage and quality defects continues internally and in cooperation with the company's project customers.

Bergen Group Services achieved certification in accordance with the new standard ISO 9001: 2015 & ISO 14001: 2015 in Q4 2018.

Bergen Group Sjøsterk achieved certification in accordance with the quality standard ISO 9001: 2015 after the certification audit has been completed.

## HR / Personnel

As of 31 December 2018, there were 176 employees in Bergen Group, all mainly in full-time positions. The figure reflects a small increase in the number of employees in Bergen Group AAK, and a reduction in Bergen Group Services, as well as the supply of five positions in Bergen Group Sjøsterk which was taken over in July 2018.

Bergen Group continuously adjusts its expertise and capacity in relation to market development and operational activities. During 2018, there has been a net reduction of 25 full-time equivalents within the Group, primarily within Bergen Group Services.

In the fourth quarter of 2018, the total sick leave in the Group's companies was approx. 4.5%, of which short-term absence amounts to approx. 1.3%. Long-term sick leave is not not evaluated to be work-related illnesses. Short-term sick leave has declined compared to the previous quarters.

Accumulated sick leave for the full year 2018 was 5.9 %. By comparison, sick leave was 7.2% in 2017.

The working environment is generally considered good. Bergen Group has zero tolerance for all types of harassment, discrimination or other behaviour that colleagues, business associates or others may perceive as threatening or abusing. All employees are entitled to equal treatment.

## Risks and uncertainty

Bergen Group ASA has exposure to both operational and financial risk. The Board of Bergen Group ASA has a strong focus on ethics and risk management, and measures are taken to reduce the Group's overall risk

exposure. The main risk factors are financial risk, market risk and project risk, including general counterparty risk.

Financial risk includes credit risk, market risk and liquidity risk. The operational financial risk is handled by the subsidiaries, and is evaluated to be limited to periodically short-term fluctuations. The consolidated liquidity picture is considered satisfying as per date. The company's liquidity position has decreased because of negative operating profit, combined with acquisitions, over the last few quarters. The Board and the Administration have continuous assessments of status and measures to maintain a liquidity deemed satisfactory relative to the operational activity per date, and measures have been carried out in Q4 in order to improve profitability in all the units of the Group.

Project risk constitutes a continuous risk factor, including the risk of any liquidity impact consequences. The project risk is considered somewhat limited, based on the fact that most of the activity is spread over a number of various projects. The Board expects an increase in the number of larger projects to be executed, and has thus initiated processes to maintain limited risk exposure from these projects.

Market risk is mainly connected to strong fluctuations in market areas in which the Group operates. The Group currently has a diversified operational activity that takes place within different market areas, which are partly independent of each other. Market risk is in general considered limited, however with a certain risk related to renewal of major frame contracts.

Besides the ongoing general operational risk, the Board of Directors considers there are no risk factors that as of 11 February 2019 affect the Group to a significant extent.

## **Extraordinary general meeting and change of name to Endúr Holding ASA**

Bergen Group ASA completed an extraordinary general meeting on 21 December 2018. A merger with Endúr Holding AS, the sole owner of the Stavanger-based oil service company Endúr Fabricom AS, was adopted. The decision gained approval from more than 99.9% of the share capital represented.

In addition, the Extraordinary General Meeting decided that a change of name from Bergen Group ASA to Endúr ASA will be carried out when the transaction with Endúr Holding AS is completed mid-quarter 2019.

A total of 60.8 million shares were represented at the extraordinary general meeting. This represented 64.8% of the share capital of the company as of date.

## **Changes in management and governance**

On 15 November 2018, Nils Hoff took over as new CEO of the company after Torgeir Nærø. From the same time Morten Riiser took position as new CFO in Bergen Group ASA after Nils Hoff. Hoff has a background from various leading positions within both finance and industry and extensive board experience from industrial companies, including as board member of Norske Skog. Morten Riiser is a state-authorized public accountant and joined Bergen Group as VP Finance in August 2018. He then came from a position as Manager at KPMG.

At the extraordinary general meeting on 21 December 21, Rune Skarveland was elected as a new board member of Bergen Group ASA. Skarveland replaced Espen Berge and was elected for the period until the company's ordinary general meeting to be held in the spring of 2019.

## **Share capital and shareholder information**

**Shareholders:** At the end of Q4 2018, the company had a total of 1,482 shareholders, compared with 1,548 shareholders at the end of Q3 2018. Updated overview of the company's 20 largest shareholders is available on the company's IR pages at [www.bergengroup.no](http://www.bergengroup.no).

Information document: After the board approval of the merger plan with Endúr Fabricom AS, an information document was published on December 14, 2018 in accordance with the requirements in Continuing Obligations of listed companies.

**Stock trades and share prices:** In the fourth quarter of 2018, a total of 830 transactions were completed in the company's shares, with a total volume of 4.5 million shares. Corresponding figures in Q3 2018 were 1,359 trades and 9.1 million shares in total volume. During the fourth quarter of 2018, the company's shares were traded at prices between NOK 1.15 and NOK 1.62 (NOK 1.40 and NOK 1.90 in Q3 2018).

The closing price on Friday 28 December 2018 (last trading day in the quarter) was NOK 1.23 (NOK 1.54 at the end of Q3 2018). This values the company's market value in the stock market at NOK 116 million at the end of Q4 2018, compared with NOK 145 million at the end of Q3 2018.

At the end of December 2018, the market was informed that CEO Nils Hoff and SPV Øyvind Risne called share options of respectively 333 333 shares and 111 111 shares, at NOK 1 per share. The call is in accordance with the option program for senior executives resolved upon at the company's annual general meeting in June 2018. The new shares are expected to be registered in VPS at the end of February 2019.

**Extraordinary General Meeting:** On 21 December 2019, an extraordinary general meeting was held in Bergen Group ASA, where the merger between Bergen Group ASA and Endúr Holding AS (owner of Endúr Fabricom AS) was approved by 99.99 per cent of the shares present. The merger will be done as a demerger of the companies with Bergen Group ASA as the acquiring company. Through the demerger, specified assets, rights and obligations of Endúr Holding AS will be taken over by Bergen Group ASA against the shareholders of Endúr Holding AS receiving remuneration in the form of 118 650 000 new shares in Bergen Group ASA. If convertible bonds and stock options in Bergen Group ASA are taken consideration of, the owners of Endúr Holding AS owners will hold a 51% ownership position in Bergen Group ASA after completion of the transaction.

The merger plan was registered in the Brønnøysund Register Centre on 24 December 2018, and the notification obligation for the creditors expired on 4 February 2019 without objections. Final merger is expected to be finalized in current month.

## Outlook

Bergen Group will complete the merger with Endúr Fabricom during Q1. The merger represents an important strategic milestone for the involved parties. At the same time, this is the start of a new and exciting phase for a merged group, which will have strengthened operational activity spread over a larger geographical market.

The board of Bergen Group focuses on further growth in the extension of the merger with Endúr Fabricom AS. The growth will materialize within all three focus-areas, Aquaculture, Energy & Industry and Maritime Service. The merger is expected to conclude February 2019. The merged company will constitute a strong industrial group based in western Norway, with 350 employees and combined order book of NOK 1.1 billion.

The merger between the two companies is expected to enhance both the speed and profitability of the further growth process and will open up synergies that increase the attractiveness and competitiveness of the companies within markets where they already have positions. Furthermore, the merger anticipates providing synergies both within today's operational activity and expense reductions.

**Aquaculture:** This represents a new priority area, and a key part of the Groups growth strategy moving forward. The market for concrete feed barges for the aquaculture industry is evaluated strong, and the company is considered being competitive in a national market with customers throughout the Norwegian coastline. Bergen Group has extensive experience from complex maritime productions, both from offshore installations and from various ship technical projects. This ca is considered as a strong platform for developing next-generation feed barges and service barges prepared for stronger demands of high flexibility, solid environmental and biomass management and high operational reliability.

**Maritime Services:** Market prospects for ship maintenance and maritime services in the civilian market are still considered good, with potential for further long-term growth. Through Q4, the company has re-enforced its position within service and maintenance of engine-installations, both on- and offshore, and on ships. This activity area will till keep its focus on growth in the coming years.

**Endúr Fabricom:** is a well-established oil service company headquartered in Stavanger. The company has extensive experience as supplier of maintenance, modification, installation, fabrication and rebuilding of



complex oil and gas installations both onshore and offshore. After the change of ownership in February 2018, the order books have increased significantly, and the company is in the process of establishing an operating foothold in several important hubs for the oil and gas industry. The company brings a substantial order backlog of NOK 730 million to the merger with Bergen Group. The backlog represents essentially complementary business, which anticipates developing synergy effects between the operational companies, now combined under mutual ownership in the Group.

Order backlog: At the end of Q4 2018, Bergen Group had a total order backlog of NOK 276 million, representing a net increase of NOK 86 million compared to the end of Q3 2018.

The order backlog of Bergen Group ASA as of December 31st 2018 does not include the value of options related to existing contracts.

### **Bergen, 11 February 2019**

The board of directors and the CEO of Bergen Group ASA

Hans Petter Eikeland, chairman of the board

Tove Ormevik

Kristoffer Hope, employee repr.

Jorunn Ingebrigtsen, employee repr.

Rune Skarveland

Bente Stangeland

Nils Hoff, CEO

<b>CONSOLIDATED STATEMENT OF PROFIT OR LOSS (unaudited)</b>		<b>Q4</b>	<b>Q4</b>	<b>FY</b>	<b>FY</b>
	<b>NOTE</b>	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
Operating revenue	4	71 702	63 246	223 813	272 102
Cost of sales		(46 213)	(28 725)	(96 976)	(111 623)
Payroll expenses		(29 670)	(34 933)	(127 147)	(127 296)
Other operating expenses		(14 547)	(9 041)	(40 968)	(37 262)
<b>Operating profit/loss before depr., impairm. (EBITDA)</b>	4	<b>(18 728)</b>	<b>(9 453)</b>	<b>(41 278)</b>	<b>(4 079)</b>
Depreciation, amortisation, impairment	4, 12	(22 163)	(1 024)	(25 079)	(4 136)
<b>Operating profit/loss (EBIT)</b>	4	<b>(40 891)</b>	<b>(10 477)</b>	<b>(66 357)</b>	<b>(8 215)</b>
Net finance costs	5	(767)	(422)	(5 622)	(2 679)
<b>Profit/loss before tax</b>		<b>(41 658)</b>	<b>(10 898)</b>	<b>(71 979)</b>	<b>(10 894)</b>
Income tax expense		(450)	(792)	351	(792)
<b>Profit/loss for the period</b>		<b>(42 108)</b>	<b>(11 690)</b>	<b>(71 628)</b>	<b>(11 686)</b>
<b>Profit/loss attributable to:</b>					
Owners of the parent Company		(42 108)	(11 690)	(71 628)	(11 686)
Non-controlling interests		-	-	-	-
<b>Profit/loss</b>		<b>(42 108)</b>	<b>(11 690)</b>	<b>(71 628)</b>	<b>(11 686)</b>
<b>Earnings per share</b>					
Basic earnings per share (NOK)		(0,45)	(0,13)	(0,76)	(0,13)
Diluted earnings per share (NOK)		(0,45)	(0,13)	(0,76)	(0,13)
Weighted average no. of shares outstanding (millions)		93,99	88,49	93,97	88,49
Diluted weighted average no. of shares outstanding (millions)		93,99	88,49	93,97	88,49

<b>CONSOLIDATED STATEMENT OF</b>		<b>Q4</b>	<b>Q4</b>	<b>FY</b>	<b>FY</b>
	<b>NOTE</b>	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
<b>Result</b>		<b>(42 108)</b>	<b>(11 690)</b>	<b>(71 628)</b>	<b>(11 686)</b>
<i>Items which may be reclassified in the Income Statement in subsequent periods</i>					
<i>Items which will not be reclassified in the Income Statement in subsequent periods</i>					
<b>Total comprehensive income</b>		<b>(42 108)</b>	<b>(11 690)</b>	<b>(71 628)</b>	<b>(11 686)</b>
<b>Total comprehensive income attributable to:</b>					
Owners of the parent Company		(42 108)	(11 690)	(71 628)	(11 686)
Non-controlling interests		-	-	-	-
<b>Total comprehensive income</b>		<b>(42 108)</b>	<b>(11 690)</b>	<b>(71 628)</b>	<b>(11 686)</b>

<b>CONSOLIDATED STATEMENT OF FINANCIAL</b>	<b>NOTE</b>	<b>31.12.2018</b>	<b>31.12.2017</b>
<b>ASSETS</b>			
Deferred tax asset	13	19 279	19 729
Intangible assets and goodwill	11, 12	108 708	107 382
Property, plant and equipment		19 636	4 802
Investment in shares		6 988	-
<b>Non-current assets</b>		<b>154 611</b>	<b>131 913</b>
Inventories		3 475	4 592
Contract asset		17 254	40 590
Trade receivables	8	23 961	30 995
Other receivables	8	10 010	7 440
Cash and cash equivalents	6	32 588	53 742
<b>Current assets</b>		<b>87 288</b>	<b>137 359</b>
<b>Total assets</b>		<b>241 899</b>	<b>269 272</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	10	93 991	93 958
Share premium		17 382	17 382
Retained earnings		14 604	84 123
<b>Total equity</b>		<b>125 977</b>	<b>195 463</b>
<b>Liabilities</b>			
Loans and borrowings	7, 9	30 941	16 285
Pension liabilities		-	40
Other liabilities		3 518	3 490
<b>Non-current liabilities</b>		<b>34 459</b>	<b>19 815</b>
Loans and borrowings	7, 9	6 988	-
Trade payables and other payables	8	44 881	30 286
Contract liability		5 814	-
Other current liabilities	8	23 780	23 709
<b>Current liabilities</b>		<b>81 463</b>	<b>53 995</b>
<b>Total liabilities</b>		<b>115 922</b>	<b>73 810</b>
<b>Total equity and liabilities</b>		<b>241 899</b>	<b>269 272</b>

<b>CONSOLIDATED STATEMENT OF CASH FLOWS (unaudited)</b>				
NOTE	Q4 2018	Q4 2017	FY 2018	FY 2017
<b>Cash flow from operating activities</b>				
Profit/loss for the period	(42 108)	(11 690)	(71 628)	(11 685)
<i>Adjustments for:</i>				
Tax expense	(1 152)	792	(351)	792
Depreciation, amortisation, impairment	22 163	1 024	25 079	4 136
Profit from sale of fixed assets	-	2	-	(465)
Effect of options exercised	303	233	1 846	3 486
Items classified as investments and financing activities	664	260	1 457	1 264
<i>Changes in:</i>				
Trade receivables	(4 881)	(2 620)	7 073	6 864
Trade payables	15 156	(13 625)	13 485	(18 528)
Inventories / work in progress	24 864	15 583	30 268	2 262
Other current assets and accruals	(3 518)	16 562	(2 532)	23 477
<b>Net cash from operating activities</b>	<b>11 490</b>	<b>6 521</b>	<b>4 695</b>	<b>11 603</b>
<b>Cash flow from investments activities</b>				
Proceeds from sale of property, plant and equipment	-	(894)	-	1 097
Acquisition of property, plant and equipment	(214)	(1 247)	(1 377)	(2 608)
Acquisition of subsidiary, net of cash acquired	-	(68)	(37 862)	(68)
Acquisition of shares	(6 988)	-	(6 988)	-
<b>Net cash from investments activities</b>	<b>(7 202)</b>	<b>(2 209)</b>	<b>(46 227)</b>	<b>(1 579)</b>
<b>Cash flow from financing activities</b>				
Proceeds from new equity (capital increase)	-	(27)	33	28 648
Proceeds from new loan	6 988	-	21 988	-
Interest expense	(664)	(260)	(1 457)	(1 264)
Repayment of borrowings	(187)	(309)	(187)	(20 005)
<b>Net cash from financing activities</b>	<b>6 137</b>	<b>(596)</b>	<b>20 377</b>	<b>7 379</b>
Net change in cash and cash equivalents	10 425	3 716	(21 155)	17 403
Cash & cash equivalents at start of period	22 163	47 595	53 743	36 341
<b>Cash &amp; cash equivalents at end of period</b>	<b>6</b>	<b>32 588</b>	<b>32 588</b>	<b>53 744</b>
Of which restricted cash at the end of the period	8 416	18 273	8 416	18 273

### CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (unaudited)

	Share capital	Share premium	Retained earnings	Total equity
<b>Equity 01.01.2017</b>	<b>79 014</b>	<b>3 679</b>	<b>92 783</b>	<b>175 476</b>
Profit (loss)	-	-	(11 685)	(11 685)
Capital increase	14 944	13 704	-	28 648
Equity effect of share options	-	-	3 486	3 486
Other changes	-	-	(461)	(461)
<b>Equity 31.12.2017</b>	<b>93 958</b>	<b>17 382</b>	<b>84 123</b>	<b>195 464</b>
	Share capital	Share premium	Retained earnings	Total equity
<b>Equity 01.01.2018</b>	<b>93 958</b>	<b>17 382</b>	<b>84 123</b>	<b>195 464</b>
Profit (loss)	-	-	(71 628)	(71 628)
Capital increase	33	-	-	33
Equity effect of share options	-	-	1 846	1 846
Other changes	-	-	262	262
<b>Equity 31.12.2018</b>	<b>93 991</b>	<b>17 382</b>	<b>14 603</b>	<b>125 977</b>

**NOTES****(unaudited)****Note 1 - Corporate information**

Bergen Group ASA is a public limited company based in Norway, and was founded on 22 May 2007. The Company's registered office is at Laksevåg in Bergen. These consolidated financial statements comprise the Company and its subsidiaries (collectively the "Group" and individually "Group companies"). Bergen Group ASA is listed on Oslo Stock Exchange with the ticker BERGEN.

**Note 2 - Interim report / Accounting principles / comparative figures**

This interim report is in accordance with IAS 34 "Interim Financial Reporting" and follows the same accounting principles as the Group financial statements for 2017. An interim report does not include all the information required in a complete financial statement, and it should be read in relation with the Group financial statements for 2017. The financial statements are available at the group's web pages: [www.bergengroup.no](http://www.bergengroup.no).

Two new accounting standards have been implemented with effect from 1 January 2018:

- The Group has implemented IFRS 15. This Standard has no significant impact on the Group's financial reporting. For more information see description in the 2017 annual report. No changes have been made to comparative figures or the opening balance as at 1 January 2018.
- The Group has implemented IFRS 9. This standard has no significant impact on the Group's financial reporting. For more information see description in the 2017 annual report. No changes have been made to comparative figures or the opening balance as at 1 January 2018

**Note 3 - Estimates and judgements in the accounts**

Preparation of both interim accounts and financial statement according to IFRS includes judgments, estimates and assumptions, of which will influence on the reported values for both assets, liabilities, revenue and costs. During the preparation of the accounts the management used estimates based on best estimates, and assumptions considered to be fair and true based on historical knowledge. Actual amounts may differ from estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements.

**Note 4 - Segment information**

SEGMENT SERVICES	Q4	Q4	FY	FY
	2018	2017	2018	2017
Operating revenue*	48 137	63 246	195 905	271 591
EBITDA	(12 298)	(4 179)	(24 342)	12 835
Depreciation, amortisation, impairment	(21 837)	(1 885)	(24 430)	(4 078)
EBIT	(33 136)	(6 065)	(48 772)	8 756
Order backlog	196 500	152 200	196 500	152 200

\*Figures for revenues excludes intercompany eliminations

SEGMENT AQUACULTURE	Q4	Q4	FY	FY
	2018	2017	2018**	2017
Operating revenue*	25 149	-	29 492	-
EBITDA	1 950	-	2 712	-
Depreciation, amortisation, impairment	(166)	-	(483)	-
EBIT	1 784	-	2 229	-
Order backlog	79 000	-	79 000	-

\*Figures for revenues excludes intercompany eliminations

\*\*FY 2018 includes figures for BG Sjøsterk from July 2018

SEGMENT OTHER	Q4	Q4	FY	FY
	2018	2017	2018	2017
Operating revenue*	971	1 005	3 980	4 602
EBITDA	(8 380)	(5 272)	(19 648)	(16 913)
Depreciation, amortisation, impairment	(159)	862	(166)	(57)
EBIT	(8 539)	(4 412)	(19 814)	(16 971)

\*Figures for revenues excludes intercompany eliminations

**Note 5 - Net finance costs**

NET FINANCE COSTS	Q4	Q4	FY	FY
	2018	2017	2018**	2017
Interest income	21	71	62	351
Other finance income	52	66	352	71
Interest cost	(563)	(306)	(1 519)	(1 432)
Losses connected to conditional remuneration related to historical sales transactions	-	-	(3 750)	-
Other finance cost	(278)	(253)	(767)	(1 669)
<b>Total</b>	<b>(768)</b>	<b>(422)</b>	<b>(5 622)</b>	<b>(2 679)</b>



**NOTES**  
**(unaudited)**
**Note 6 - Cash and cash equivalents****CASH AND CASH EQUIVALENTS**

	31.12.2018	31.12.2017
Cash and cash equivalents - liquid funds	24 172	35 469
Cash and cash equivalents - restricted funds	8 416	18 273
<b>Total</b>	<b>32 588</b>	<b>53 742</b>

**Note 7 - Loans and borrowings****LOANS AND BORROWINGS**

	31.12.2018	31.12.2017
Debt to credit institutions	14 813	-
Convertible loan	16 128	16 117
Credit - purchase of shares	6 988	-
Financial lease obligations	-	168
<b>Total</b>	<b>37 929</b>	<b>16 285</b>

**Collateral**

The convertible loan is secured by (i) mortgage regarding all shares in Bergen Group Services AS, (ii) collateral in Bergen Group ASA's accounts receivables, (iii) collateral in Bergen Group ASA's bank accounts, and (iv) security in Bergen Group Services AS's bank accounts, accounts receivable and equipment.

Debts to credit institutions are secured by (i) mortgages in all shares in Bergen Group Sjøsterk AS, (ii) mortgage in property belonging to Bergen Group Sjøsterk Eiendom AS and (iii) collateral in Bergen Group Services AS's inventories, accounts receivable and equipment.

**Note 8 - Financial instruments**

The group had as of 31 December 2018 the following financial assets; Cash and cash equivalents MNOK 33 (including restricted cash), accounts receivables MNOK 24, and other short term receivables MNOK 10. Financial obligations consisted of; Long term interest bearing debt MNOK 31, short term interest bearing debt MNOK 7, account payables and other liabilities MNOK 45.

**Note 9 - Financial risks**

Financial risk includes credit risk, market risk and liquidity risk. The financial risk is currently linked to short-term liquidity. The company's liquidity position has been weakened because of negative operating profit, combined with acquisitions, over the last few quarters. The Board of Directors and the administration have taken measures to ensure a satisfactory short-term liquidity for the Group. Measures will be taken in current quarter towards the activity in the market area Energy & Industry in order to achieve profitability and to be in line with the strategy of the merged company.

**Note 10 - Shareholder information**

The share capital in Bergen Group ASA is NOK 93 991 018, distributed on 93 991 018 shares with nominal value NOK 1/per share

<b>Largest shareholders 31.12.2018</b>	<b># of Shares</b>	<b>% of total</b>
BRIAN CHANG HOLDINGS	28 918 110	31 %
AS FLYFISK	22 397 940	24 %
EIKELAND HOLDING AS	5 823 024	6 %
BERGEN KOMM. PENSJONSKASSE	1 500 000	2 %
EAGLE AS	1 417 000	2 %
PROFOND AS	1 241 111	1 %
FRANK ROBERT SUNDE	1 069 716	1 %
SPECTATIO FINANS AS	1 016 394	1 %
BERGEN EIENDOM INVEST AS	1 000 000	1 %
SØR-VARANGER INVEST AS	916 774	1 %
NORDNET LIVSFORSIKRING AS	897 319	1 %
MØVIK INVEST AS	876 487	1 %
FJ HOLDING AS	833 000	1 %
SOTRA KRAN AS	819 826	1 %
SVEIN ATLE ULVESETER	773 701	1 %
FRIELE CAPITAL AS	740 740	1 %
KJELL GUNNAR NES	540 000	1 %
BERNHD. BREKKE AS	494 505	1 %
KANABUS AS	432 265	0 %
HARALD SIG. JACOBSEN	402 000	0 %
<b>Total 20 largest</b>	<b>72 109 912</b>	<b>77 %</b>
Other shareholders	21 881 106	23 %
<b>Total all shareholders</b>	<b>93 991 018</b>	<b>100 %</b>

## NOTES

(unaudited)

### Note 11 - Acquisition of subsidiary

In July 2018, Bergen Group Management AS acquired 100% of the shares in Sjøsterk AS and Sjøsterk II AS, later renamed Bergen Group Sjøsterk AS and Bergen Group Sjøsterk Eiendom AS.

#### Consideration transferred

Cash consideration	43 478
Total consideration transferred	43 478

#### Acquisition-related costs

The group incurred acquisition-related costs of MNOK 0,3, mainly related to legal services

#### Identifiable assets acquired and liabilities assumed

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition  
An updated assessment was made as of Q4 based on the information available at the previous assessment date.

Property, plant and equipment	15 910
Trade receivables and other receivables	39
Cash and cash equivalents	5 997
Deferred tax	(801)
Trade payables and other payables	(1 110)
Other current liabilities	(508)
Total identifiable net assets acquired	19 526

#### Goodwill

Total consideration transferred	43 478
Fair value of identifiable net assets acquired	(19 526)
Goodwill	23 952

### Note 12 - Intangible assets and goodwill

Bergen Group ASA performs a test of the value of goodwill and other intangible assets annually or at the end of each reporting period, if there is indication of impairment of the assets.

#### Services

As of 31.12.2018, the Group performed an impairment test of goodwill and other intangible assets in accordance with requirements in IAS 36. The value in use has been used in order to determine recoverable amount. The calculation is based upon estimated future cash flows for the remaining cash generating unit, Bergen Group Services.

As a result of losses in 2018, termination of location Straume and limited future volumes related to framework contracts with the Norwegian Armed Forces, the recoverable amount has been considered to be lower than the book value of the cash-generating unit. As a result, a write-down of goodwill of NOK 21 million was recognized in the fourth quarter of 2018.

The calculation of recoverable amount is based on budgets and long-term performance targets for the period 2019 to 2022. Budgeted EBITDA is based on expectations for future results taking into account experience from historical results. For subsequent periods, a growth rate of 2% has been used, which is in line with the expected inflation rate. WACC of 10,9% after tax and EBITDA-margin of 6-9% has been used.

#### Aquaculture

As of 31.12.2018, the Group performed an impairment test of goodwill and other intangible assets in accordance with requirements in IAS 36. The value in use has been used in order to determine recoverable amount. The calculations are based upon estimated future cash flows for the cash generating unit, Bergen Group Sjøsterk. The calculations are based upon budgets and long term profit goals for the period 2019 up to and including 2022. Budgeted EBITDA is based on expectations for future results taking into account experience from historical results. For subsequent periods, a growth rate of 2% has been used, which is in line with the expected inflation rate. WACC of 11% after tax and EBITDA-margin of 10% has been used. Estimated recoverable amount of cash-generating unit exceeds book value.

#### Reconciliation of carrying amount of goodwill

Cost	CGU	CGU	Total
	BG Services	BG Sjøsterk	
Balance at 1 January 2018	152 213	-	152 213
Acquisition through business combination	-	23 952	23 952
Balance at 31 December 2018	152 213	23 952	176 165
<b>Impairment losses</b>			
Balance at 1 January 2018	50 000	-	50 000
Impairment loss	21 000	-	21 000
Balance at 31 December 2018	71 000	-	71 000
<b>Carrying amounts</b>			
Balance at 1 January 2018	102 213	-	102 213
Balance at 31 December 2018	81 213	23 952	105 165

### Note 13 - Taxes

Deferred taxes reflect the effects of temporary differences between the book value and tax value of assets and liabilities.

The recorded value of deferred tax assets is NOK 19,3 million. The group has assessed that there are not convincing evidence sufficient for all taxable losses and other tax positions to be recognized as deferred tax assets. Deferred tax assets not recognized is estimated at NOK 75 million as per 31.12.2018.

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**NOTES**  
**(unaudited)**


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**Note 14 - Subsequent events**

On 21 December 2019, an extraordinary general meeting was held in Bergen Group ASA, where the merger between Bergen Group ASA and Endúr Holding AS (owner of Endúr Fabricom AS) and the merger plan was approved.

The merger plan was registered in the Brønnøysund Register Centre on 24 December 2018, and the notification obligation for the creditors expired on 4 February 2019 without objections. Final merger is expected to be finalized in current month.

**Note 15 - Implementation IFRS 16**

IFRS 16 Leases will be implemented by Bergen Group on 1 January 2019. IFRS 16 covers the recognition of leases and related notes in the financial statements. For lessees, a right-of-use (RoU) asset and a lease obligation for each lease that meet the definition of a lease under IFRS 16 will be recognized in financial statements. Lease payments shall be reflected as interest cost and reduction of rental liabilities. RoU shall be depreciated over the shortest of each lease term and the lifetime of the asset. Lease payments in the cash flow statement are classified as cash flows from financing activities.

Implementation

- IFRS 16 will be implemented with a modified retrospective approach with no restatement of the comparative figures. At the time of implementation, the lease liabilities are calculated at the present value of the committed residual payment in the agreement and the lease assets are measured at the same value as the lease payment.
- Any contractual provisions relating to lease agreements will reduce the value of the corresponding right-of-use asset.

Expected effect from the implementation of IFRS 16 on Bergen Group's financial statements

## Consolidated balance sheet

Bergen Group expects that the implementation of IFRS 16 will increase the consolidated balance sheet by capitalizing lease commitments and leasing assets of NOK 25 million. Estimated effect is considered to be a preliminary estimate.

## Consolidated income statement

In the consolidated income statement, operating leasing costs will be replaced by depreciation and interest expenses

## Consolidated cash flow statement

In consolidated cash flow statement, lease payments will be presented as cash flow from financing activities. Previously, operating lease costs were presented as cash flow from operations.

**Note 16 - Related parties**

In Q4 2018, there has not been any material transactions or agreements entered into with any related parties.

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**ALTERNATIVE PERFORMANCE MEASURES**


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Bergen Group presents alternative performance measures as a supplement to measures regulated by IFRS. The alternative performance measures are presented to provide better insight and understanding of operations, financial position and the basis for future developments.

The definitions of these measures are as follows:

**EBITDA** - Profit/loss before i) tax, ii) net finance cost, iii) depreciation, amortisation, impairment. Corresponds to "Operating profit/loss before depr., impairm" in the

**EBIT** - Profit/loss before i) tax, ii) net finance cost,. Corresponds to "Operating profit/loss" in the consolidated statement of profit or loss

**Net interest-bearing debt** - Total interest-bearing debt, less i) interest-bearing receivables and ii) cash

**Equity ratio** - Total equity divided by total assets