

ANNUAL REPORT

2019



endúr®

Energy – Aqua – Maritime

endur.no



CONTENT:

3	KEY FIGURES
4	BOARD OF DIRECTOR'S ANNUAL REPORT
16	ANNUAL ACCOUNTS GROUP
17	CONSOLIDATED STATEMENT OF PROFIT OR LOSS
18	CONSOLIDATED STATEMENT OF FINANCIAL POSITION
19	CONSOLIDATED STATEMENT OF CASH FLOWS
20	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
21	NOTES GROUP
56	ANNUAL ACCOUNTS PARENT COMPANY
57	INCOME STATEMENT PARENT COMPANY
58	BALANCE SHEET PARENT COMPANY
59	CASH FLOW STATEMENT PARENT COMPANY
60	NOTES PARENT COMPANY
71	APM
73	RESPONSIBILITY STATEMENT
74	AUDITORS REPORT

CHANGE IS
A CONSTANT

KEY FIGURES

2019

2018

RESULTS

Operating revenue	493 598	176 521
EBITDA	11 684	-4 348
EBITDA-margin	2 %	-2 %
Net Profit/Loss	-9 617	-9 806

BALANCE SHEET

Total assets	333 409	92 667
Equity ratio	33 %	4 %
Net interest-bearing debt	63 022	142

SHARE

Basic earnings per share	-0,05	-0,08
--------------------------	-------	-------



THIS ANNUAL REPORT INCLUDES ENDÚR ASA FINANCIAL STATEMENTS FOR 2019 AS APPROVED BY THE BOARD OF ENDÚR ASA ON 15 MAY 2020.

A NORWEGIAN VERSION OF THE REPORT IS AVAILABLE ON THE GROUP'S WEBSITE WWW.ENDUR.NO. HERE YOU WILL ALSO FIND MORE DETAILED AND UPDATED INFORMATION ABOUT THE GROUP. THE ENGLISH VERSION IS AN OFFICE TRANSLATION. IN CASE OF INCONSISTENCY, THE NORWEGIAN VERSION PREVAILS.

PHOTO ©: BERGEN GROUP / MORTEN WANVIK

DESIGN: ARTGARDEN



DIRECTORS' REPORT FOR ENDÚR ASA 2019

Based in West Norway, Endúr ASA (formerly Bergen Group ASA) is an industry group and well-established supplier of products and services which in 2019 were mainly related to maritime service, energy and aquaculture.

In connection with the completed transaction with Endúr Holding AS, the Group's name was changed from Bergen Group ASA to Endúr ASA, effective from February 20, 2019. The company's ticker at the Oslo Stock Exchange is ENDÚR.

DEMANDING YEAR FOCUSED ON GROWTH-RELATED MEASURES

Three years ago, the Board of Endúr ASA approved a growth-focused strategy where the goal was to develop Endúr as an attractive industrial group with their main business anchored in West Norway. In relation to this, work has been done on several targeted processes to contribute. A number of these processes has given significant results in 2019, thus strengthening the foundation for the Groups further growth ambitions. Some processes, however, have proven far more demanding to implement with satisfactory results. These have affected the group unfavorable, both in 2019 and the start of 2020.

The Board summarizes 2019 with the following main points:

Successful turnaround of segment Maritime

remaining operational activity, which, as of 1st of January 2017 consisted of Bergen Group Services.

Various operational and organizational measures were implemented throughout 2018 with a goal to further develop activities in maritime service to a strong base for further growth. This has yielded results, and this segment shows a 2019 revenue of NOK 164 million and an EBITDA of NOK 17 Million. Furthermore, both order-backlog and market position are considered as significantly strengthened.

Solid footing established in aquaculture

In 2018, the group saw the opportunity to strengthen its position towards the aquaculture industry in addition to being a service and maintenance service provider linked to maritime services. Through the acquisition of Sjøsterk from Backe Bergen AS in the summer of 2018, the group acquired a business producing feed barrels and other floating concrete structures. Increased focus on capacity utilization, market work and product development has helped the company to gain a solid foothold in a national market. Endúr Sjøsterk AS tripled the activity from 2018 to 2019, and last year achieved a turnover of NOK 136 million and an EBITDA of NOK 15 million.

Demanding process towards the offshore market

In the fall of 2018, the Group initiated a process to secure a foothold towards oil and gas through its merger with Endúr Energy Solutions and its subsidiaries. The process started in the second half of 2018 and was completed in February 2019. However, the goal of developing offshore-related services related to maintenance, modification, installation and fabrication has proved very challenging. A significant part of the activity in this segment resulted in major losses in 2019, and the loss-making portion of this segment was terminated by bankruptcy in February 2020. Endúr Industrier AS generated positive results in 2019. The company was purchased from the bankruptcy estate and is now organized with the same management as Endúr AAK. Throughout 2019, Endúr AAK AS has succeeded in turning the business towards a broader customer portfolio onshore.

REPORTING SEGMENTS

The activity of the group consists of the following four segments in 2019, where the first three represent operational activity:

- Energy (Endúr Energy Solutions AS, Endúr Industrier AS, Endúr PMAE AS and Endúr AAK AS)
- Maritime (Endúr Maritime AS)
- Aquaculture (Endúr Sjøsterk AS, Endúr Eiendom AS)
- Other (other business within the Group)

Segment Maritime

The activity in this segment is exercised by Endúr Maritime AS. The company has extensive experience within the ship-technical maintenance connected to complex vessels with extremely strict quality and operational safety requirements. Over time, the company has built up solid competence and capacity for handling extensive maintenance agreements towards both military and civilian maritime customers. The activities connected to ship-technical maintenance and maritime service are varied and only to a small degree impacted by the level of activity within the offshore industry. Operational activities are based on a combination of long-term framework agreements, such as those with the Norwegian Society for Sea Rescue and the Foundation sailing ship Statsraad Lehmkuhl, as well as a strong position within the spot market.

One of the company's strategic targets has been to establish the framework and supplier agreements necessary to strengthen increased activities in the future while contributing to further developing the company's competence within the execution of demanding maintenance and service in the maritime market.

In 2019, Endúr Maritime AS has experienced positive growth in activity both towards the civilian market and towards the Norwegians Armed Forces. Among other things, the company has in 2019 been involved in the implementation of various completion and guarantee projects related to the new supply ship KMN «Maud»

In September 2019, Endúr Maritime AS was awarded a framework contract by the Norwegian Armed Forces Logistics Organization (FLO) for supplementary maintenance assignments at the naval base Haakonvern. The contract was signed at the beginning of the fourth quarter after the ordinary waiting period had expired. The framework contract is valid for a period of four years with an option for a further three years. The calculated value of the contract, including the option period, is estimated by the Defense to be NOK 750 million. The awarded framework contract comprises maintenance services and alteration work for all vessel classes that the Navy base at Haakonvern has or will receive during the framework agreement period.

The company is experiencing an increasing activity in connection with various framework contracts. A significant part of the business is still related to the spot market. This market is partly extensive in relation to both the customer portfolio and business area and is thus considered relatively stable despite a somewhat limited orderbacklog.

Segment Akvakultur

The Aquaculture segment consists of the operating company Endúr Sjøsterk AS and the real estate company Endúr Eiendom AS, which owns the production sites at Stamsneset south of Bergen. The operating company and the property were purchased from Backe Bergen in the summer of 2018.

During 2019, Endúr Sjøsterk has strengthened its position as a manufacturer of floating concrete structures with the main emphasis on feed barges for the aquaculture industry. During 2019, the company's activity tripled compared to the previous year. The company completed a total of six large fleet projects for the aquaculture industry, of which five fleets were delivered to Salmar, Grieg Seafood and Nordlaks respectively.

In addition, in 2019, contracts were signed for three new fleet projects that were started in 2019 and will be delivered in the first half of 2020.

The company's production facility is centrally located in the Stamsneset industrial area in Bergen South, just 10 minutes from Bergen Airport. Here, the concrete constructions are manufactured in the company's own dry dock of 22 x 90 meters, with a capacity for parallel production of up to 3 concrete fleet projects with 600 tonnes load capacity. Equipment and completion can be done both at Stamsneset and at the quay area that the Group disposes of in the yard area at Laksevåg just outside Bergen city center.

Segment Energy

Segment Energy consists of Endúr AAK AS, Endúr Energy Solutions AS and the two subsidiaries Endúr Industrier AS and Endúr PMAE AS.

Endúr Energy Solutions AS has historically focused on deliveries connected to maintenance, modification, installation, fabrication and remodeling of complex oil and gas installations both onshore and offshore. Several of the above-mentioned areas has had good market development for the supplier industry during the year. This trend has been very limited in providing new activity for Endúr Energy Solutions. In addition, it has proved challenging to materialize profitable activity and satisfactorily volume linked to existing framework-agreements.

Endúr Energy Solutions AS had throughout the year weak profitability with negative results. Measures Implemented throughout the year has not produced the desired effect. The process of turning the company's activity towards delivery of complete design and installation solutions and measures to further develop revenue and profitability related to existing framework-agreements has not provided satisfactory results.

Segment Energy had revenue of NOK 198 million in 2019 and a negative EBITDA of NOK 10 million. Some of the segment's activity have generated profits in 2019, but the main challenges have been related to the company Endúr Energy Solutions AS, which alone suffered a loss in 2019 of NOK 20 million.

In February 2020, the Board of Directors of Endúr Energy Solutions AS concluded that there was no longer any basis for continued operations and a decision to file for bankruptcy was made. For more information, see "Events after the balance sheet date".

Endúr Industrier AS, whose main activity is related to deliveries of various prefab and maintenance services towards both the onshore and offshore market, delivered positive results in 2019. The Company is located on attractive premises centrally placed in Dusavika. As of May 1, 2020, is the company that together with Endúr AAK constitutes the remaining operational business in the Energy segment. At the beginning of May 2020, these two companies carried out organizational coordination and established joint management to better exploit the opportunities in today's market and position the Group for further growth.

Endúr AAK is a pioneer in access techniques and has a strong position in the market. Deliveries includes mechanical installation and lifting, inspection / NDT, demolition and removal, repair and maintenance services to the offshore, industrial, infrastructure and renewable markets. AAK has a strong professional environment and a large geographical spread, which in turn gives increased presence and proximity to customers.

PROFIT & LOSS, BALANCE AND CASH FLOW

This annual report has been developed according to the "International Financial Reporting Standards" (IFRS) as established by EU.

The Group's operative activities per December 31, 2019 consist of the companies Endúr Energy Solutions AS, Endúr Industrier AS, Endúr PMAE AS, Endúr Maritime AS, Endúr AAK AS, Endúr Sjøsterk AS, Endúr Eiendom AS, Endúr Invest AS and Endúr ASA.

The annual report reports for the following independent segments:

- Maritime (Endúr Maritime AS)
- Aquaculture (Endúr Sjøsterk AS and Endúr Eiendom AS)
- Energy (Endúr AAK AS, Endúr Energy Solutions AS, Endúr Industrier AS, Endúr PMAE AS)
- Other (remaining Group activities).

Result:

The Group's revenue in 2019 is NOK 494 million, compared to NOK 177 million in 2018. The Group's operating profit before depreciation and amortization (EBITDA) in 2019 is NOK 11.7 million, compared to NOK -4.3 million in 2018. The Group's operating result in 2019 is NOK -2.3 million compared to NOK -10.5 million in 2018. The Group result after tax in 2019 is NOK -9,6 million, compared to NOK -9,8 million in 2018.

Balance sheet and cash flow:

As of December 31, 2019, total assets were NOK 333.4 million and book equity was NOK 111.5 million, which represents an equity ratio of 33%. Similarly, as of December 31, 2018, the Group had total assets of NOK 92.7 million and equity of NOK 3.7 million and an equity ratio of 4%.

Net interest-bearing debt by the end of 2019 is NOK 63 million. Cash and cash equivalents constitute NOK 20.9 million. NOK 16.6 million concerns a convertible loan, NOK 14.1 million concerns a bank loan in connection with the purchase of property in Q3 2018, NOK 4.2 million concerns seller credit for the purchase of shares in Endúr Energy Solutions AS, NOK 13.9 million concerns overdraft facility. NOK 35.1 million concerns leasing obligations connected to the Group's long-term lease agreements.

Cash flow from operations was NOK -32.8 million in 2019. Corresponding figures from 2018 was NOK 12.2 million. The change is mainly due to a net increase in working capital. Net cash flow from investments is NOK 42 million. This is mainly due to the business combination completed in 2019.

Cash flow from financing activities was NOK -5 million in 2019. This was mainly due to down payment of lease liabilities.

Research and development:

Endúr has no overarching research and development activity but works with targeted projects within product and service development, which may strengthen the market positions of the companies.

Parent Company – Endúr ASA:

The operating result for the parent company is NOK -10.8 million in 2019, while the corresponding figures for 2018 is NOK -2 million. Net financial costs were NOK -3.6 million in 2019. Net financial costs were NOK -6.7 million in 2018. The annual result was NOK -10 million in 2019, while the corresponding figures for 2018 were NOK 4.8 million.

Allocation of profit/loss and dividend policy:

The profit/loss for the parent company was NOK -10 million, which is allocated to other equity. At December 31, 2019, the parent company's equity was NOK 120.6 million.

It is the company's stated ambition to provide shareholders with annual returns on their investments in the form of dividends and value increases that are at least on a par with investment alternatives with comparable risk. Based on the Group's 2019 results, the Board does not propose any dividends.

ANNUAL GENERAL MEETING INFORMATION

The Ordinary Annual General Meeting of Endúr ASA was held on Tuesday May 14, 2019, at the company facilities in Damsgårdsveien 229 in Bergen. In total, 84,5 % of the share capital was represented.

The AGM unanimously approved the Board's proposal for the Financial Statement and Annual Report for the accounting year 2018. All other proposals were also unanimously approved by the AGM in line with the recommendations of the Board and the Election Committee.

Furthermore, an extraordinary General Meeting was held in Endúr ASA on August 1, 2019, to conduct supplementary elections to the board. The shareholders present unanimously elected Trond Skarveland as a new member of the Board of Directors of Endúr ASA, until the Annual General Meeting in 2020.

Following this, the Board of Endúr ASA consists of a total of 5 shareholder-elected and 2 employee-elected members. Of the 7 board members, 4 are women.

BOARD AND REVISION COMMITTEE

As of December 31, 2019, the Board of Endúr ASA consists of five shareholder-elected and two employee-elected Board members. The five shareholder-elected members are Rune Skarveland, Trond Skarveland, Tove Ormevik, Ragny Bergesen and Bente Stangeland. The two employee-elected members are Kristoffer Hope and Jorunn Ingebrigtsen.

The company's revision committee has in 2019 consisted of Bente Stangeland and Jorunn Ingebrigtsen. The competence and independence of the revision committee is considered to meet the requirements considered necessary for maintaining tasks according to the Public Limited Companies Act and according to the company's size and activities.

QHSE – QUALITY, HEALTH, SAFETY AND ENVIRONMENT

Endúr works systematically and continually on improving the Group's systems for quality, health, safety and the environment (QHSE) and the safety culture connected to the Group's operations. The Group has a zero vision for incidents connected to HSE, quality deviations and incidents impacting the external environment. The goal is to avoid employees becoming injured or ill at work, as well as ensure the correct quality of deliveries and avoid negative impact on the environment around us. The company works purposefully on increasing the use of suggestions for improvements and observations in preventive work. This type of reporting is a key part of the work of maintaining the Group's zero vision.

Quality: The Group systematically develops process-based quality systems within each specific business area. An important part of this work is a dedicated focus on the management systems and to ensure that these are quality assured through ISO certifications for both Endúr Maritime AS, Endúr AAK AS, Endúr Sjøsterk AS and Endúr Industrier AS.

In 2019, recertifications were carried out according to ISO 9001:2015 by accredited certification institutions in the companies Endúr Maritime AS, Endúr AAK AS, Endúr Sjøsterk AS and Endúr Industrier AS. ISO 9001:2015 confirms that the management system is certified according to the standard that describes quality management systems.

In addition, periodic revision of the welding standard ISO 3834–2 was carried out for Endúr Maritime. ISO 3834–2 defines comprehensive quality requirements for metal welding in both workshops and construction sites. This certification is important for documenting Endúr Maritime's extensive technical welding expertise.

All the operative companies in Endúr ASA has a targeted strategy for further developing the companies' quality assurance systems.

Health: The average sick leave among Endúr employees in 2019 was 4.2%. For comparison, the average sick leave in 2018 was 6.5%.

The sick leave in 2019 was distributed on 1.4% in short-term leave and 2.8% in long-term leave. 0.3 % of the long-term absences were considered work-related. Endúr aims to reduce sick leave to a level corresponding to the national average or better than national average. The quarterly sick leave within the industry sector in Norway in 2019 was between 4.9% and 6.6%. (Source: SSB).

During 2019, the Group had a total of 3 personal injury among its own employees, after a fall on ice surface and sprain/fall at the quay. The company has implemented measures to prevent similar incidents.

Based on the number of reported injuries, the annual H value was measured to 17.2. The H value measures the number of injuries leading to sick leave per million work hours. For comparison, the H value for 2018 was 3.4. The company works systematically to avoid lost-time injuries. A zero vision with associated action plan for injury prevention has been established.

Environment: Endúr maintains a continuous focus on environmental improvement when it comes to production processes and the use of alternative products and services in order to reduce the Group's negative impact on the environment. In general, the Group's activities have a limited negative impact on the environment. There were no serious incidents that had consequences for the environment registered in 2019. The company strives for minimal use of solvents, energy, and water. Collaborative agreements have been established with approved companies that ensure that hazardous waste is handled safely and according to regulations. The company focuses on using fewer environmentally damaging products by increasing the awareness of the total environmental impact of a product throughout its lifespan. In this context, the Group has established systems for risk assessment, measures and control of the use of chemicals in order to ensure systematic and preventive environmental work

Safety: In 2019, the Group has focused on further developing its systems, competence and learning in order to achieve lower risks for all our activities. Operational activities use electronic tools for all guiding documentation connected to the above certifications in connection with reporting and following up incidents and deviations. The company has established an electronic system for risk assessment and maintenance management. An annual plan for the HSE work has been developed and is followed in order to safeguard continuous improvement and reach the company's goals

PERSONNEL, EQUALITY AND COMPETENCE DEVELOPMENT

Per December 31, 2019, the Group had 249 employees, most of whom had full-time positions. Endúr considers it strategically necessary to carry out continuous competence and capacity adjustments according to the market development and operational activities. During 2019, there has been a net increase of 73 FTEs within the Group, primarily related to the merger with Endúr Energy Solutions.

Parts of the company's activities are project-related assignments requiring the use of extra capacity for a limited period. Mainly, the company uses temporary employment to cover project-related capacity.

The work environment is generally considered good. Endúr has established a zero tolerance towards all types of harassment, discrimination, or other behaviour that colleagues, business partners or others may perceive to be threatening or derogatory. Regular meetings in AMU (The Working Environment Committee) and with the club management/employee representatives are considered important in order to catch negative deviations connected to the work environment.

Endúr relies on talented, experienced, and qualified managers and co-workers. All employees are treated equally, regardless of ethnicity, nationality, sexual orientation, gender, religion, or age. Equal opportunities are offered for development and promotion to management positions.

Endúr's operational activities are mainly part of areas traditionally characterised by a large share of male employees. By the end of 2019, the percentage of female employees was 13.1% (against 5 % by the end of 2018). This increase is mainly related to the merger with Endúr Energy Solutions AS. The Group maintains a dedicated focus on recruiting more female employees at all levels. The salary for women is considered the same as for men in similar positions.

At the end of 2019, the Board of Endúr ASA consists of seven members, of whom four are women.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

According to § 3–3c of the Accounting Act, Endúr is bound to provide an annual account of corporate social responsibility (CSR), either in the Annual Report or in another publicly available document which is referred to in the Annual Report.

Endúr focuses on balancing the relationship between financial growth and the company's social responsibilities. The Group strives towards executing the best possible CSR, where the Group's activities integrate social and environmental considerations in their daily operations and towards groups impacted by the activities. Taking care of human rights and the environment, respect for basic workers' rights and decent work conditions, fighting corruption as well as the greatest possible openness are central in Endúr.

The Group's policy and goals related to CSR is made available on the Group's website.

Endúr has initiated preliminary processes to achieve an ISO certification according to the "CSR Performance Ladder", which is a certifiable standard for management systems connected to CSR. The standard "CSR Performance Ladder" is based on international standards such as ISO and OHSAS, and is managed by an independent foundation and expert committee. The work regarding this ISO process has been delayed due to capacity restrictions, and completion is not expected until the end of 2020.

The company's CSR guidelines will, according to the above standard, cover the following topics:

- Organisation management
- Work conditions and human rights
- Environment, commodities, energy, and emissions
- Business ethics and consumer questions
- Social commitment and development

The company's goal is to create visible principles, procedures and standards that are fully integrated into business strategies, daily operations and the relationship to stakeholders.

CORPORATE GOVERNANCE

Endúr ASA is of the opinion that the foundation for good Corporate Governance should be built on clear and transparent relationships between the owners, the Board, and the management.

Corporate Governance shall ensure credibility and trust among all stakeholders and form a good foundation for furthering sustainable value creation and good results. Good business management is an important prerequisite for achieving Endúr

ASA's vision and carrying out our strategy plans. Good business management contributes to the Group's long-term value creation, while the resources are utilised in an efficient and sustainable manner.

Endúr ASA's guidelines for corporate governance follow the recommendation of The Norwegian Committee for Corporate Governance (NUES), available at www.nues.no. The Norwegian recommendation for Corporate Governance is based on the shares, accounting, stock exchange and securities legislation, as well as stock exchange regulations, and contains rules and guidelines which partially elaborates the current legislation, and partially covers areas not addressed by the legislation.

The guidelines aim to clarify the distribution of roles between shareholders, the Board and caseworkers beyond the requirements of the law. Endúr's goal is to follow the NUES recommendation of strengthening the trust in the company and contribute to the greatest possible value creation in the long term, to the best of the shareholders, employees, and other stakeholders.

Endúr's principles for Corporate Governance are available on the company's website.

Changes in Group management: In May 2019, Hans Petter Eikeland took over as new CEO of the Company after Nils Hoff. Eikeland simultaneously resigned as chairman of the Board in Endúr ASA. He has extensive experience from different management positions within offshore-related activity, most recently as CEO of Bergen Group ASA until he resigned in November 2017 to take over as director of the Board of the company. As Nils Hoff resigned as CEO in May 2019, he transitioned to a newly created position as Chief Operating Officer (COO). Hoff has been part of the group management since the summer of 2015. The above-mentioned changes were implemented to strengthen the Group management in connection to ongoing growth processes.

SHARE CAPITAL, SHARES AND SHAREHOLDER INFORMATION.

Endúr ASA has been listed on the Oslo Stock Exchange since June 2008. Until mid-February 2019, the company was listed under the ticker BERGEN. After the name was changed to Endúr ASA, the stock exchange ticker was changed to ENDUR.

Shareholders: Per December 31, 2019, the company had a total of 1,559 shareholders, compared to 1,482 shareholders by the end of 2018. An updated overview over the company's 20 largest shareholders is available on the company's IR pages at www.endur.no.

Share trades and share price: In 2019, the company's shares were traded publicly 4,300 times on the Oslo Stock Exchange, a decrease from 5,600 trades in 2018. Accumulated trade volume in 2019 was 22.86 million shares, compared to 33,96 million shares in 2018.

The final price throughout 2019 has varied between NOK 1.00 (July 4th) and NOK 2.00 (September 19th).

The final price on Friday December 30, 2019 (the final trading day of the year) was NOK 1.165 (NOK 1.23 by the end of 2018). This values the company's market value in the stock market at NOK 248 million at December 31st, 2019.

RISK EXPOSURE AND RISK MANAGEMENT

Endúr ASA is exposed to risks of both operational and financial character. The Board of Endúr ASA focus strongly on ethics and risk management, and we work actively to reduce the total risk exposure of the Group. The most important risk factors are financial risks, market risks and project risks, hereunder counterparty risks.

The financial risk picture is managed on an independent basis by the respective companies. The risk picture varies somewhat between the group's segments and companies.

The Group's financial risks mainly relates to liquidity risk. The Group has experienced strained liquidity through parts of 2019, which has amplified itself negatively in 2020. This is mainly due to losses in 2019, costs associated with the transaction with Endúr Energy Solutions AS and working capital being tied up in the group companies.

Project risk constitutes an ongoing risk factor, including risk of any accompanying liquidity consequences. Project risk is considered to be somewhat limited on the basis that the turnover is mainly distributed among a number of different projects. The Board expects an increase in the number of Market risks are mainly connected to strong fluctuations within market areas in which the Group operates. Currently the Group has diversified operational activities occurring within different market areas that are partially independent of each other. The market risks are therefore considered to be limited, however with certain risks connected to the renewal of larger framework contracts.

Reference is also made to the section "Going concern".

EVENT AFTER THE BALANCE SHEET DATE:

Bankruptcy in subsidiary: February 13, 2020 the board of Endúr Energy Solutions AS filed for bankruptcy which is 100% owned by Endúr ASA. The board of the company has along with its advisors and recourses of the group worked on alternative structural and financial solutions to provide positive operations in the company, but without success. A significant weakening of operating results throughout Q4 made this work difficult. In addition, new company management, which was brought onboard in November 2019, assessed the order backlog as severely lower than estimated by previous management. Estimated figures for Endúr Energy Solutions AS in 2019 shows a loss of NOK 20 million from a turnover of NOK 116 million.

At the date of bankruptcy, Endúr Energy Solutions AS had two subsidiaries: Endúr PMAE AS and Endúr Industrier AS. Endúr PMAE AS was filed for bankruptcy at the same time, as the operation of this company was directly related to personnel hire to the parent company.

On February 27, 2020, Endúr ASA entered into an agreement with the bankruptcy estate of Endúr Energy Solutions AS to repurchase Endúr Industrier AS. Thus, the operations of Endúr Industrier AS were secured together with the company's 30 employees. Endúr Industrier AS delivered good operations through 2019, with an average quarterly turnover of around NOK 15 million with profits. The company is located in attractive premises centrally located in Dusavik near Stavanger. The area contains one of the largest oil bases in the North Sea and is an important industrial hub for both onshore and offshore deliveries.

Covid-19:

In March 2020, Endúr ASA implemented a variety of measures to help limit the spread of the coronavirus while at the same time safeguarding the operation and deliveries to the customers.

The concern for life and health is always Endúr ASA's first priority, and the measures taken to protect employees and those working at the Group's premises have been made in accordance with the authorities' requirements, recommendations and regulations.

The uncertainty related to developments in both the market in general and among several of the Group's customers has affected Endur ASA's activity and financial situation. It was therefore necessary to make cost adjustments and liquidity-enhancing measures.

The companies in the Maritime and Energy segments initiated temporary layoffs for more than half of the workforce due to postponements of planned projects. As of date, the number of layoffs has been significantly reduced, and there is no reason to assume that the order backlog or existing framework agreements have lost value.

The Aquaculture segment has maintained normal operations with a limited effect of the corona epidemic. However, the segment is experiencing a longer decision processes with customers related new projects.

MARKET AND FUTURE OUTLOOK

Since 2017, the Board of Directors of Endúr ASA has had a clear growth strategy focusing on both structural and organic growth. To date, the Group relies on clarifications regarding financial solutions in order to maintain this growth strategy. The bankruptcy in Endúr Energy Solutions AS in February 2020 has resulted in significantly lower exposure to the offshore market.

Segment Aquaculture: This segment saw a strong increase in activity in 2019, and through Endúr Sjøsterk, the group has established a solid foothold towards the aquaculture industry. The market for concrete fleets for the aquaculture industry is still regarded as strong, and the company finds that it in this area is competitive for deliveries to customers along the entire Norwegian coast. Endúr has extensive experience from complex maritime productions, both from offshore installations and shipbuilding. This expertise will be used to further develop the next generations of feed barges and service fleets to meet the demands for, among other things, high flexibility, reliability, solid environmental and biomass management. The Board considers the possibility of expanding the Group's presence in the aquaculture industry as high.

Segment Maritime: The market outlook connected to ship maintenance and maritime services in the civilian market is considered good, with a potential for further long-term growth.

The framework contract that was signed in September 2019 with the Norwegian Defence Logistics Organization (FLO) on relief for maintenance assignments at Haakonssvern, is considered to be an important contribution. This framework contract is valid for a period of four years with an option for a further three years. The estimated value of the contract, including the option period, is estimated by the Norwegian Defence Logistics Organization to be NOK 750 million.

Throughout 2019, the company has strengthened its position within the service and maintenance of engine installations, both offshore, on ships and on land. This area of activity will keep focusing on growth in the years to come.

Segment Energy: Operational activity in this segment was significantly reduced in connection with the bankruptcy in Endúr Energy Solutions AS in February 2020. The remaining operational activity in this segment as of May 2020 is related to the two companies Endúr Industrier AS and Endúr AAK AS. Both of these companies are considered to have a strong foothold in their market areas. Endúr AAK, which has its primary services in access technique, is expected to increase both customer base and activity in 2020.

In order to better exploit the opportunities in today's market, it was decided in May to merge these two companies under common ownership and management. The Energy segment will then emerge as a strong and flexible supplier of projects in access technique, maintenance and modification for offshore, onshore, wind and aquaculture. The activity in this segment will be divided into operational units; Resource Department / Field Services, Project Department and Prefab.

Order backlog: Per December 31, 2019, Endúr ASA had a total order backlog of NOK 491 million, distributed on the three reporting segments Aquaculture, Maritime and Energy. The order backlog includes the value of estimated call-offs of ongoing framework agreements and does not consider the value of options connected to existing contracts.

GOING CONCERN

The Board of Directors of Endúr ASA has had a strong focus on strategic, operational and structural measures that can contribute to a future-oriented Group focusing on profitability and future growth.

The merger with Endúr Holding AS, which was completed in February 2019, was considered an important measure at the time of the merger. Developments in large parts of the added business have had a negative impact on the Group's liquidity in the past six months, and thus a total weakening of operational maneuvering of the Group.

Following the bankruptcy in Endúr Energy Solutions AS in February 2020, the Group's remaining operations are considered to represent a solid platform for profitable and sustainable operations in 2020 and further on. New long-term framework contracts in the Maritime segment, a significantly strengthened market position within the Aquaculture segment and a continuing operation in the Energy segment with solid operational experience are considered a strong foundation for the Group.

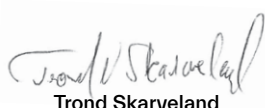
As of May 15, 2020, the Group's overall liquidity position is considered unsatisfactory and there is uncertainty related to continued operations. The Group has significant financial liabilities that fall due within the next 12 months. In addition, the Group has short-term liabilities that exceed the Group's current assets by NOK 12 million (taking into account the bankruptcy in Endúr Energy Solutions AS) as of 31.12.2019. During the second quarter of 2020, the Group will depend on establishing a financial solution with a liquidity supply.

Throughout 2019 and 2020, the Board of Directors and Group Management have focused on various measures to ensure a solid financial platform for the Group. However, it has proved difficult to find a financial solution, and as of today there are no clarified solutions that are considered satisfactory in the medium and long term.

The Board is in the process of alternative solutions with a goal of having this ready within the Company's Annual General Meeting at the beginning of June 2020.

The Board of Endúr ASA confirms, according to § 3-3 of the Accounting Act, that the annual accounts have been prepared based on the assumption for continued operations.

Bergen, 15 may 2020



Trond Skarveland



Rune Skarveland
(Chairman of the Board of Directors)



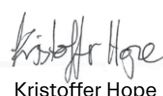
Hans Petter Eikeland
CEO



Bente Stangeland



Ragny Bergesen



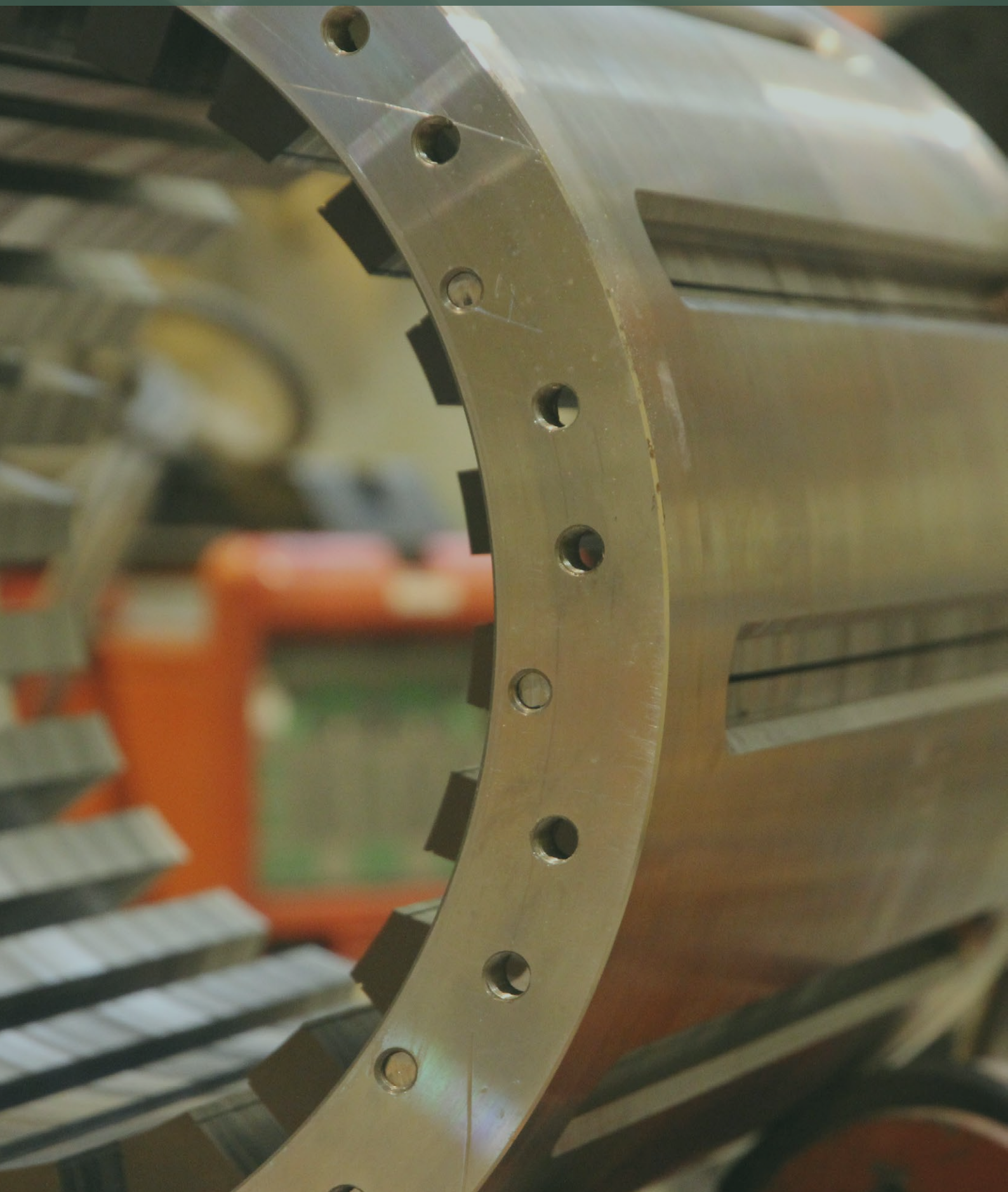
Kristoffer Hope



Jorunn Ingebrigtsen



Tove Ormevik



**CONSOLIDATED STATEMENT OF PROFIT OR
LOSS AND OTHER COMPREHENSIVE INCOME**

NOTE

IFRS
2019IFRS
2018

Sales revenue	5,6	493 598	176 521
Operating revenue		493 598	176 521
Cost of sales		-235 816	-57 295
Payroll expenses	7	-193 141	-94 810
Depreciation, amortisation, impairment	11,12	-14 002	-6 159
Other operating expenses	7	-52 957	-28 764
Operating expenses		-495 916	-187 027
Operating loss		-2 318	-10 506
Financial income	8	483	151
Financial expenses	8	-6 374	-1 223
Net financial items		-5 891	-1 072
Loss before tax		-8 209	-11 578
Tax	9	-1 408	1 772
Loss		-9 617	-9 806
Other comprehensive income			
<i>Items which may be reclassified over profit and loss in subsequent periods</i>			
Reclassification of foreign currency differences on disposal of foreign operations		-	-
Other comprehensive income for the period, net of tax		-	-
Total comprehensive income		-9 617	-9 806
Profit / Loss attributable to:			
Owners of the Company		-9 617	-9 806
Profit / Loss		-9 617	-9 806
Total comprehensive income attributable to:			
Owners of the Company		-9 617	-9 806
Total comprehensive income		-9 617	-9 806
<i>Earnings per share</i>			
Basic earnings per share (NOK)	10	(0,05)	(0,08)
Diluted earnings per share (NOK)	10	(0,05)	(0,08)

CONSOLIDATED STATEMENT
OF FINANCIAL POSITION

	NOTE	IFRS 31.12.2019	IFRS 31.12.2018	IFRS 01.01.2018
Assets				
Deferred tax asset	9	19 644	1 772	-
Intangible assets and goodwill	11, 13	114 863	-	-
Property, plant and equipment	12, 13	50 635	17 528	22 963
Other receivables		-	4 570	-
Total non-current assets		185 142	23 870	22 963
Inventories	14	5 869	-	-
Contract assets	6	44 584	16 423	10 605
Trade and other receivables	15, 22	76 909	35 831	36 199
Cash and cash equivalents	16, 22	20 905	16 543	35 219
Total current assets		148 267	68 797	82 023
Total assets		333 409	92 667	104 986
Equity and liabilities				
Equity				
Share capital	17	2 131	52 000	22 000
Share premium		167 002	-	80 000
Other paid-in capital		281	-	-
Not registered capital increase		-	-	30 000
Retained earnings		-57 909	-48 293	-118 487
Equity		111 505	3 707	13 513
Liabilities				
Loans and borrowings	18, 22	13 313	-	-
Lease liabilities	19	20 545	11 734	16 685
Other non-current liabilities		3 548	-	-
Total non-current liabilities		37 405	11 734	16 685
Loans and borrowings	18, 22	35 481	-	-
Lease liabilities	19	14 589	4 951	4 671
Trade and other payables	20, 22	133 530	53 976	51 819
Provisions	21	900	18 298	18 299
Total current liabilities		184 499	77 225	74 789
Total liabilities		221 904	88 959	91 473
Total equity and liabilities		333 409	92 667	104 986

Bergen, 15 may 2020


 Trond Skarveland


 Rune Skarveland
 (Chairman of the Board of Directors)


 Hans Petter Eikeland
 CEO


 Bente Stangeland


 Ragny Bergesen


 Kristoffer Hope


 Jorunn Ingebrigtsen


 Tove Ormevik

CONSOLIDATED STATEMENT OF CASH FLOWS	NOTE	IFRS 2019	IFRS 2018
<i>Cash flow from operating activities</i>			
Loss for the period		-9 616	-9 806
<i>Adjustments for:</i>			
Tax expense / Tax income	9	1 407	-1 772
Depreciation, amortisation, impairment	11, 12	14 002	6 159
Items classified as investments and financing activities		2 277	1 096
Share option expense	7, 24	281	
<i>Changes in:</i>			
Trade and other receivables		-6 123	368
Trade and other payables		27 426	2 157
Inventories / contract assets & liabilities		-32 303	-5 818
Other current accruals		-30 148	-4 573
Net cash from operating activities		-32 797	-12 189
<i>Cash flow from investments activities</i>			
Acquisition of property, plant and equipment	11, 12	-3 153	-720
Acquisition of subsidiary, net of cash acquired	4	45 275	
Net cash from investments activities		42 122	-720
<i>Cash flow from financing activities</i>			
Proceeds from issue of share capital (capital increase)	17	450	
Proceeds from loans and borrowings	18	13 937	
Payment of interests		-2 277	-1 096
Repayment of lease liabilities	19	-13 048	-4 671
Repayment of borrowings	18	-4 023	
Net cash from financing activities		-4 961	-5 767
Net change in cash and cash equivalents		4 363	-18 676
Cash and cash equivalents as per 1.1		16 543	35 219
Cash and cash equivalents as per 31.12		20 905	16 543
Of which is restricted cash	16	12 392	4 003

20 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

2018	Note	Share capital	Share premium	Other paid-in capital	Not registered capital increase	Retained earnings	Total equity
Equity 01.01.2018		22 000	80 000	-	30 000	-118 487	13 513
Profit (loss)		-	-	-	-	-9 806	-9 806
Registered capital increase		30 000	-	-	-30 000	-	-
Transferred share premium to cover losses		-	-80 000	-	-	80 000	-
Equity 31.12.2018		52 000	-	-	-	-48 293	3 707

2019	Note	Share capital	Share premium	Other paid-in capital	Not registered capital increase	Retained earnings	Total equity
Equity 01.01.2019		52 000	-	-	-	-48 293	3 707
Business combination	4	-49 874	178 643	-	-	-	128 769
Business combination - other effects	4	-	-12 086	-	-	-	-12 086
Capital increase	17	5	446	-	-	-	450
Profit (loss)		-	-	-	-	-9 617	-9 617
Equity effect of share options		-	-	281	-	-	281
Equity 31.12.2019		2 131	167 002	281	-	-57 909	111 505

ENDÚR ASA - NOTES GROUP

NOTE 1 CORPORATE INFORMATION

Endúr 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"). Endúr ASA is listed on Oslo Stock Exchange with the ticker ENDUR.

February 19, 2019, a transaction was carried out where the company Endúr Holding AS was demerged, where shares in subsidiaries and other specified liabilities were demerged and then merged into the company Endúr ASA. Shares in subsidiaries included the companies Endúr Energy Solutions AS, Endúr Industrier AS, Endúr PMAE AS and Endúr Services AS. The shareholders of Endúr Holding AS received remuneration in the form of 118 650 000 new shares in Endúr ASA.

The business combination was accounted for as a reverse acquisition according to the rules in IFRS 3. This means that the consolidated accounts of Endúr Energy Solutions are continued after the transaction. Accordingly, the comparative figures and comparable financial information presented will be from Endúr Energy Solutions' previously consolidated accounts. Endúr Energy Solutions' consolidated financial statements were previously prepared according to the accounting language NGAAP. This is therefore the Group's first consolidated accounts prepared in accordance with International Financial Reporting Standards (IFRS). The date of transition to IFRS is January 1, 2018. The Group's accounting principles are presented in the notes and are used in the preparation of the financial statements as of December 31, 2019, comparative figures and opening balance at the time of the transition to IFRS.

See note 3 and 4 for more detailed information.

NOTE 2 FINANCIAL REPORTING PRINCIPLES

DECLARATION OF CONFORMITY

The consolidated accounts have been submitted in accordance with EU approved International Financial Reporting Standards (IFRS) and associated interpretations, and also the additional Norwegian information requirement pursuant to the Norwegian Accounting Act, and that are applicable as at 31 December 2019. The consolidated accounts is for the period 01.01.2019 until 31.12.2019. The proposed annual accounts were adopted by the Board of Directors on 8 May 2020. The annual accounts will be dealt with by the Ordinary General Meeting in May 2020 for final approval. Up until final approval, the Board of Directors has the authority to amend the annual accounts.

BASIS OF MEASUREMENT

The consolidated financial statements have been prepared based on historical cost.

The consolidated accounts are presented in NOK, which is also the functional currency of the parent company. Financial information is stated in NOK thousands, unless otherwise specified.

BASIS OF CONSOLIDATION

The consolidated accounts include the parent company Endúr ASA, subsidiaries, and the group's shares in associated companies and joint ventures. The parent company and the subsidiary are referred to collectively as "the group" and individually as "group companies".

Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Transaction costs are expensed as incurred.



NOTE 2 FINANCIAL REPORTING PRINCIPLES (CONTINUED)

Subsidiaries

A subsidiary is a company controlled by the group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Loss of control

When the group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interest and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Transactions eliminated on consolidation

Transactions between group companies and inter-company balances, including internal profit and unrealised gains and losses, are eliminated. Unrealised gains that arise from transactions with associated companies are eliminated with the group's share in the associated company. The same applies to unrealised loss, but only if there are no indications of an impairment of the asset that has been sold internally. The consolidated accounts have been prepared on the assumption of uniform accounting principles for similar transactions and other events under similar circumstances.

JUDGEMENTS AND ESTIMATES

Preparation of the annual accounts in accordance with IFRS includes valuations, estimates and assumptions that influence both the choice of accounting principles applied and reported amounts for assets, obligations, income and expenses. During preparation of the annual accounts, the management has used estimates based on best judgement and assumptions that are considered realistic based on historical experience. Actual amounts may differ from estimated amounts. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the consolidated financial statements is included in the following notes:

Note 6 Whether revenue is recognized over time or at a point in time. Identification of performance obligations in customer contracts.

Note 19 Classification of lease contracts

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year to come is included in the following notes:

Note 9 Recognition of deferred tax assets; availability of future taxable profit against which carry forward tax losses can be used.

Note 13 Impairment test: key assumptions underlying recoverable amounts.

Note 21 Recognition and measurement of provisions and contingencies; key assumptions about the likelihood and magnitude of an outflow of resources.

NOTE 3 FIRST TIME ADOPTION OF IFRS

This is the Group's first consolidated accounts prepared in accordance with International Financial Reporting Standards (IFRS). The date of transition to IFRS is January 1, 2018. The Group's accounting principles are presented in the notes and are used in the preparation of the financial statements as of December 31, 2019, comparative figures and opening balance at the time of the transition to IFRS. The effects of the transition are explained below.

EFFECT OF TRANSITION - BALANCE SHEET

	1. January 2018			31. December 2018		
	NOTE	NGAAP	Effect of transition to IFRS	NGAAP	Effect of transition to IFRS	IFRS
ASSETS						
Deferred tax asset		-	-	1 772		1 772
Property, plant and equipment		1 608	21 355	1 305	16 223	17 528
Other receivables		-	-	4 570		4 570
Non-current assets		1 608	21 355	7 647	16 223	23 870
Contract assets		10 605		16 423		16 423
Trade and other receivables		36 199		35 831		35 831
Cash and cash equivalents		35 219		16 543		16 543
Current assets		82 023	-	68 797	-	68 797
Total assets		83 631	21 355	76 444	16 223	92 667
EQUITY						
Share capital		22 000		52 000		52 000
Share premium		80 000				-
Not registered capital increase		30 000				-
Retained earnings		-118 487	-118 487	-47 831	-462	-48 293
Equity		13 513	-	4 169	-462	3 707
LIABILITIES						
Loans and borrowings		-	-	-		-
Lease liabilities		-	16 685	-	11 734	11 734
Other non-current liabilities		-	-	-		-
Non-current liabilities		-	16 685	-	11 734	11 734
Loans and borrowings		-	-	-		-
Lease liabilities		-	4 671	-	4 951	4 951
Trade and other payables		51 819		53 976		53 976
Provisions		18 299		18 298		18 298
Current liabilities		70 118	4 671	72 274	4 951	77 225
Liabilities		70 118	21 355	72 274	16 685	88 959
Total equity and liabilities		83 631	21 355	76 444	16 223	92 666

>>

NOTE 3 FIRST TIME ADOPTION OF IFRS (CONTINUED)

EFFECT OF TRANSITION - PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	2018		
	NGAAP	Effect of transition to IFRS	IFRS
Operating revenue	176 521		176 521
Cost of sales	-57 295		-57 295
Payroll expenses	-94 810		-94 810
Other operating expenses	-34 530	5 766	-28 764
Operating profit/loss before depr., impairm. (EBITDA)	-10 114	5 766	-4 348
Depreciation, amortisation, impairment	-1 026	-5 133	-6 159
Operating profit/loss (EBIT)	-11 140	634	-10 506
Financial income	151		151
Financial expenses	-127	-1 096	-1 223
Profit/loss before tax	-11 116	-462	-11 578
Income tax expense	1 772		1 772
Profit/loss for the period	-9 344	-462	-9 806
Items which may be reclassified in the P&L in subsequent periods			-
Items which will not be reclassified in the P&L in subsequent periods			-
Total comprehensive income	-9 344	-462	-9 806
Total comprehensive income attributable to:			
Owners of the parent Company	-9 344	-462	-9 806
Non-controlling interests			

EFFECT OF TRANSITION - LEASE

The effect of the transition is due to differences in the accounting of leases between NGAAP and IFRS. IFRS 16 covers the recognition of leases. At the time of implementation, January 1, 2018, it is recognised a right-of-use (RoU) asset and a leasing liability for each lease that meets the definition of a lease agreement under IFRS 16. At the time of implementation, the lease liability is calculated at the present value of the committed residual payment in the agreement and the RoU is measured at the same value as the lease liability.

Rental payments is reflected as interest cost and reduction of lease liabilities. RoU is depreciated over the shortest of each lease term and the expected life of the asset. In the statement of profit or loss, from the date of implementation, the operating leasing costs have been replaced by depreciation and interest expenses.

NOTE 4 BUSINESS COMBINATION

February 19, 2019, a transaction was carried out where the company Endúr Holding AS was demerged, where shares in subsidiaries and other specified liabilities were demerged and then merged into the company Endúr ASA. Shares in subsidiaries included the companies Endúr Energy Solutions AS, Endúr Industrier AS, Endúr PMAE AS and Endúr Services AS. The shareholders of Endúr Holding AS received remuneration in the form of 118 650 000 new shares in Endúr ASA.

Taking control of these companies was considered an important milestone in the process of strengthening the Groups position as a supplier of products and services that are competitive within national growth markets. The transaction was considered to strengthen the Groups ownership, enhance its industrial competence and give robustness through presence in several market segments and over a larger geographical area.

Since the shareholders of Endúr Holding AS, after the transaction, became majority shareholders in Endúr ASA, the business combination was accounted for as a reverse acquisition according to the rules in IFRS 3. This means that the consolidated accounts of Endúr Energy Solutions are continued after the transaction. Accordingly, the comparative figures and comparable financial information presented will be from Endúr Energy Solutions' previously consolidated accounts. Endúr Energy Solutions' consolidated financial statements were previously prepared according to the accounting language NGAAP. 2019 is therefore the first year the financial reporting are presented with IFRS as the accounting language.

The continuation of the condensed financial information reflect:

- the assets and liabilities of Endúr Energy Solutions recognised and measured at their pre-combination carrying amounts.
- the assets and liabilities of Bergen Group recognised and measured in accordance with IFRS 3.
- the retained earnings of Endúr Energy Solutions before the merger.
- the amount recognised as issued equity interests determined by adding the issued equity interest of Endúr Energy Solutions outstanding immediately before the business combination to the fair value Bergen Group determined in accordance with IFRS 3. The share capital reflects the equity share capital of Endúr ASA.

CONSIDERATION TRANSFERRED

In a reverse acquisition, the share consideration does not necessarily give a precise measure of fair value. It is the shares of the company that issues the consideration shares (Bergen Group), which represent the value of what is regarded as transferred assets and liabilities. The fair value of the consideration at the time of the transaction is NOK 129 million, which corresponds to the market price at the time of the transaction (NOK 1.37 per share).

IDENTIFIABLE ASSETS ACQUIRED AND LIABILITIES ASSUMED

The fair value of identifiable assets and liabilities is based on a completed purchase price allocation. The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition.



NOTE 4 BUSINESS COMBINATION (CONTINUED)

Deferred tax assets	19 279
Intangible assets	1 385
Property, plant and equipment	47 267
Investment in shares	6 988
Inventories	3 580
Contract assets	21 636
Trade receivables and other receivables	38 572
Cash and cash equivalents	45 275
Loans and borrowings	-70 377
Other non-current liabilities	-3 518
Contract liabilities	-27 105
Trade payables and other payables	-67 190
Provisions	-576
Total identifiable net assets acquired	15 218

GOODWILL

Goodwill arising from the acquisition has been recognised as follows.

Total consideration transferred	128 769
Fair value of identifiable net assets acquired	-15 218
Goodwill	113 551

The goodwill-value can be explained by synergies, economies of scale, expectations of future profitability and growth and expectations of better market conditions.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS - PROFORMA

If the business combination had been completed on 1 January 2019, this would have had the following effect on the condensed consolidated statement of profit or loss 2019:

	2019 - Proforma
Operating revenue	519 124
Cost of sales	-248 356
Payroll expenses	-203 403
Other operating expenses	-55 577
Operating profit/loss before depr., impairm. (EBITDA)	11 788
Depreciation, amortisation, impairment	-14 880
Operating profit/loss (EBIT)	-3 092
Financial income	552
Financial expenses	-6 957
Profit/loss before tax	-9 498
Income tax expense	-1 408
Profit/loss for the period	-10 906

Profit or loss account in the acquired group after the acquisition date:

	19.02.2019 - 31.12.2019 Proforma
Operating revenue	330 896
Operating profit/loss (EBIT)	10 129

ENDÚR ASA - NOTES GROUP

NOTE 5 OPERATING SEGMENTS

OPERATING SEGMENTS

Endúr ASA reports in 2019 distributed on the following segments. These segments offer different products and services, and are managed separately because they require different marketing strategies. Inter-segment pricing is determined on an arm's length basis. Segment changes from 2018 to 2019 are due to the business combination described in note 4.

Maritime

The Services segment includes maritime service and ship maintenance.
Consists of the company Endúr Maritime AS.

Aquaculture

The Aquaculture segment includes production of concrete barges for the aquaculture industry.
Consists of the companies Endúr Sjøsterk AS and Endúr Eiendom AS.

Energy

The energy segment includes deliveries related to maintenance, modification, installation, fabrication and conversion of complex oil and gas installations both onshore and offshore. This also includes a number of complex service missions that require the use of advanced access technology.

Consists of the companies Endúr Energy Solutions AS, Endúr Industrier AS, Endúr PMAE AS and Endúr AAK AS.

Other

Other includes unallocated corporate costs, investments in the Group's subsidiaries and Group financing.

2019	Aquaculture	Maritime	Energy	Other	Intra-group eliminations	Total
Operating revenue	136 141	163 700	197 975	7 346	-11 563	493 598
Operating profit / loss EBITDA	15 315	16 939	-10 568	-10 002	-	11 684
Depreciation, amortisation	-830	-6 495	-6 054	-623	-	-14 002
Impairment	-	-	-	-	-	-
Operating profit / loss EBIT	14 485	10 444	-16 622	-10 625	-	-2 317
Segments assets	107 853	205 658	69 587	216 339	-266 028	333 409
Segment liabilities	22 717	80 722	75 945	122 930	-80 409	221 904

2018	Energy	Intra-group eliminations	Total
Operating revenue	176 521	-	176 521
Operating profit / loss EBITDA	-4 348	-	-4 348
Depreciation, amortisation	-6 159	-	-6 159
Impairment	-	-	-
Operating profit / loss EBIT	-10 506	-	-10 506
Segments assets	92 667	-	92 667
Segment liabilities	88 959	-	88 959

NOTE 6 REVENUE

FINANCIAL REPORTING PRINCIPLES

“Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control over a good or service to a customer. In the profit or loss statement revenues from contracts with customers are presented net of discounts, VAT and other public duties.

The Group uses a five-step model for revenue recognition applies to all customer contracts that meet specific criteria. The parties of the contract must have approved the contract (in writing, orally or in accordance with other customary business practice) and are committed to perform their respective obligations. Variation orders are only included when the parties in the contract has approved the specific variation order. At contract inception, the Group assess the goods and services promised in the contracts with customers for the purpose of identifying separate performance obligations. Revenue from contracts with customers is recognised at point in time (or over time) when the Group satisfy a performance obligation by transferring the promised goods or services to the customer. The Group have assessed that most of the performance obligations are performed over time, with revenue being recognised over time. Progress for the performance obligation satisfied over time is measured using an input method. Progress is measured based on accrued time and material because this method is considered most appropriate to reflect the transfer of control of the goods and services to the customer.

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The Group estimates the amount of variable consideration either by using the expected value method or the most likely amount method depending on which method the Group expects to better predict the amount of consideration to which it will be entitled.

When determining the transaction price, the promised amount of consideration is adjusted for the effects of significant financing components in order to reflect the time value of money. Financing components may exist when the period between transfer of the promised good or service to the customer and when the customer pays for that good or service exceeds one year. The Group does such an assessment at contract inception.

Service- and maintenance contracts

Service and maintenance contracts are mainly time and materials contracts (T&M), but fixed-price contracts and elements of fixed-price also occur. Each individual contract is normally considered as a separate performance obligation and revenue is recognised over time to depict the delivered time and materials. For contracts with significant fixed-price elements an input method is used to measure the progress of the project, which is the basis for recognizing revenue over time. The normal credit term is usually 30 days upon billing.

Customized products

Contracts for customized products constitute one performance obligation. Revenue is recognised over time using an input method, such as cost incurred relative to the total estimated costs of completing the performance obligation. The Group is entitled to receive payment at completion of milestones agreed by the contract parties.

Contract balances

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Trade receivables represents the Group's right to an amount of consideration that is unconditional.

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made. Contract liabilities are recognised as revenue when the Group fulfils the performance obligation (s) under the contract.

NOTE 6 REVENUE (CONTINUED)

DISAGGREGATION OF REVENUE FROM CONTRACTS WITH CUSTOMERS

	Akvakultur		Maritim		Energi		Sum	
	2019	2018	2019	2018	2019	2018	2019	2018
Primary geographical markets								
Norway and the Norwegian Continental Shelf	136 141	-	161 396	-	196 062	176 521	493 598	176 521
Other	-	-	-	-	-	-	-	-
	136 141	-	161 396	-	196 062	176 521	493 598	176 521
Major products / service lines								
Service and maintenance contracts	-	-	147 637	-	135 465	128 361	283 101	128 361
Projects - Concrete barges	136 141	-	-	-	-	-	136 141	-
Other	-	-	13 759	-	60 597	48 160	74 356	48 160
	136 141	-	161 396	-	196 062	176 521	493 598	176 521
Timing of revenue recognition								
Products transferred at a point in time	-	-	-	-	-	-	-	-
Products and services transferred over time	136 141	-	161 396	-	196 062	176 521	493 598	176 521
	136 141	-	161 396	-	196 062	176 521	493 598	176 521

Performance obligations that are unsatisfied at the reporting date, have an original expected duration of one year or less.

CONTRACT BALANCES

	31.12.2019	31.12.2018	01.01.2018
Receivables, which are included in trade and other receivables	50 833	33 329	32 513
Contract assets	44 584	16 423	10 605
Contract liabilities	-	-	-

The contract assets relate to the Group's rights to consideration for work completed but not billed at the reporting date. The contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Group issues an invoice to the customer. There have been significant changes in the balances for the contract asset and the contract liability during the reporting period. This is mainly due to the business combination described in note 4.

NOTE 7 PAYROLL EXPENSES

FINANCIAL REPORTING PRINCIPLES

Pensions

The group mainly has defined contribution pension schemes that are charged against income as contributions are made to the scheme. Some group companies also have an early retirement scheme (AFP) in the LO-NHO area. The AFP scheme is accounted for as a defined contribution pension scheme, as the scheme's administrator is not able to make the necessary calculation of obligations, assets and pension earnings for each member enterprise. Consequently, the premium and contributions will be charged against income as they arise. However, an obligation is calculated for employees who have chosen to take early retirement. These are defined as active AFPs and the obligation is equivalent to the employer's contribution in the period from when they take early retirement until they reach 67 years of age. The obligation is recognized in the consolidated accounts. In the previous AFP scheme, there is an undercoverage. The company have accrued for the expected cost related to this undercoverage.

Share based payments

The Group has share-based program. The program is measured at fair value at the date of the grant. The share option program is settled in shares. The fair value of the issued options is expensed over the vesting period, which in this case is over the agreed-upon future service time. The cost of the employee share-based transaction is expensed over the average vesting period. The value of the issued options of the transactions that are settled with equity instruments (settled with the company's own shares) is recognised as salary and personnel cost in profit and loss and in other paid-in capital. Social security tax on options is recorded as a liability and is recognised over the estimated vesting period.

PAYROLL EXPENSES

	2019	2018
Salaries and holiday pay	157 868	77 362
Employer's national insurance contribution	24 202	11 204
Share-based payment	281	-
Pension expenses	7 251	2 401
Other payroll expenses	3 539	3 843
Total	193 141	94 810
Number of employees 31.12	291	155

The group is required to have a pension scheme in accordance with the Norwegian law on required occupational pension schemes ("lov om obligatorisk tjenestepensjon").

The group's pension arrangements fulfil the law requirements.

The Group has defined contribution pension plans for all employees. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contribution is expensed when it occurs.

The contributions recognised as expenses equalled TNOK 5 549 in 2019

As a replacement of the old AFP-scheme at year-end 2015, the Norwegian government, the employer organisations and the employee organisations established a new AFP-scheme. The new AFP-scheme is, contrary to the old scheme, not an early retirement plan, but a plan of which gives a lifelong contribution to the ordinary pension. The employees can choose to exercise the new AFP-scheme starting at the age of 62 years, also in combination with continued work until they turn 67 years old. The new AFP-scheme is a defined benefit multi-employer plan, of which is financed through contributions that are determined by a percentage of the employee's earnings between 1G and 7.1G. There is currently no reliable measure and allocation of liabilities and assets in the plan. The plan is accounted for as a defined contribution plan, of which means that the contributions are recognised as expenses with no provisions.

NOTE 8 NET FINANCE COSTS

NET FINANCE COSTS

	2019	2018
Interest income	456	90
Currency gain	28	61
Other financial income	-	-
Finance income	484	151
Interest cost	4 844	1 156
Currency loss	255	66
Other financial expenses	1 276	-
Finance costs	6 375	1 222
Net finance costs recognised in the income statement	-5 891	-1 072

NOTE 9 TAX

FINANCIAL REPORTING PRINCIPLES

The tax expense consists of the tax payable and changes to deferred tax. Deferred tax/tax assets are calculated on all differences between the book value and tax value of assets and liabilities.

Deferred tax assets are recognised when it is probable that the company will have a sufficient profit for tax purposes in subsequent periods to utilise the tax asset. The companies recognise previously unrecognised deferred tax assets to the extent it has become probable that the company can utilise the deferred tax asset. Similarly, the company will reduce a deferred tax asset to the extent that the company no longer regards it as probable that it can utilise the deferred tax asset.

Deferred tax and deferred tax assets are measured on the basis of the expected future tax rates applicable to the companies in the Group where temporary differences have arisen. Deferred tax and deferred tax assets are recognised at their nominal value and classified as non-current asset investments (long-term liabilities) in the balance sheet.

INCOME TAX EXPENSE

	2019	2018
Tax payable		
Tax payable for the year	-	-
Total tax payable for the period	-	-
Changes deferred tax		
Changes in deferred tax	-1 408	1 772
Total changes deferred tax	-1 408	1 772
Net tax income / expense	-1 408	1 772



32 NOTES GROUP

>> NOTE 9 TAX (CONTINUED)

RECONCILIATION OF EFFECTIVE TAX RATE

		2019		2018
Loss		-9 617		-9 806
Net tax income / expense		1 408		-1 772
Loss before tax		-8 209		-11 578
Tax at nominal tax rate	22,0 %	1 806	22,0 %	2 547
Other permanent differences	20,1 %	1 652	-2,0 %	-231
Effects of changes in tax rate			-19,5 %	-2 254
Effects of temporary differences not recognized	-59,3 %	-4 866	14,8 %	1 710
Net tax income / expense for the group	-17,2 %	-1 408	15,3 %	1 772

MOVEMENT IN DEFERRED TAX BALANCES

	31.12.2018	Recognised in profit or loss	Acquired in business combinations	31.12.2019
Non current assets	-6 210	1 022	-5 486	-10 673
Currents assets	-	16 187	-46 722	-30 536
Provisions	-3 516	5 322	-1 806	-0
Pension obligations	-	-	-	-
Other differences	-	4 751	-6 082	-1 331
Excess values	-	-	-	-
Interest deductibility carried forward	-	-	-55 597	-55 597
Taxable loss carried forward	-215 648	-42 999	-184 517	-443 164
Total basis related to deferred tax	-225 374	-15 717	-300 210	-541 301
Net deferred tax asset	49 582	3 458	66 046	119 086
Net deferred tax asset - not recognised in the accounts	47 810	4 866	46 767	99 443
Net deferred tax asset - recognised in the accounts	1 772	-1 408	19 279	19 644

Deferred tax assets have not been recognised in respect of the total basis, because it is not probable that future taxable profit will be available against which the Group can use the benefits therefrom.

NOTE 10 EARNINGS PER SHARE

The basic earnings per share are calculated as the ratio of the profit for the year that is due to the shareholders of the parent divided by the weighted average number of ordinary shares outstanding. When calculating the diluted earnings per share, the profit/loss that is attributable to the ordinary shareholders of the parent and the weighted average number of ordinary shares outstanding are adjusted for all the dilution effects relating to convertible bonds and share options. In the calculations, convertible bonds and share options are assumed to have been converted/ exercised on the first date in the fiscal year. Convertible bonds and share options issued in the period are assumed to be converted/ exercised at the date of issue/ grant date.

BASIC EARNINGS PER SHARE

The calculation of basic earnings per share has been based on the following profit attributable to ordinary shareholders and weighted-average number of shares outstanding.

PROFIT (LOSS) ATTRIBUTABLE TO ORDINARY SHAREHOLDERS (BASIC)

	2019	2018
Profit (loss) attributable to ordinary shareholders (basic)	-9 617	-9 806

WEIGHTED-AVERAGE NUMBER OF ORDINARY SHARES (BASIC)

	Date	2019	2018
Issued ordinary shares at 1 January		20 000	20 000
Adjustment number of shares - IFRS 3		-	123 355 273
Effect of shares issued	19.02.2019	194 581 096	-
Effect of shares issued	19.11.2019	53 014	-
Weighted-average number of ordinary shares at 31 December		194 654 110	123 375 273

DILUTED EARNINGS PER SHARE

The calculation of diluted earnings per share has been based on the following profit attributable to ordinary shareholders and weighted-average number of shares outstanding after adjustment for the effects of all dilutive potential ordinary shares.

PROFIT (LOSS) ATTRIBUTABLE TO ORDINARY SHAREHOLDERS (DILUTED)

	2019	2018
Profit (loss) attributable to ordinary shareholders (basic)	-9 617	-9 806
Profit (loss) attributable to ordinary shareholders (diluted)	-9 617	-9 806

WEIGHTED-AVERAGE NUMBER OF ORDINARY SHARES (DILUTED)

	2019	2018
Weighted-average number of ordinary shares (basic)	194 654 110	123 375 273
Weighted-average number of ordinary shares (diluted) at 31 December	194 654 110	123 375 273

At 31 December 2019, 15 750 000 convertible bonds and 644 444 options were excluded from the diluted weighted-average number of ordinary shares calculation because their effect would have been anti-dilutive.

NOTE 11 IMMATERIELLE EIENDELER

FINANCIAL REPORTING PRINCIPLES

Intangible assets that have been acquired separately are carried at cost. The costs of intangible assets acquired through an acquisition are recognised at their fair value in the Group's opening balance sheet. Capitalised intangible assets are recognised at cost less any amortisation and impairment losses.

Internally generated intangible assets, excluding capitalised development costs, are not capitalised but are expensed as occurred.

The economic life is either definite or indefinite. Intangible assets with a definite economic life are amortised over their economic life and tested for impairment if there are any indications. The amortisation method and period are assessed at least once a year. Changes to the amortisation method and/or period are accounted for as a change in estimate.

Intangible assets with an indefinite economic life and goodwill are tested for impairment at least once a year, either individually or as a part of a cash-generating unit. Intangible assets with an indefinite economic life and goodwill are not amortised. The economic life is assessed annually with regard to whether the assumption of an indefinite economic life can be justified. If it cannot, the change to a definite economic life is made prospectively

INTANGIBLE ASSETS

	Licences, patents etc.	Goodwill	Total
Acquisition cost 1 Jan. 2019	-	-	-
Acquisitions 2019	836		836
Acquisitions through business combinations	1 385	113 551	114 936
Acc. acquisition cost 31 Dec. 2019	2 221	113 551	115 772
Accumulated depreciations as of 1 Jan. 2019	-	-	-
Current year's depreciations	-909		-909
Acc. Amort. and imp. losses 31 Dec. 2019	-909	-	-909
Book value 31. Dec. 2019	1 312	113 551	114 863
Amortisation rates	10 %	Impairment	
Amortisation plan	Linear	test	

See note 13 for details regarding impairment-testing.

NOTE 12 PROPERTY, PLANT AND EQUIPMENT

FINANCIAL REPORTING PRINCIPLES

Property plant and equipment are valued at their 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 statement of comprehensive income.

The cost of property plant and equipment is the purchase price, including taxes/duties and costs directly linked to preparing the asset ready for its intended use. Costs incurred after the asset is in use, such as regular maintenance costs, are recognised in the statement of comprehensive income, while other costs that are expected to provide future financial benefits are capitalised.

The depreciation period and method are assessed each year. A residual value is estimated at each year-end, and changes to the estimated residual value are recognised as a change in an estimate.

Assets under construction are classified as non-current assets and recognised at cost until the production or development process is completed. Assets under construction are not depreciated until the asset is taken into use. An impairment loss is identified if the carrying amount of a tangible asset exceeds its recoverable amount. The impairment loss is recognised by reducing the carrying amount of the tangible asset to equal the recoverable amount.

PROPERTY, PLANT AND EQUIPMENT

2019	Land, buildings	Right of use asset	Plant, equipment	Operating equipment	Total
Acquisition cost 1 Jan. 2019	883	21 355	593	5 744	28 575
Acquisitions	912		653	751	2 316
Business combination	13 407	27 821	4 700	1 340	47 267
Disposals	-	-3 384	-	-	-3 384
Acc. acquisition cost 31 Dec. 2019	15 201	45 792	5 947	7 835	74 775
Acc. Depr/impairment 1 Jan. 2019	-292	-5 133	-149	-5 473	-11 047
Depreciation	-865	-10 455	-1 175	-596	-13 092
Acc. Depr/impairment 31 Dec. 2019	-1 157	-15 588	-1 324	-6 069	-24 139
Book value 31. Dec. 2019	14 044	30 204	4 622	1 766	50 635

2018	Land, buildings	Right of use asset	Plant, equipment	Operating equipment	Total
Acquisition cost 1 Jan. 2018	883	21 355	81	5 531	27 850
Acquisitions	-		512	310	822
Disposals	-		-	-97	-97
Acc. acquisition cost 31 Dec. 2018	883	21 355	593	5 744	28 575
Acc. Depr/impairment 1 Jan. 2018				-4 888	-4 888
Depreciation	-292	-5 133	-149	-585	-6 159
Acc. Depr/impairment 31 Dec. 2018	-292	-5 133	-149	-5 473	-11 047
Book value 31. Dec. 2018	591	16 222	444	271	17 528

Depreciation rates	0 - 5 %	15 - 50 %	10 - 33 %	10 - 33 %
Depreciation plan	Linear	Linear	Linear	Linear

NOTE 13 IMPAIRMENT OF ASSETS

FINANCIAL REPORTING PRINCIPLES

The carrying amounts of the group's assets, other than employee benefit assets, inventories, deferred tax assets and derivatives are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If an indication of impairment exists, the asset's recoverable amount is estimated.

Cash-generating units (CGU) containing goodwill, assets that have an indefinite useful life and intangible assets that are not yet available for use are tested for impairment annually.

The recoverable amount is the greater of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the CGU to which the asset belongs.

An impairment loss is recognised whenever the carrying amount of an asset or its CGU exceeds its recoverable amount. Impairment losses are recognised in the income statement. An impairment loss recognised in respect of CGU is allocated first to goodwill and then to the other assets in the unit (group of units) on a pro rata basis.

An impairment loss on goodwill is not reversed. An impairment loss on other assets is reversed if there has been a change in the estimates used to determine the recoverable amount, and the change can be objectively related to an event occurring after the impairment was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

IMPAIRMENT TESTING OF GOODWILL

Endúrs goodwill originates from the business combination in February 2019.

Goodwill has been allocated to the Group's cash generating units as follows:

	31.12.2019
Maritime - Endúr Maritime AS	57 990
Aquaculture - Endúr Sjøsterk AS	48 477
Energy - Endúr AAK AS	7 084
Total goodwill	113 551

Endúr 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.

Maritime

As of 31.12.2019, 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, Endúr Maritime. 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 10,9% after tax and EBITDA-margin of 6–8% has been used. Estimated recoverable amount of cash-generating unit exceeds book value.

The following table shows the the sensitivity related to changes in the key assumptions

<i>Sensitivity - changes in key assumptions</i>	Effect recoverable amount	Impairment
Discount rate +1%	-10 759	-
Terminal value growth rate -1%	-8 086	-
Average EBITDA-margin -0,5%	-9 039	

NOTE 13 IMPAIRMENT OF ASSETS (CONTINUED)**Aquaculture**

As of 31.12.2019, 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, Endúr 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 10,9% after tax and EBITDA-margin of 7–8% has been used. Estimated recoverable amount of cash-generating unit exceeds book value.

The following table shows the the sensitivity related to changes in the key assumptions

<i>Sensitivity - changes in key assumptions</i>	Effect recoverable amount	Impairment
Discount rate +1%	-9 051	-
Terminal value growth rate -1%	-9 890	-
Average EBITDA-margin -0,5%	-6 533	-

Energy

As of 31.12.2019, 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, Endúr AAK. 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 10,9% after tax and EBITDA-margin of 0–2% has been used. Estimated recoverable amount of cash-generating unit exceeds book value.

The headroom related to the Energy-segment in the impairment-test amounts to MNOK 0,635.

The following table shows the the sensitivity related to changes in the key assumptions

<i>Sensitivity - changes in key assumption</i>	Effect recoverable amount	Impairment
Discount rate +1%	-789	154
Terminal value growth rate -1%	-651	16
Average EBITDA-margin -0,5%	-2 026	1 391

NOTE 14 INVENTORIES

FINANCIAL REPORTING PRINCIPLES

Inventories are recognised in the accounts at the lower of the acquisition cost and net realisable value. The net realisable value is the estimated sales price in ordinary operations, less estimated costs relating to completion, marketing and distribution. The cost of inventory is based on the FIFO method and includes costs of bringing the goods to their present state and location.

INVENTORIES

	31.12.2019	31.12.2018	01.01.2018
Raw materials and consumables	5 869	-	-
Total	5 869	-	-

	31.12.2019	31.12.2018	01.01.2018
Inventories at 31 Dec. at cost price	6 994	-	-
Inventories at 31 Dec. at net realisable value	-1 125	-	-
Total	5 869	-	-

NOTE 15 RECEIVABLES

FINANCIAL REPORTING PRINCIPLES

Trade and other receivables are recognized at the original invoiced amount, less impairment losses. Impairment losses are estimated based on the expected credit loss method (ECL).

TRADE AND OTHER RECEIVABLES

	31.12.2019	31.12.2018	01.01.2018
Trade receivables at nominal value	51 793	33 329	32 513
Provision for bad debt	-960		
Trade receivables, net	50 833	33 329	32 513
Net investment - lease	3 365		
VAT receivable	5 937		
Prepaid expenses	5 976	2 502	3 686
Other short-term receivables	53 962		
Provision for bad debt	-43 165		
Total	76 909	35 831	36 199

There have been significant changes in the balances during the reporting period. This is mainly due to the business combination described in note 4.

NOTE 15 RECEIVABLES (CONTINUED)

MATURITY PROFILE OF TRADE RECEIVABLES

	2019		2018	
	Gross receivables	Provision for loss	Gross receivables	Provision for loss
Not overdue	38 645	-	31 298	-
Due in 0–30 days	5 859	-	455	-
Due in 31–90 days	3 257	-	-	-
Due in 91–365 days	2 692	-140	1 576	-
Due in > 1 year *	1 339	-820	-	-
Total	51 793	-960	33 329	-

NOTE 16 CASH AND CASH EQUIVALENTS

CASH AND CASH EQUIVALENTS

	31.12.2019	31.12.2018	01.01.2018
Cash and bank deposits - unrestricted funds	8 514	12 540	31 103
Cash and bank deposits - restricted funds	12 392	4 003	4 116
Total	20 905	16 543	35 219

RESTRICTED FUNDS

	31.12.2019	31.12.2018	01.01.2018
Tax withholding accounts	7 752	4 003	4 116
Security related to guarantees issued	1 022	-	-
Deposit accounts for non-insured pension obligations	3 617	-	-
Total	12 392	4 003	4 116

NOTE 17 SHARE CAPITAL AND SHAREHOLDER INFORMATION

Share capital

In connection with the business combination in February 2019, a capital reduction was completed in Endúr ASA in that the par value was reduced to NOK 0.01 per share. A capital increase was also carried out by the fact that Endúr ASA's share capital was increased by NOK 1,186,500 by issuing 118 650,000 new shares, each with a par value of NOK 0.01.

As a result of a partial conversion of convertible loan, the company's share capital was increased by NOK 4 500 through the issuance of 450 000 new shares, each with a par value of NOK 0.01.

At 31 December 2019, the share capital of Endúr ASA was NOK 2 130 910, divided into 213 091 018 shares, each with a nominal value of NOK 0.01. All shares have equal voting rights.

SHAREHOLDERS AS OF 31 DECEMBER 2019

	NO OF SHARES	HOLDING
HANDELAND INDUSTRI AS	59 325 000	27,84 %
BRIAN CHANG HOLDINGS LTD	28 918 110	13,57 %
RON CORPORATIONS AS	24 797 850	11,64 %
AS FLYFISK	22 397 940	10,51 %
TATOMI INVEST AS	19 775 000	9,28 %
MILO INVEST AS	12 774 650	5,99 %
EIKELAND HOLDING AS	5 823 024	2,73 %
BERGEN KOMM. PENSJONSKASSE	1 500 000	0,70 %
STEN RUNE H. SMØRSGÅRD	1 442 498	0,68 %
EAGLE AS	1 417 000	0,66 %
FRANK ROBERT SUNDE	1 133 613	0,53 %
PROFOND AS	1 089 779	0,51 %
SOTRA KRAN AS	1 057 666	0,50 %
SPECTATIO FINANS AS	1 016 394	0,48 %
SVEIN ATLE ULVESETER	1 000 000	0,47 %
BERGEN EIENDOM-INVEST AS	1 000 000	0,47 %
SØR-VARANGER INVEST AS	916 774	0,43 %
NORDNET LIVSFORSIKRING AS	908 690	0,43 %
FJ HOLDING AS	833 000	0,39 %
MØVIK INVEST AS	797 987	0,37 %
TOTAL SHARES OWNED BY 20 LARGEST SHAREHOLDERS	187 924 975	88,19 %
OTHER SHAREHOLDERS	25 166 043	11,81 %
TOTAL NUMBER OF SHARES 31.12.2019	213 091 018	100,00 %

NOTE 17 SHARE CAPITAL AND SHAREHOLDER INFORMATION (CONTINUED)**Shares owned by executive personnel and board members**

The following table shows shares owned by executive personnel and board members, including shares owned by their closely-related persons and companies, as of 31 December 2019.

NAME	TITLE	OWNERSHIP	NO OF SHARES	HOLDING
Rune Skarveland	Chairman otBoD	Shares owned by Handeland Industri AS	59 325 000	27,84 %
Trond Skarveland	Board member	Shares owned by Handeland Industri AS	-	0,00 %
Bente Stangeland *	Board member		-	0,00 %
Tove Ormevik	Board member		20 000	0,01 %
Magnus Stangeland *	Deputy member	Shares owned by AS Flyfisk	22 397 940	10,51 %
Hans Petter Eikeland	CEO	Shares owned by Eikeland Holding AS	5 823 024	2,73 %
Nils Ingemund Hoff	COO	Shares owned by Eagle AS	1 417 000	0,66 %
Øyvind Risnes	Director		117 000	0,05 %
Total shares 31.12.2019				
owned by board members and their closely-related parties and executive personnel			89 099 964	41,81 %

* Flyfisk AS is owned 75% by Magnus Stangeland, and 8.33% by Bente Stangeland.

No loans nor guarantees have been issued to members of the board.

NOTE 18 LOANS AND BORROWINGS

LOANS AND BORROWINGS

	31.12.2019	31.12.2018	01.01.2018
Non-current loans and borrowings			
Secured bank loans	13 313	-	-
Lease liabilities	20 545	11 734	16 685
Current loans and borrowings			
Credit line	13 937		
Secured bank loans	750		
Convertible loan	16 628		
Shareholder loan	4 166	-	-
Lease liabilities	14 589	4 951	4 671
Total	83 927	16 685	21 355

>>

>> NOTE 18 LOANS AND BORROWINGS (CONTINUED)

TERMS AND REPAYMENT SCHEDULE

	Currency	Nominal interest rate	Year of maturity	Carrying amount 31.12.2019
Convertible loan	NOK	6 %	2020	16 628
Secured bank loan	NOK	3–4%	2020–2023	14 063
Shareholder loan	NOK	5 %	2020	4 166
Lease liabilities	NOK	6 %	2020–2024	35 134

Bank loan

The bank loan is secured by (i) mortgage regarding all shares in Endúr Sjøsterk AS, (ii) collateral in land and buildings in Endúr Eiendom AS, and (iii) security in Endúr Maritime AS's inventories, receivables and other assets.

Convertible loan

At the Extraordinary General Assembly of the Company held on 17 November 2016, it was resolved to authorize the Board of Directors to raise loans of up to EUR 1.8 million with the right to demand shares to be issued at a conversion price of NOK 1.00 per share. A convertible bond loan agreement was entered into on 21 December 2016.

In connection with the restructuring, EEIM's claim to the company was reduced to EUR 1.8 million, which would be converted into a convertible bond loan when all assumptions under the agreement have been met. On 28 March 2017, all the prerequisites were fulfilled, and the loan was then considered as convertible bond loan from 28 March 2017.

The loan is fixed at a NOK/EUR currencyrate of 9.20, and is therefore referred to as a loan in NOK

The convertible loan has a maturity of 36 months with an interest rate of 6% per annum. EEIM has the right to request loans and accrued interest (or part of these) converted into shares at a conversion rate of NOK 1.00 per share. The conversion right can be exercised at any time before the due date. The number of shares to be issued by conversion will be determined by converting the loan from EUR to NOK in accordance with a conversion mechanism provided in the loan agreement. Upon repayment of the loan, the company will pay to EEIM a back-end fee equal to 10 percent of the loan amount being repaid.

The convertible loan is secured by (i) mortgage regarding all shares in Endúr Maritime AS, (ii) collateral in the company's accounts receivables, (iii) collateral in the company's bank accounts; And (iii) security in Endúr Maritime AS's bank accounts, accounts receivable and assets.

EEIM shall, on request from Endúr ASA, give priority to: i) the ratio between equity and total capital of the Group on a consolidated basis and in Endúr Maritime AS as stated in the accounts (and in accordance with GAAP) is above 33%. ("Equity Ratio"), and that consolidated interest rate coverage at any time is above 2: 1, and in Endúr Maritime AS is above 3: 1, both measured on a 12-month rolling basis, starting 1 January 2017.

The convertible bond loan will give priority to its collateral including if it is necessary to finance existing debt or raise new debt and that such funding will not lead to violations of the financial covenants.

NOTE 18 LOANS AND BORROWINGS (CONTINUED)

BALANSEFØRT VERDI AV EIENDELER PANTSATT SOM SIKKERHET FOR GJELD

	31.12.2019	31.12.2018	01.01.2018
Property, plant and equipment	3 361	-	-
Inventories	5 869	-	-
Contract assets	28 284	-	-
Trade and other receivables	24 481	-	-
Cash and cash equivalents	5 099	-	-

RECONCILIATION OF MOVEMENTS OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES

	Convertible loan	Credit line	Secured bank loan	Shareholder loan	Finance lease liabilities	Total
Balance as at 1 January 2019	-	-	-		16 685	16 685
Changes from financing cash flows						
Proceeds from loans and borrowings		13 937				13 937
Repayment of lease liabilities					-13 048	-13 048
Repayment of borrowings	-450		-750	-2 823		-4 023
Total changes from financing cash flows	-450	13 937	-750	-2 823	-13 048	-3 134
Changes arising from business combinations	17 078		14 813	6 988	31 498	70 377
Other changes	-	-	-	-	-	-
Balance at 31 December 2019	16 628	13 937	14 063	4 165	35 135	83 928

44 NOTES GROUP

NOTE 19 LEASING

FINANCIAL REPORTING PRINCIPLES

The Group recognises a right-of-use asset and a lease liability at the start date of the lease. On initial recognition in the balance sheet, the right-of-use assets is measured at cost. Subsequently, the right-of-use asset is measured at cost less depreciation and impairment. On initial recognition in the balance sheet, the lease liability is measured at the present value of future lease payments. The present value is calculated by discounting the rental payments using the implicit interest rate in the lease. If the implicit interest rate is not known, the Group's marginal borrowing rate is used for loans with similar risk. The lease liability is subsequently increased by the interest cost associated with the liability and is subsequently reduced by rental payments. Leases with a lease term of 12 months or less are not capitalised. Low-value leases, typically office equipment / fixtures, are not capitalised.

AS A LESSEE

LEASING LIABILITIES

	31.12.2019	31.12.2018	01.01.2018
Debt analysis - contractual undiscounted cash flows			
Less than 1 year	16 176	5 766	5 766
1–5 years	19 663	12 495	18 261
Over 5 years	3 234	-	-
Total	39 072	18 261	24 027
Non-current lease liabilities recognised	20 545	11 734	16 685
Current lease liabilities recognised	14 589	4 951	4 671
Total	35 134	16 685	21 355

The leasing liability as of December 31, 2019 primarily comprises lease of office space and other property.

LEASE INTEREST EXPENSE RECOGNISED IN P&L

	2019	2018
Interest expense on lease liabilities	2 260	1 096

ENDÚR ASA - NOTES GROUP

NOTE 19 LEASING (CONTINUED)

AS A LESSOR

The Group subleases property. The Group has classified the sublease as a finance lease because the sublease corresponds to the remaining contract period for the underlying lease agreement.

NETTOINVESTERING I LEIEAVTALEN

	31.12.2019	31.12.2018	01.01.2018
Analysis - contractual undiscounted cash flows			
Less than 1 year	3 456	-	-
1-2 years		-	-
Total	3 456	-	-
Non-current net investment in the lease recognised			
Current net investment in the lease recognised	3 365	-	-
Total	3 365	-	-

LEASE INTEREST INCOME RECOGNISED IN P&L

	2019	2018
Interest income on the net investment in the lease	374	-

NOTE 20 TRADE AND OTHER PAYABLES

TRADE AND OTHER PAYABLES

	31.12.2019	31.12.2018	01.01.2018
Trade creditors	74 469	16 698	31 915
Accrued expenses	17 703	12 793	3 717
Public duties and taxes	14 923	13 870	7 164
Holiday-pay allowance	17 812	8 044	8 930
Other current liabilities	8 622	2 571	93
Total	133 530	53 976	51 819

NOTE 21 PROVISIONS

FINANCIAL REPORTING PRINCIPLES

A provision is recognised in the balance sheet when the group has a present obligation as a result of a past event that can be estimated reliably and it is probable that the group will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a market based pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the liability-specific risks.

Warranty provision

A provision for warranty is recognised when the underlying products or services are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

Onerous contracts

A provision for onerous contracts is recognised when the expected benefits to be derived by the group from a contract are lower than the unavoidable cost of meeting the obligations under the contract.

Contingent liabilities and assets

Contingent liabilities are defined as:

- potential liabilities resulting from previous events, but whose existence depends on future events
- liabilities not recognised in the accounts because it is not likely that the liability will result in an outflow of resources
- liabilities that cannot be measured with a satisfactory degree of reliability.

Contingent liabilities are not recognised, with the exception of contingent liabilities stemming from the acquisition of enterprises. Material contingent liabilities are specified in the notes, except for contingent liabilities where the likelihood of existence is very low. A contingent asset is not recognised in the accounts, but will be specified in the notes to the accounts if it is likely that the asset will devolve on the group.

Guarantee liabilities

Contractual guarantees of completion and guarantees in connection with advance payment from customers are furnished as part of Endúr's activities. Such guarantees usually involve a bank connection that issues the guarantee in relation to the customer. In some cases, guarantees have also been furnished by other companies in the group.

PROVISIONS

	Onerous contracts	Warranties	Other provisions	Total
Balance as at 1 January 2019	-	-	18 298	18 298
Assumed in a business combination	576	-	-	576
Provisions made during the year	-	851	-	851
Provisions used during the year	-527	-	-9 293	-9 820
Provisions reversed during the year	-	-	-9 005	-9 005
Balance as at 31 December 2019	49	851	-	900

EXPECTED TIMING OF PAYMENT

	Onerous contracts	Warranties	Other provisions	Total
Current	49	851	-	900
Total	49	851	-	900

NOTE 22 FINANCIAL INSTRUMENTS

FINANCIAL REPORTING PRINCIPLES

Financial instruments are recognized in the balance sheet when the Group has become a party to the contractual terms of the instrument. Financial instruments are derecognised when the contractual rights or obligations are met, canceled, expired or transferred.

Initial measurement of financial instruments is made at fair value at the time of settlement, normally at transaction price. Subsequent measurement depends on the classification of the financial asset or the financial liability.

Financial instruments are classified as long-term when the expected realization date is more than twelve months after the balance sheet date. Other financial instruments are classified as short-term.

Financial assets

For initial recognition, a financial asset is classified in the following categories:

- Amortized cost
- Fair value with change in value over profit & loss
- Fair value with change in value over other income and expenses (OCI).

The Group's financial assets mainly consist of debt instruments (receivables) and cash. The receivables cash flows consist only of principal and any interest and all receivables are only held to receive contractual cash flows. Receivables and cash are included in the category amortized cost.

Financial liabilities

For initial recognition, a financial liability is classified in the following categories:

- Amortized cost
- Fair value with change in value over profit

The Group's financial liabilities consist of convertible loans, bank loans, vendor credit payables and other payment obligations. These financial liabilities are subsequently measured at amortized cost.

OVERVIEW OF CARRYING AMOUNTS OF FINANCIAL INSTRUMENTS IN THE CONSOLIDATED BALANCE SHEET

2019					2018		
NOTE	Financial assets at a mortised cost	Equity investments at FVOCI	Other financial liabilities	Financial assets at a mortised cost	Equity investments at FVOCI	Other financial liabilities	
Financial assets							
Trade and other receivables	15	76 909	-	-	35 831	-	-
Cash and cash equivalents	16	20 905	-	-	16 543	-	-
Financial liabilities							
Convertible loan	18	-	-	16 628	-	-	-
Loans and borrowings	18	-	-	32 165	-	-	-
Trade and other payables	20	-	-	133 530	-	-	53 976
Total		97 814	-	182 323	52 374	-	53 976

Fair value hierarchy

The group has not disclosed the fair values for financial assets and liabilities not measured at fair value since the carrying amount is a reasonable approximation of fair value.

NOTE 23 FINANCIAL RISK MANAGEMENT

The group is exposed to the following financial risks resulting from the use of financial instruments:

- credit risk
- liquidity risk
- market risk.

This note provides information about exposure to each of the above-mentioned risks as well as goals, principles and processes for measuring and managing risk, and the group's capital management. More quantitative information is included elsewhere in the consolidated accounts.

The board of directors has overall responsibility for establishing and monitoring the group's risk management framework. Risk management principles have been established in order to identify and analyse the risks to which the group is exposed, to stipulate limits on risk and pertaining control procedures, and to monitor risk and compliance with the limits. Risk management principles and systems are reviewed regularly to reflect changes in activities and market conditions.

CREDIT RISK

Credit risk is the risk of financial losses in the event that a customer or counterparty in a financial instrument is unable to meet its contractual obligations. Credit risk relates usually to the group's receivables from customers. The group's exposure to credit risk is mainly the result of individual factors relating to each individual customer. The demographics of the customer base, including the risk of default of payment in the industry and the country in which the customers operate, have less influence on the credit risk. There is no geographical concentration of credit risk.

The group's trade receivables are related to the segments Maritime, Aquaculture and Energy. The customers are aquaculture companies, shipping companies and other industrial companies of all sizes.

The company has established guidelines for credit rating. This means that the creditworthiness of all new customers is assessed on an individual basis before the customer is offered the group's standard terms and conditions for delivery and payment.

The Group regards its maximum credit risk exposure to the carrying amount of trade debtors and other receivables.

Historically, losses on trade debtors have been limited.

LIQUIDITY RISK

Liquidity risk is the risk that the group will not be able to meet its financial obligations as they fall due. The group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities under both normal and stressed conditions. See note 18 for more information on the group's bank loans as of 31.12.2019.

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date, including payment of interest and without the effect of settlement arrangements:

31 DECEMBER 2019

			Contractual cash flows					
	NOTE	Carrying amount	Total	6 months or less	6 - 12 mth	1 - 2 years	2 - 5 years	More than 5 years
Convertible loans	18, 22	16 628	16 877	16 877	-	-	-	-
Secured bank loan	18, 22	14 063	16 126	656	649	1 283	13 538	-
Lease liabilities	18, 19	35 134	50 023	8 088	8 088	8 039	19 997	5 811
Credit - purchase of shares	18, 22	4 166	4 270	4 270	-	-	-	-
Trade and other payables	20, 22	133 530	133 530	133 530	-	-	-	-
Total		203 521	220 826	163 421	8 737	9 322	33 535	5 811

NOTE 23 FINANCIAL RISK MANAGEMENT (CONTINUED)

31 DECEMBER 2018

	NOTE	Carrying amount	Contractual cash flows					
			Total	6 months or less	6 - 12 mth	1 - 2 years	2 - 5 years	More than 5 years
Lease liabilities	18, 19	16 685	18 261	2 883	2 883	5 766	6 729	-
Trade and other payables	20, 22	53 976	53 976	53 976				
Total		70 661	72 237	56 859	2 883	5 766	6 729	-

MARKET RISK

Currency risk

Endúr operates mainly in a domestic market. Hence, the company is only to a limited extent directly exposed to its own operations abroad. Macro economically conditions, of which are significant for the group, is mainly related to developments in oil and gas prices, including development and maintenance activities offshore.

<i>The Group's exposure to the main foreign currencies:</i>	31.12.2019 EUR	31.12.2018 EUR
Bank	490	-
Trade payables		
Net statement of financial position exposure	490	-
Estimated need for future sales (NOK)		
Estimated need for future purchases (NOK)		
Gross exposure	490	-
Currency hedging	-	-
Net exposure	490	-

<i>Main exchange rates throughout the year:</i>	31.12.2019 EUR	31.12.2018 EUR
Average exchange rate for the year	9,85	9,60
Spot exchange rate on 31 December	9,86	9,95



NOTE 23 FINANCIAL RISK MANAGEMENT (CONTINUED)*Sensitivity analysis*

A 10 per cent strengthening of NOK in relation to the following currencies at the end of the year would have increased (reduced) the equity and profit by the amounts (TNOK) shown below. This analysis assumes that the other factors remain unchanged.

31 DECEMBER 2019

	Equity	Profit/loss
A 10 per cent strengthening of NOK in relation to EUR	-49	-49

31. DESEMBER 2018

	Equity	Profit/loss
A 10 per cent strengthening of NOK in relation to EUR	-	-

Interest rate risk

The company does not normally hedge against changes in the interest rate.

Sensitivity analysis

A change in the interest rate of 100 base points on the reporting date would have increased (reduced) equity and yearly profit by the amounts shown in the table below. This analysis assumes that all other variables, particularly the exchange rates, remain unchanged.

2019	Profit/loss		Equity	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
Cash and cash equivalents	187	-187	187	-187
Interest-bearing loans	-387	387	-387	387
Cash flow sensitivity (net)	-199	199	-199	199

2018	Profit/loss		Equity	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
Cash and cash equivalents	259	-259	259	-259
Cash flow sensitivity (net)	259	-259	259	-259

CAPITAL MANAGEMENT

The board of directors' goal is to maintain a strong capital base in order to preserve the confidence of investors, creditors and market, and to develop business activities. The return on capital is monitored by the board. Return on capital is defined as the operating profit/ loss divided by the total equity. The board also monitors the level of dividends on ordinary shares. The group has no defined plan for the purchase of own shares.

NOTE 24 SHARE OPTION PROGRAM

SHARE OPTION PROGRAM

On 4 November 2017 and 10 January 2018, the Group established share option programmes that entitle key management personnel to purchase shares in the Company. The holders of vested options are entitled to purchase shares in Endúr ASA at a price equivalent to 50% of average price during the last 30 trading days prior to exercise of the options. The price shall, however, not be lower than Par value.

The options can be exercised from the dates specified below

Period	Number of share options
From 1 march 2020 to 31 december 2020	644 444
Total	644 444

Measurement of fair value

The model used for measurement of the fair values is the binomial model of Cox Ross Rubenstein. The inputs used in the measurement of the fair values at grant date of the options were as follows.

Input	2019
Fair value at grant date	NOK 0,9
Share price at grant date	2,27
Strike price*	50 %
Risk free interest rate	1 %
Expected volatility	40 %

Expected volatility has been based on an evaluation of the historical volatility of the Company's share price.

*The share price at grant date shall be a price equivalent to 50% of average price during the last 30 trading days prior to exercise of the options.

RECONCILIATION OF OUTSTANDING SHARE OPTIONS

	Antall opsjoner
Outstanding options at 1 january	1 355 555
Forfeited during the year	(711 111)
Granted during the year	-
Exercised during the year	-
Outstanding options at 31 december	644 444

None of the options can be exercised on the reporting date.

NOTE 25 GROUP COMPANIES

GROUP COMPANY	Owner	Registered office	Company's share capital	Holding and votes	Profit/loss for the year (preliminary)	Equity as at 31.12.2019 (preliminary)
Endúr Invest AS	Endúr ASA	5160 Laksevåg	1 000	100 %	-405	58 456
Endúr Maritime AS	Endúr ASA	5160 Laksevåg	12 378	100 %	7 100	72 109
Endúr AAK AS	Endúr Invest AS	5160 Laksevåg	13 724	100 %	-4 111	-3 952
Endúr Sjøsterk AS	Endúr Invest AS	5160 Laksevåg	440	100 %	11 151	8 222
Endúr Eiendom AS	Endúr Invest AS	5160 Laksevåg	101	100 %	521	12 785
Endúr Energy Solutions AS	Endúr Invest AS	4033 Stavanger	22 000	100 %	-19 883	-15 146
Endúr Industrier AS	Endúr Energy Solutions AS	4033 Stavanger	9 200	100 %	5 509	11 132
Endúr PMAE AS	Endúr Energy Solutions AS	4033 Stavanger	100	100 %	45	8 217

NOTE 26 MANAGEMENT REMUNERATION

REMUNERATION AND TERMINATION AGREEMENTS TO MEMBERS OF THE EXECUTIVE MANAGEMENT TEAM

	Base salary	Variable pay	Other benefits	Pension benefit	Total	Notice period	Severance pay
Hans Petter Eikeland*	1 052	53	7	82	1 194	3 months	18 months
Morten Riiser	1 069	49	11	65	1 194	3 months	9 months
Nils Ingemund Hoff**	1 887	84	11	82	2 064	3 months	18 months
Total	4 008	186	30	229	4 453		

* Appointed as CEO in may 2019

** CEO until may 2019. Appointed as COO in may 2019

The variable pay program for the CEO is a program based on the following:

- Annual profit before tax. If the annual profit before tax exceeds 5% of the year's turnover, variable pay is triggered. The maximum payment associated with this is 100 per cent of the annual base salary
- Annual developments in Endúr ASA's share price. If the share price exceeds given threshold values connected to a percentage increase in the share price, variable pay is triggered. The maximum payment associated with this is 100 per cent of the annual base salary.
- Sale of business, sale of shares, merger/demerger. The maximum payment associated with this is 100 per cent of the annual base salary

According to the agreement, 50% of variable salary will be settled in shares.

The variable pay program for the COO is a program based on the following:

- Annual profit before tax. If the annual profit before tax exceeds 5% of the year's turnover, variable pay is triggered. The maximum payment associated with this is 58,33 per cent of the annual base salary.
- Annual developments in Endúr ASA's share price. If the share price exceeds given threshold values connected to a percentage increase in the share price, variable pay is triggered. The maximum payment associated with this is 58,33 per cent of the annual base salary.
- Sale of business, sale of shares, merger/demerger. The maximum payment associated with this is 58,33 per cent of the annual base salary.

According to the agreement, 50% of variable salary will be settled in shares.

The variable pay program for the other members of the executive management team is based on the achievement of company's financial results, and conditions on continued employment.

The Board of directors have approved the Company's guidelines for salaries to senior executives. This can be summarized as follows: The main principles for Endúr ASA's executive remuneration policy is that senior executives will be offered terms that are competitive, when salaries, fringe benefits, bonus and pension scheme are considered in total. Cash compensation could be given as compensation in addition to base salary for senior management, but then limited to a certain percentage of base salary and linked to the achievement of specific targets. Guidelines for awarding bonuses is to be determined by the board.

NOTE 26 HONORARER TIL LEDENDE ANSATTE (FORTS)**Remuneration to the board of directors for the period from ordinary meeting 2018 until ordinary general meeting 2019**

Name	Position	Remuneration
Rune Skarveland	Member of the Board, Chairman of the Board from may 2019	75
Hans Petter Eikeland	Chairman of the Board until may 2019	300
Bente Stangeland	Member of the Board and Audit Committee	200
Tove Ormevik	Member of the Board	150
Jorunn Helvik Ingebrigtsen	Member of the Board and Audit Committee	200
Kristoffer Nesse Hope	Member of the Board	150
Espen Selvikvåg Berge	Former member of the Board and Audit Committee	100
Magnus Stangeland	Deputy member	35

Kompensasjon til Valg- og godtgjørelseskomite i perioden fra ordinær generalforsamling 2018 til ordinær generalforsamling 2019

Name	Position	Remuneration
Andreas Iversen	Leader	20
Henning Nordgulen	Member	20
Arne Henning Markhus	Member	20

Share options - group management

On 4 November 2017 and 10 January 2018, the Group established share option programmes that entitle key management personnel to purchase shares in the Company. The holders of vested options are entitled to purchase shares in Endúr ASA at a price equivalent to 50% of average price during the last 30 trading days prior to exercise of the options.

See note 24 for further information regarding share options.

NOTE 27 AUDIT FEE**AUDIT FEES**

(All amounts excluding VAT)	2019	2018
Audit services	1 193	384
Other attestation services	65	-
Tax advisory services	125	-
Other non-audit services	165	176
Total	1 548	560

NOTE 28 RELATED PARTIES

Related party relationships are those involving control (either direct or indirect), joint control or significant influence. Related parties are in a position to enter into transactions with the company, of which would not be undertaken between unrelated parties.

No material transactions with related parties have taken place during 2019.

NOTE 29 SUBSEQUENT EVENTS**BANKRUPTCY IN SUBSIDIARY**

The Board of Directors of the subsidiary Endúr Energy Solutions AS decided on 13 February 2020 to file for bankruptcy in the company. The company had for some time experienced a strained liquidity situation, and the Board considered that there was no longer any basis for continued operations.

The board of directors of the company, together with its advisors and resources in the group, had over time worked on alternative structural and financial solutions that could provide profitable operation in the company, but without success.

Endur Energy Solutions AS, together with its subsidiaries Endúr PMAE AS and Endúr Industrier AS, constituted a significant part of the Energy segment of Endúr ASA

On February 27, 2020, Endúr ASA entered into an agreement with the bankruptcy estate to repurchase Endúr Industrier AS.

Estimate - financial effect - P&L

The table below shows the pro forma P&L for 2019 for Endúr ASA. The Proforma-P&L does not include the companies Endur Energy Solutions AS and Endur PMAE AS, but includes Endur Industrier AS.

	2019 presented	Proforma adjustment	31.12.2019 proforma
Operating revenue	493 598	-98 468	395 130
Operating profit/loss before depr., impairm. (EBITDA)	11 684	18 006	29 689
Operating profit/loss (EBIT)	-2 318	19 971	17 653
Profit/loss before tax	-8 209	20 377	12 168
Profit/loss	-9 617	20 377	10 760

NOTE 29 SUBSEQUENT EVENTS (CONTINUED)**Estimate - financial effect - Statement of financial position**

The table below shows the estimated pro forma balance sheet for Endúr ASA exclusive the companies Endur Energy Solutions AS and Endur PMAE AS, but inclusive Endur Industrier AS.

	31.12.2019 presented	Proforma adjustment	31.12.2019 proforma
Non-current assets	185 142	-3 462	181 680
Current assets	148 267	-17 903	130 364
Total assets	333 409	-21 364	312 045
Equity	111 505	21 765	133 270
Non-current liabilities	37 405	-1 244	36 162
Current liabilities	184 499	-41 886	142 613
Total equity and liabilities	333 409	-21 364	312 045

CONSEQUENCES OF THE CORONAVIRUS

Endur ASA has taken a number of different measures to help limit the spread of the corona virus while at the same time safeguarding the operation and deliveries to the customers. The uncertainty related to developments in both the market in general and among several of the Group's customers has affected and still affects Endur ASA's activity and financial situation. It was therefore necessary to make cost adjustments and liquidity-enhancing measures. The companies in the Maritime and Energy segments initiated temporary layoffs for more than half of the workforce due to postponements of planned projects. The Aquaculture segment has maintained normal operations with a limited effect of the corona epidemic. An estimate related to the financial effect related to the situation cannot be given, as the situation is still ongoing and all effects are still not clear.

NOTE 30 GOING CONCERN

The Board of Directors of Endúr ASA has had a strong focus on strategic, operational and structural measures that can contribute to a future-oriented Group focusing on profitability and future growth.

The merger with Endúr Holding AS, which was completed in February 2019, was considered an important measure at the time of the merger. Developments in large parts of the added business have had a negative impact on the Group's liquidity in the past six months, and thus a total weakening of operational maneuvering of the Group.

Following the bankruptcy in Endúr Energy Solutions AS in February 2020, the Group's remaining operations are considered to represent a solid platform for profitable and sustainable operations in 2020 and further on. New long-term framework contracts in the Maritime segment, a significantly strengthened market position within the Aquaculture segment and a continuing operation in the Energy segment with solid operational experience are considered a strong foundation for the Group.

As of May 15, 2020, the Group's overall liquidity position is considered unsatisfactory and there is uncertainty related to continued operations. The Group has significant financial liabilities that fall due within the next 12 months. In addition, the Group has short-term liabilities that exceed the Group's current assets by NOK 12 million (taking into account the bankruptcy in Endúr Energy Solutions AS) as of 31.12.2019. During the second quarter of 2020, the Group will depend on establishing a financial solution with a liquidity supply.

Throughout 2019 and 2020, the Board of Directors and Group Management have focused on various measures to ensure a solid financial platform for the Group. However, it has proved difficult to find a financial solution, and as of today there are no clarified solutions that are considered satisfactory in the medium and long term.

The Board is in the process of alternative solutions with a goal of having this ready within the Company's Annual General Meeting at the beginning of June 2020.

The Board of Endúr ASA confirms, according to § 3-3 of the Accounting Act, that the annual accounts have been prepared based on the assumption for continued operations.



INCOME STATEMENT PARENT COMPANY	NOTE	2019	2018
Other operating revenue		5 013	-
Operating revenue		5 013	-
Payroll expenses	4	-8 394	-
Depreciation, amortisation, impairment	7	-256	-
Other operating expenses	4	-7 188	-1 967
Operating expenses		-15 838	-1 967
Operating profit/loss		-10 826	-1 967
Financial income	5	1	6 811
Financial expenses	5	-3 557	-70
Net financial items		-3 557	6 741
Profit/Loss before tax		-14 382	4 774
Tax	6	4 332	
Profit/Loss		-10 050	4 774

BALANCE SHEET - PARENT COMPANY

NOTE

2019

2018

Assets

Deferred tax assets	6	14 435	
Intangible assets	7	580	
Investments in group companies	8	203 827	11 251
Total non-current assets		218 842	11 251

Other receivables		748	7 057
Receivables from group companies	11	2 971	-
Cash and cash equivalents		4 020	7 642
Total current assets		7 739	14 699

Total assets		226 582	25 950
---------------------	--	----------------	---------------

Equity and liabilities**Equity**

Share capital	9, 10	2 131	1 325
Share premium	10	123 310	13 530
Other paid-in equity	10	281	-
Retained earnings	10	-5 119	4 931
Equity	10	120 603	19 786

Liabilities


Liabilities to group companies	11	78 038	4 554
Convertible loan		16 628	-
Other non-current liabilities		3 548	-
Total non-current liabilities		98 213	4 554

Trade payables		2 527	1 099
Other short term liabilities		5 238	511
Total current liabilities		7 766	1 610

Total liabilities		105 979	6 164
--------------------------	--	----------------	--------------

Total equity and liabilities		226 582	25 950
-------------------------------------	--	----------------	---------------

Bergen, 15 may 2020


 Trond Skarveland


 Rune Skarveland
 (Chairman of the Board of Directors)


 Hans Petter Eikeland
 CEO


 Bente Stangeland


 Ragny Bergesen


 Kristoffer Hope


 Jorunn Ingebrigtsen


 Tove Ormevik

CASHFLOW STATEMENT - PARENT COMPANY		NOTE	2019	2018
Cash flow from operational activities				
Profit/Loss			-10 050	4 774
Profit/Loss			-10 050	4 774
<i>Adjustments for:</i>				
Income tax expense	6		-4 332	-
Share option expense			281	-
Depreciation, amortisation, impairment	7		256	-
Gain on sale of shares			-	-6 749
<i>Changes in:</i>				
Trade payables			-849	1 099
Other current accruals			1 995	106
Net cash from operating activities			-12 699	-771
Cash flow from investments activities				
Acquisition of shares			-	-6 100
Acquisition of other investments	7		-836	
Net cash from investments activities			-836	-6 100
Cash flow from financing activities				
Repayment of borrowings			-420	
Proceeds from private placement			450	10 000
Net changes demerger			-3 548	
Net changes in intercompany balances			13 432	4 500
Net cash from financing activities			9 913	14 500
Net change in cash and cash equivalents			-3 622	7 629
Cash and cash equivalents as per 1.1			7 642	13
Cash and cash equivalents as per 31.12			4 020	7 642
Of which is restricted cash as per 31.12			3 879	-

NOTE 1 COMPANY INFORMATION

Endúr 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. Endúr ASA is the parent company in the Endúr Group. Endúr ASA is listed on Oslo Stock Exchange with the ticker ENDUR.

February 19, 2019, a transaction was carried out where the company Endúr Holding AS was demerged, where shares in subsidiaries and other specified liabilities were demerged and then merged into the company Endúr ASA. Shares in subsidiaries included the companies Endúr Energy Solutions AS, Endúr Industrier AS, Endúr PMAE AS and Endúr Services AS. The shareholders of Endúr Holding AS received remuneration in the form of 118 650 000 new shares in Endúr ASA.

The business combination was accounted for as a reverse acquisition according to the rules in NRS 9. This means that the accounts of Endúr Holding AS are continued after the transaction. Accordingly, the comparative figures and comparable financial information presented will be from Endúr Holding AS' previously accounts.

See note 3 for more detailed information.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES

The financial statements are prepared in accordance with the Accounting Act and Norwegian Generally Accepted Accounting Principles (NGAAP) valid as per 31 December 2018, and consist of income statement, balance sheet, cash flow statement and notes. The financial statements have been prepared based on the fundamental principles governing historical cost accounting, comparability, continued operations, congruence and prudence. Transactions are recorded at their value at the time of the transaction. Income is recognised at the time of delivery of goods or services. Costs are expensed in the same period as the income to which they relate. Costs that cannot be directly related to income are expensed as incurred. The different accounting principles are further commented on below. According to generally accepted accounting standards, there may be some exceptions to the basic assessment and valuation principles. Comments on these exceptions can be found in the respective notes to the accounts. Contingent losses, of which are probable and quantifiable are charged to the profit and loss account.

ESTIMATES AND JUDGEMENTS

Preparing the annual accounts includes judgements, estimates and assumptions that influence both the choice of accounting principles applied and the reported amounts for assets, liabilities, revenues and expenses. The management has used estimates based on its best judgement and assumptions that are considered realistic on the basis of historical experience during preparation of the annual accounts. Actual amounts may deviate from estimated amounts. Estimates and underlying assumptions are reviewed and assessed on an ongoing basis. Changes in accounting estimates are recognised in the period in which the estimates are changed and in all future periods affected.

CLASSIFICATION OF ASSETS AND LIABILITIES

Assets are classified as current assets when:

- the asset is part of the entity's service cycle and is expected to be realised or consumed during the entity's normal production period;
- the asset is held for trading;
- the asset is expected to be realised within 12 months of the balance sheet date;
- the asset is cash or cash equivalents, but with an exception for when there are restrictions on exchanging or using it to settle debt within 12 months of the balance sheet date.

All other assets are classified as non-current assets.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Liabilities are classified as current liabilities when:

- the liability is part of the service cycle and is expected to be settled during the normal production period;
- the liability is held for trading;
- settlement within 12 months of the balance sheet date has been agreed;
- the entity has no unconditional right to postpone settlement of the liability to minimum 12 months after the balance sheet date.

All other liabilities are classified as non-current liabilities.

FOREIGN CURRENCY

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The company's functional currency is NOK, of which is also the parent company's presentation currency. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Balance sheet items are measured at the rate of exchange at the balance sheet date.

CASH FLOW STATEMENT

The cash flow statement is presented using the indirect method. Cash and cash equivalents include cash, bank deposits and other short term, highly liquid investments with maturities of three months or less.

REVENUE

Revenue from services is reported in the profit and loss account in accordance with the degree of completion of the transaction on the balance sheet date. The degree of completion is calculated on the basis of work completed.

SUBSIDIARIES

In the parent company, subsidiaries are valued using the cost method. The investment is valued at acquisition cost, unless a write-down is required. Dividends, group contributions and other distributions are recognised in the same year as they are distributed in the subsidiary's financial statements. If the dividend/group contribution received exceed the retained profit share in the ownership period, the excess amount is recognised as a repayment of invested capital and entered in the balance sheet as a reduction of the investment.

IMPAIRMENT OF ASSETS

If indications are identified that the carrying value of a non-current assets is higher than fair value, an impairment test is performed. The test is performed for the lowest level of an assets with independent cash flows. If carrying value is higher than recoverable amount, a write down to recoverable amount will be recognised. Write downs recognised in previous years will be reversed if the conditions leading to the write down is no longer present. Impairment of goodwill will never be reversed.

INCOME TAX

The tax consists of tax payable and the change in deferred tax. Deferred tax/ tax asset is calculated on the basis of all taxable temporary differences. A deferred tax asset is recognised in the profit and loss account when it is probable that the company will have sufficient taxable income to utilise the tax asset. Deferred tax and deferred tax assets are recognised regardless of when the differences are reversed, and are in principle recognised at nominal value. Deferred tax/ tax asset is valued on the basis of the expected future tax rate. Both tax payable and deferred tax are recognised directly against equity to the extent to which they relate to items recognised directly against equity.

RECEIVABLES

Accounts receivable and other receivables are recognised in the balance sheet at nominal value less provisions for expected losses. Provisions for losses are made on the basis of individual assessments of the individual receivables. In addition, for other accounts receivable, an unspecified provision is made to cover expected losses on claims.



**NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****LOANS**

All loans are recognised at cost price. That means that they are recognised at the current rate of value of amounts received. Costs relating to raising new loans are expensed over the term of the loan.

EQUITY

Transaction costs relating to equity transactions, including the tax effect of the transaction costs, are recognised directly against the equity. Only transaction costs directly related to the equity transactions are recognised against equity. On the repurchase of own shares, the purchase price, including directly attributable costs such as changes in equity, is entered as a change in equity. Own shares are presented as a reduction of equity. Losses or gains from transactions with own shares are not recognised in the profit and loss account.

NOTE 3 BUSINESS COMBINATION

February 19, 2019, a transaction was carried out where the company Endúr Holding AS was demerged, where shares in subsidiaries and other specified liabilities were demerged and then merged into the company Endúr ASA. Shares in subsidiaries included the companies Endúr Energy Solutions AS, Endúr Industrier AS, Endúr PMAE AS and Endúr Services AS. The shareholders of Endúr Holding AS received remuneration in the form of 118 650 000 new shares in Endúr ASA.

The business combination was accounted for as a reverse acquisition according to the rules in NRS 9. This means that the accounts of Endúr Holding AS are continued after the transaction. Accordingly, the comparative figures and comparable financial information presented will be from Endúr Holding AS' previously accounts.

The continuation of the condensed financial information reflect:

- the assets and liabilities of Endúr Holding AS recognised and measured at their pre-combination carrying amounts.
- the assets and liabilities of Endúr ASA recognised and measured in accordance with NRS 9.
- the retained earnings of Endúr Holding AS before the merger.
- the amount recognised as issued equity interests determined by adding the issued equity interest of Endúr Holding AS outstanding immediately before the business combination to the fair value of Endúr ASA. The share capital reflects the equity share capital of Endúr ASA.

CONSIDERATION TRANSFERRED

In a reverse acquisition, the share consideration does not necessarily give a precise measure of fair value. It is the shares of the company that issues the consideration shares (Bergen Group), which represent the value of what is regarded as transferred assets and liabilities. The fair value of the consideration at the time of the transaction is NOK 129 million, which corresponds to the market price at the time of the transaction (NOK 1.37 per share)

IDENTIFIABLE ASSETS ACQUIRED AND LIABILITIES ASSUMED

The fair value of identifiable assets and liabilities is based on a completed purchase price allocation. The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition.

ENDÚR ASA - NOTES PARENT COMPANY

NOTE 3 BUSINESS COMBINATION (CONTINUED)

Deferred tax assets	10 103
Investments in group companies	197 576
Other receivables	863
Cash and cash equivalents	4 094
Liabilities to group companies	-57 081
Convertible loan	-17 078
Other non-current liabilities	-3 518
Trade payables	-3 376
Other short term liabilities	-2 813
Total identifiable net assets acquired	128 770

NOTE 4 SALARIES, FEES, REMUNERATIONS

PAYROLL EXPENSES

	2019	2018
Salaries and holiday pay	5 436	-
Employer's national insurance contribution	1 022	-
Share-based payment	281	-
Pension expenses	324	-
Other payroll expenses	1 330	-
Total	8 394	-
Number of employees 31.12	4	0

For an overview of compensation to the executive management group please see note 26 in the group notes.

The company is required to have a pension scheme in accordance with the Norwegian law on required occupational pension schemes ("lov om obligatorisk tjenstepensjon").

The company's pension arrangements fulfil the law requirements.

See note 24 in the group financial statements for information regarding share options.

REMUNERATION TO THE AUDITOR

	2019	2018
Audit services	660	20
Other attestation services	28	
Tax advisory services	126	
Other non-audit services	61	60
Total	875	80

64 NOTES PARENT COMPANY

NOTE 5 NET FINANCIAL ITEMS

	2019	2018
Other interest income	-	62
Other financial income	1	-
Gain on sale of shares	-	6 749
Financial income	1	6 811
Interest expenses to group companies	-2 428	-
Other interest expenses	-1 129	-70
Financial expenses	-3 557	-70
Net financial items	-3 557	6 741

NOTE 6 TAXES

	2019	2018
Result before taxes	-14 382	4 774
Permanent differences	599	-4 942
Changes in temporary differences	131	-
Change in losses carried forward		
Basis for taxes payable	-13 652	-168
Taxes payable	-	-

THE TAX EXPENSES FOR THE YEAR IS CALCULATED AS FOLLOWS

	2019	2018
axes payable	-	-
Taxes payable on group contribution	-	-
Net change in deferred tax/ tax asset	4 332	-
Tax expense for the year	4 332	-

ENDÚR ASA - NOTES PARENT COMPANY

NOTE 6 TAXES (CONTINUED)

RECOGNISED DEFERRED TAX ASSETS

	31.12.2018	Acquired in business combinations	Recognised in the income statement	31.12.2019
Temporary differences	-	-10 766	-131	-10 897
Interest deductibility carried forward	-	-38 869	-	-38 869
Loss carried forward	-168	-43 786	-14 608	-58 562
Total basis related to deferred tax assets	-168	-93 421	-14 739	-108 328
Net deferred tax assets	-37	-20 553	-3 243	-23 832
Net deferred tax assets - not recognised in the accounts	-37	-10 450	1 089	-9 397
Net deferred tax assets - recognised in the accounts	-	-10 103	-4 332	-14 435

NOTE 7 INTANGIBLE ASSETS

INTANGIBLE ASSETS

	Licences, patents etc.	Total
Acquisition cost 1 Jan. 2019	-	-
Acquisitions 2019	836	836
Acquisitions through business combinations	-	-
Acc. acquisition cost 31 Dec. 2019	836	836
Accumulated depreciations as of 1 Jan. 2019	-	-
Current year's depreciations	-256	-256
Acc. Amort. and imp. losses 31 Dec. 2019	-256	-256
Book value 31. Dec. 2019	580	580
Amortisation rates	33 %	
Amortisation plan	Linear	

66 NOTES PARENT COMPANY

NOTE 8 INVESTMENTS IN SUBSIDIARIES

GROUP COMPANY	Owner	Company's share capital	Holding and votes	Profit/loss for the year (preliminary)	Equity as of 31 Dec. 2019 (preliminary)	Book value
Endúr Invest AS	Endúr ASA	1 000	100 %	-405	58 456	82 452
Endúr Maritime AS	Endúr ASA	12 378	100 %	7 100	72 109	121 375
Total						203 827

NOTE 9 SHARE CAPITAL AND SHAREHOLDER INFORMATION

Share capital

In connection with the business combination in February 2019, a capital reduction was completed in Endúr ASA in that the par value was reduced to NOK 0.01 per share. A capital increase was also carried out by the fact that Endúr ASA's share capital was increased by NOK 1,186,500 by issuing 118 650,000 new shares, each with a par value of NOK 0.01.

As a result of a partial conversion of convertible loan, the company's share capital was increased by NOK 4 500 through the issuance of 450 000 new shares, each with a par value of NOK 0.01.

At 31 December 2019, the share capital of Endúr ASA was NOK 2 130 910, divided into 213 091 018 shares, each with a nominal value of NOK 0.01. All shares have equal voting rights.

SHAREHOLDERS AS OF 31 DECEMBER 2019

	NO OF SHARES	HOLDING
HANDELAND INDUSTRI AS	59 325 000	27,84 %
BRIAN CHANG HOLDINGS LTD	28 918 110	13,57 %
RON CORPORATIONS AS	24 797 850	11,64 %
AS FLYFISK	22 397 940	10,51 %
TATOMI INVEST AS	19 775 000	9,28 %
MILO INVEST AS	12 774 650	5,99 %
EIKELAND HOLDING AS	5 823 024	2,73 %
BERGEN KOMM. PENSJONSKASSE	1 500 000	0,70 %
STEN RUNE H. SMØRSGÅRD	1 442 498	0,68 %
EAGLE AS	1 417 000	0,66 %
FRANK ROBERT SUNDE	1 133 613	0,53 %
PROFOND AS	1 089 779	0,51 %
SOTRA KRAN AS	1 057 666	0,50 %
SPECTATIO FINANS AS	1 016 394	0,48 %
SVEIN ATLE ULVESETER	1 000 000	0,47 %
BERGEN EIENDOM-INVEST AS	1 000 000	0,47 %
SØR-VARANGER INVEST AS	916 774	0,43 %
NORDNET LIVSFORSIKRING AS	908 690	0,43 %
FJ HOLDING AS	833 000	0,39 %
MØVIK INVEST AS	797 987	0,37 %
TOTAL SHARES OWNED BY 20 LARGEST SHAREHOLDERS	187 924 975	88,19 %
OTHER SHAREHOLDERS	25 166 043	11,81 %
TOTAL NUMBER OF SHARES 31.12.2019	213 091 018	100,00 %

ENDÚR ASA - NOTES PARENT COMPANY

NOTE 9 SHARE CAPITAL AND SHAREHOLDER INFORMATION (CONTINUED)

Shares owned by executive personnel and board members

The following table shows shares owned by executive personnel and board members, including shares owned by their closely-related persons and companies, as of 31 December 2019.

NAME	TITLE	OWNERSHIP	NO OF SHARES	HOLDING
Rune Skarveland	Chairman otBoD	Shares owned by Handeland Industri AS	59 325 000	27,84 %
Trond Skarveland	Board member	Shares owned by Handeland Industri AS	-	0,00 %
Bente Stangeland *	Board member		-	0,00 %
Tove Ormevik	Board member		20 000	0,01 %
Magnus Stangeland *	Deputy member	Shares owned by AS Flyfisk	22 397 940	10,51 %
Hans Petter Eikeland	CEO	Shares owned by Eikeland Holding AS	5 823 024	2,73 %
Nils Ingemund Hoff	COO	Shares owned by Eagle AS	1 417 000	0,66 %
Øyvind Risnes	Director		117 000	0,05 %
Total shares 31.12.2019				
owned by board members and their closely-related parties and executive personnel			89 099 964	41,81 %

* Flyfisk AS is owned 75% by Magnus Stangeland, and 8.33% by Bente Stangeland.

No loans nor guarantees have been issued to members of the board.

NOTE 10 EQUITY

	Share capital	Share premium	Other paid -in equity	Retained earnings	Total equity
Equity 01.01.2018	30			-17	13
Result for the year				4 774	4 774
Capital increase (cash proceeds)	970	9 030			10 000
Capital increase (other contribution))	500	4 500			5 000
Transfer to funds	-174			174	-
Net changes 2018	1 296	13 530	-	4 948	19 774
Equity 31.12.2018	1 326	13 530	-	4 931	19 787

>>

NOTE 10 EQUITY (CONTINUED)

	Share capital	Share premium	Other paid -in equity	Retained earnings	Total equity
Equity 01.01.2019	1 326	13 530	-	4 931	19 787
Result for the year				-10 050	-10 050
Business combination	800	127 969			128 769
Business combination - other effects		-18 634			-18 634
Capital increase (debt conversion)	5	446			450
Effect share options			281		281
Net changes 2019	805	109 781	281	-10 050	100 816
Equity 31.12.2019	2 131	123 310	281	-5 119	120 603

Business combination - other effects, is the effect of the accounting for reverse acquisition as described in note 3. The effect is related to the difference between equity in the comparative figures for 2018, which includes all assets and liabilities in Endúr Holding AS, and equity related to the assets and liabilities included in the merger.

NOTE 11 INTERCOMPANY BALANCES, TRANSACTIONS WITH RELATED PARTIES

RECEIVABLES

	2019	2018
Long-term receivables	-	-
Short-term receivables	2 971	-
Total	2 971	-

LIABILITIES

	2019	2018
Long-term liabilities	78 038	-
Short-term liabilities	-	-
Total	78 038	-

There is no instalment plan for repayment of debt
The internal loans are charged with 3 months NIBOR + 2%.

ENDÚR ASA - NOTES PARENT COMPANY

NOTE 11 INTERCOMPANY BALANCES, TRANSACTIONS WITH RELATED PARTIES (CONTINUED)**Transactions with related parties**

The table below provides details of transactions with related parties:

	TRANSACTION	INTEREST INCOME FROM	INTEREST EXPENSE TO
Endúr Invest AS	Interests	-	903
Endúr Maritime AS	Interests	-	1 424
Endúr Energy Solutions AS	Interests	-	101
Total		-	2 428

NOTE 12 FINANCIAL MARKET RISK

The company has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

Credit risk of receivables towards group companies will be depending on performance of the actual operations in the subsidiary.

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. Please see note 23 in the group accounts for more details on the Company's approach as regards to managing liquidity risk.

Market risk for the company is related to currency risk and interest risk.

Currency risk

Certain payments may be agreed in foreign currencies.

	31.12.2019 EUR	31.12.2018 EUR
Bank	490	-
Balance sheet exposure	490	-
Estimated need for future sales	-	-
Estimated need for future purchases	-	-
Cash flow exposure	490	-
Forward exchange contracts	-	-
Net exposure	490	-



**NOTE 12** FINANCIAL MARKET RISK (CONTINUED)

MAIN EXCHANGE RATES THROUGHOUT THE YEAR:

	2019 EUR	2018 EUR
Average exchange rate for the year	9,85	9,60
Spot exchange rate on 31 December	9,86	9,95

Interest rate risk

The company does not normally hedge against changes in the interest rate. However, the company's borrowing is based upon interest rate of 6% p.a. until maturity of the loans.

NOTE 13 SUBSEQUENT EVENTS

See note 29 in the group accounts

ALTERNATIVE PERFORMANCE MEASURES

In this annual report the Group presents several Alternative Performance Measures (APMs), which are described below:

EBITDA

EBITDA (Earnings before interest, taxes, depreciation and amortization) is a commonly used performance measure. EBITDA provides an expression of profitability from operations. Endúr believes that this performance measure provides useful information about the Group's ability to service debt and finance investments. In addition, the performance measure is useful for comparing profitability with other companies. Endúr presents EBITDA in the key figures and in note 5 Operating Segments.

EBIT

EBIT (Earnings before interest and taxes)) is a commonly used performance measure. EBIT provides an expression of profitability from operations, but unlike EBITDA this performance measure also includes depreciations and amortization for the period. Endúr presents EBIT in brackets behind operating profit in consolidated income statement, and in note 5 Operating Segments.

EQUITY SHARE

Equity share is calculated as Book value of Equity/ Total Assets. Endúr presents Equity share in the key figures.

NET WORKING CAPITAL

Net Working capital is calculated as Current Assets minus Current Liabilities. Net Working Capital is a measure of the group's operating liquidity. Endúr presents Net Working Capital in the key figures.

NET INTEREST BEARING DEBT

Net Interest-Bearing Debt is calculated as interest-bearing loans minus cash and cash equivalents. Endúr presents Net Interest-Bearing Debt in the key figures.





Responsibility Statement Endúr ASA 2019

We confirm, to the best of our knowledge, that the financial statements for the period from 1 of January to 31 of December 2019 has been prepared in accordance with IFRS, and gives a true and fair view of the Group's assets, liabilities, financial position and the financial result as a whole.

We also confirm, to the best of our knowledge that the Board of Director's Report gives a correct description of the result and position of the company, together with a description of the most important risks and uncertainties the company is facing.

Bergen, 15 may 2020

The Board of Directors and CEO of Endúr ASA

Trond Skarveland

Rune Skarveland
(Chairman of the Board of Directors)

Hans Petter Eikeland
CEO

Bente Stangeland

Ragny Bergesen

Kristoffer Hope

Jorunn Ingebrigtsen

Tove Ormevik



BDO AS
Munkedamsveien 45
P.O. Box 1704 Vika
N-0121 Oslo, Norway

Independent Auditor's Report To the General Meeting in Endúr ASA

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Endúr ASA.

The financial statements comprise:

- The financial statements of the parent company, which comprise the balance sheet as at 31 December 2019, income statement and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- The financial statements of the group, which comprise the balance sheet as at 31 December 2019, the income statement, statement of comprehensive income, statement of changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- The financial statements are prepared in accordance with the law and regulations.
- The accompanying financial statements give a true and fair view of the financial position of Endúr ASA as at 31 December 2019, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.
- The accompanying financial statements give a true and fair view of the financial position of the group Endúr ASA as at 31 December 2019, and its financial performance and its 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 and the Group as required by laws and regulations, and we have fulfilled our other ethical responsibilities 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.

Material uncertainty regarding the Group's ability to continue as a going concern

We draw attention to the Board of Directors' report and note 30 in the consolidated financial statements, where the Group states that significant financial liabilities fall due within the next 12 months. In addition, the Group has short-term liabilities that exceed the



current assets by NOK 12 million as at 31 December 2019. Furthermore, it is stated that the Group is dependent on establishing a financial solution with supply of cash during the second quarter of 2020. These conditions, along with other matters as set forth in the Board of Directors' report, indicate that a material uncertainty exists that may cast significant doubt on the Groups' ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Description of key audit matter	How the key audit matter was addressed in the audit
IMPAIRMENT OF GOODWILL	
<p>The carrying amount of goodwill resulting from the Group's acquisitions of subsidiaries, constitute a significant part of the assets in the Group's statement of financial position. As at 31 December 2019, goodwill is amounting to NOK 113.6 million, representing 34 % of total assets.</p> <p>Management performs an annual goodwill impairment test to assess whether an impairment loss has incurred. The determination of recoverable amount requires application of significant judgment by management, in particular with respect to cash flow forecast and the applied discount rate.</p> <p>Due to the materiality, complexity and estimation uncertainty concerning goodwill, we consider impairment of goodwill a key audit matter to the audit of the Group.</p> <p>We refer to notes 11 and 13 to the consolidated financial statements for disclosed information about goodwill and impairment test.</p>	<p>Our audit procedures included an evaluation of the key assumptions applied in the valuation model, including revenue growth, EBITDA margin, terminal growth rate, discount rate and remaining useful life.</p> <p>We involved our internal valuation specialists to assist us with our assessment of the discount rates, expected inflation rates and the appropriateness of the model used.</p> <p>In addition, we performed the following audit procedures:</p> <ul style="list-style-type: none"> • we evaluated the reliability of estimates used by management by comparing forecasts made in prior years to actual outcomes • we assessed key inputs in the calculations by reference to management's forecasts • we assessed management's sensitivity analysis focused on what impact on recoverable amount reasonable changes in assumptions such as revenue growth, EBITDA and discount rate would have • we tested the mathematical accuracy of the valuation model



	Furthermore, we have evaluated the adequacy of the disclosures provided in the notes covering impairment.
ACCOUNTING FOR BUSINESS COMBINATIONS	
<p>In February 2019, a demerger was carried out in Endúr Holding where shares in subsidiaries and certain liabilities were demerged from the company and then merged into Bergen Group ASA (current Endúr ASA). As consideration shares, 118,650,000 new shares in Bergen Group ASA were issued to the shareholders of Endúr Holding AS. This transaction resulted in the shareholders of Endúr Holding AS becoming majority shareholders in Bergen Group ASA, and in accordance with the requirements of N-GAAP and IFRS, Endúr Holding AS was identified as the accounting acquirer in the business combination.</p> <p>Based on this, the business combination is accounted for as a reverse acquisition where demerged assets and liabilities of the accounting acquirer (Endúr Holding AS) are recognized and measured at their pre-combination carrying amounts, while assets and liabilities of the accounting acquiree (Bergen Group ASA) are measured at their acquisition-date fair values.</p> <p>The reverse acquisition is accounted for by applying the acquisition method, in which the identifiable assets acquired and liabilities assumed acquired are recognized at fair value at the acquisition date. Consideration transferred in excess of net identifiable assets is recognized as goodwill. The Group has prepared a purchase price allocation for the purpose of valuation and allocation of the purchase price. This requires application of significant judgment by management.</p> <p>Due to the materiality, complexity and estimation uncertainty, we consider the accounting for business combinations a key audit matter to the audit of the Group.</p> <p>We refer to note 4 <i>Business combinations</i> and note 2 <i>Significant accounting principles</i> to the consolidated financial statements where management describes the accounting treatment of the business combination between Bergen Group ASA and Endúr Holding AS.</p>	<p>We reviewed the management's evaluation related to the identification of the accounting acquirer in the business combination of Endúr Holding AS and Bergen Group ASA.</p> <p>We have reviewed the management's valuation of the consideration in the reverse acquisition.</p> <p>We have reviewed the purchase price allocation prepared in connection with the accounting for the acquisition of assets and liabilities in Bergen Group ASA. Our audit procedures included an assessment of identified assets and liabilities as well as the assumptions applied in the valuation model, including revenue growth, EBITDA margin and discount rate.</p> <p>We involved our internal valuation specialists to assist us with our assessment of the discount rates, expected inflation rates, and the appropriateness of the methodology and valuation model applied.</p> <p>In addition, we performed the following audit procedures:</p> <ul style="list-style-type: none"> • we compared Sale and Purchase Agreement (SPA) and Purchase Price Allocation (PPA) with respect to consideration amounts • we focused on the opening balances and evaluated the related fair value adjustments. • we tested the mathematical accuracy of the calculations derived from the forecast model <p>Furthermore, we have evaluated the adequacy of the disclosures provided in the notes covering business combinations.</p>



Other information

Management is responsible for the other information. The other information comprises the Board of Directors' report and other information in the Annual Report, but does not include the financial statements and our auditor's report thereon.

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, 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 the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director (management) are responsible for the preparation and fair presentation of the financial statements for the parent company in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for the preparation of the group 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 and the Group'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 Group 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.

For further description of Auditor's Responsibilities for the Audit of the Financial Statements reference is made to:

<https://revisorforeningen.no/revisjonsberetninger>



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 and in the statement on Corporate Governance concerning the financial statements and the going concern assumption 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 produce a proper and clearly set out registration and documentation of the Company's and the Group's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Oslo, 15 May 2020
BDO AS

Børre Skisland
State Authorised Public Accountant

Note: Translation from Norwegian prepared for information purposes only.





ENDÚR ASA

Postal address: Damsgårdsveien 119, 5160 Laksevåg, Norway

Visiting address / Group Head Quarter: Damsgårdsveien 229, Laksevåg

T: +47 55 54 24 00 | E: post@endur.no | W: endur.no

Further contact info is available on the company's home page.