Interim report Q3

2019

endúr

Interim report Q3

POSITIVE EBITDA IN ALL OPERATING SEGMENTS DESPITE LOWER REVENUES

Q3
- Revenue of NOK 107 million
- EBITDA of NOK 5.3 million
- EBIT of NOK 1.8 million

YTD Q3 2019
- Revenue of NOK 372 million
- EBITDA of NOK 22.6 million
- EBIT of NOK 12.6 million

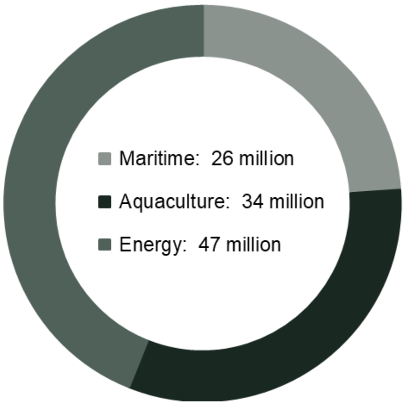
STRONG ORDER INTAKE STRENGTHENS BASE FOR INCREASED ACTIVITY

- The Maritime segment entered into a NOK 750 million long-term framework contract with the Norwegian Armed Forces Logistics Organization (FLO), divided into four contract years and a further three option years.

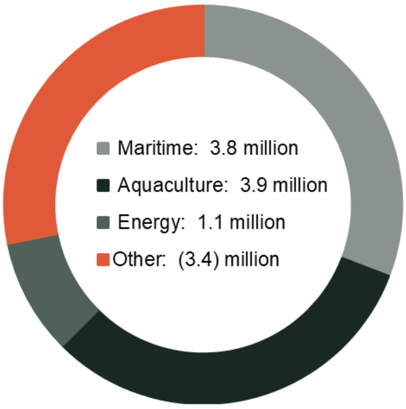
FOCUS ON GROWTH THAT DELIVERS INCREASED PROFITABILITY

- Organizational and strategic adjustments in the Energy segment will provide a basis for better profitability and stronger growth
- The group maintains a growth strategy focusing on both structural and organic growth.
- Focus on strengthening the companies' attractiveness and competitiveness in the markets where they already have established positions

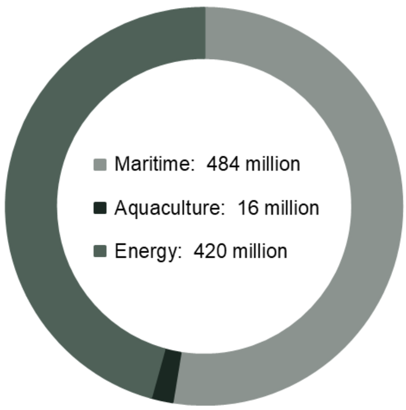
Q3 - EXTERNAL OPERATING REVENUE



Q3 - EBITDA



ORDER BACKLOG



FINANCIAL REVIEW

This interim report has been developed according to IAS 34 “Interim Financial Reporting”.

The business merger completed in Q1 2019 is accounted for as a reverse takeover according to IFRS 3. Please refer to the Q1 2019 report for further information.

PROFIT AND LOSS Q3 2019

The Group’s revenue in Q3 2019 was NOK 107 million. The operating result before depreciation and amortization (EBITDA) constituted NOK 5.3 million and the operating result (EBIT) constituted NOK 1.8 million in Q3 2019.

Net financial posts constituted NOK (1.6) million in Q3 2019.

Result before tax in Q3 2019 was NOK 0.2 million. Result after tax in Q3 2019 was NOK (0.1) million.

BALANCE SHEET AT THE END OF Q3 2019

The Group’s total balance at the end of Q3 2019 is NOK 327 million.

Net interest-bearing debt by the end of Q3 2019 is NOK 65 million. Cash and cash equivalents constitute NOK 20.5 million. NOK 17 million concerns a convertible loan, NOK 14.3 million concerns a bank loan in connection with the purchase of property in Q3 2018, NOK 3.8 million concerns seller credit for the purchase of shares in Endúr Energy Solutions AS, NOK 14.5 million concerns overdraft facility. NOK 35.8 million concerns leasing obligations connected to the Group’s long-term lease agreements.

The Group’s equity by the end of Q3 2019 was NOK 128.7 million, corresponding to an equity ratio of 39 %.

CASH FLOW Q3 2019

Endúr generated a net negative cash flow of NOK 5.8 million in Q3 2019. Cash flow from operating activities was negative NOK 9.9 million. This was mainly due to an increase in working capital related to ongoing projects. Cash flow from investing activities was negative NOK 1.4 million. This was due to investments in fixed assets. Cash flow from financing activities was positive NOK 5.5 million. This was mainly due to down payment of lease liabilities of NOK (3.4) million, payment of interests NOK (0.5) million and withdrawal of overdraft facilities of NOK 9.5 million.

REPORTING SEGMENTS

This interim report reports for the following independent segments:

- 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)

ENERGY

NOK'000	Q3 2019	YTD 2019
Operating revenue	46 918	152 912
EBITDA	1 144	4 005
EBIT	(372)	(509)
Order backlog	419 953	419 953

Segment Energy consists of Endúr AAK AS (formerly Bergen Group AAK), Endúr Energy Solutions AS and the two subsidiaries Endúr Industrier AS and Endúr PMAE AS.

The primary market for this segment includes deliveries connected to maintenance, modification, installation, fabrication and remodeling of complex oil and gas installations both onshore and offshore. As of date, much of the activity is related to framework agreements.

Endúr Energy Solutions has mainly had activity related to the company’s various framework agreements, which has been lower than expected both in the quarter, and year to date.

At the end of the third quarter, a downward adjustment of NOK 200 million of Endúr Energy's order backlog was made based on updated estimates for future call-offs on contractual framework agreements.

Measures to improve operations were implemented in Q2 and followed up in Q3 in order to secure satisfactory profitability going forward by providing complete design and installation solutions.

This is considered an important supplement to existing framework to ensure satisfactory utilization of capacity and competence, as well as giving necessary growth and increased profitability.

The main activity of Endúr Industrier AS is connected to delivery of various prefab and maintenance services towards both the onshore and offshore markets. The Company is located on attractive premises centrally placed in Dusavika by Stavanger. The area contains one of the largess oil bases in the North Sea and is an important industrial hub both for on- and offshore deliveries. Endúr Industrier AS has also had good utilization of capacity and satisfactory profitability in Q3.

Endúr AAK AS delivers complex service assignments connected to maintenance and modification work within various fields. The services are delivered towards several sectors with challenging access. The company has had an activity in line with the two previous quarters, but the profitability has been weak.

MARITIME

NOK'000	Q3 2019	YTD 2019
Operating revenue	26 385	109 653
EBITDA	3 767	13 196
EBIT	2 116	8 733
Order backlog	483 500	483 500

Segment Maritime consists of Endúr Maritime AS. The company has a well-established position within maritime service and ship-technical maintenance based on the company's extensive experience in the execution of complex maritime service projects. Their primary market is West Norway, but the extent of travel-based assignments in other parts of the country and towards offshore installations has shown increasing levels of activity in the past few years.

The Company's activity in the quarter has been lower than last quarter, mainly due to seasonal variations in connection with the summer season. Furthermore, some planned assignments have been moved to the next quarter, and pending clarifications related to new framework agreements with the Norwegian Armed Forces has resulted in lower activity.

Endúr Maritime was awarded a large framework contract on relief for maintenance assignments on Haakonsvern naval base from the Norwegian Armed Forces Logistics Organization (FLO). The framework agreement applies for a period of four years with an option for a further three years. The value of the contract, including options, is estimated by the Norwegian Armed Forces to be NOK 750 million. The award was contracted and signed October 15. 2019 after the ordinary waiting period had expired.

The awarded framework contract comprises maintenance services and alteration work for all vessel classes the Navy base at Haakonsvern has or will receive during the framework agreement period. This includes both surface vessels and submarines. The contract will complement existing framework agreements the Armed Forces has with other suppliers, as well as supplement and add to the maintenance performed by the Armed Forces themselves (under own direction). Call-offs will mainly be done in cases where additional capacity is needed, and/or existing framework agreements does not cover maintenance needs.

AQUACULTURE

NOK'000	Q3 2019	YTD 2019
Operating revenue	34 354	112 524
EBITDA	3 867	14 893
EBIT	3 643	14 289
Order backlog	16 200	16 200

Segment Aquaculture consists of the operating company, Endúr Sjøsterk AS and the real estate company, Endúr Eiendom AS which has the production site on Stamsneset south of Bergen.

In Q3, Endúr Sjøsterk has had activity related to the construction of four different feeding barges. Two of which were completed and delivered to customers in the quarter.

The two other barge-projects that generated activity Q3 is linked to the production of two turnkey feeding barges that is scheduled for completion and delivery in respectively Q4 2019 and Q1 2020.

During the quarter, Endúr Sjøsterk AS had a high bid and market activity towards new potential projects. No new contracts during the third quarter have been signed. The order backlog at the end of the third quarter is thus related to the remaining work on contracts entered into in the second quarter.

The company had satisfactory capacity utilization and profitability during the quarter,

OTHER

NOK'000	Q3 2019	YTD 2019
Operating revenue	1 684	3 796
EBITDA	(3 434)	(9 518)
EBIT	(3 624)	(9 891)

Segment Other constitutes other Group activities. This also includes various process and consulting costs related to the Group's ongoing growth strategy, hereunder acquisition processes.

QHSE

Endúr ASA works systematically and continuously on improving QHSE (Quality, Health, Safety and Environment) performance, systems and safety culture connected to all operations within the Group.
The Group has a zero vision for HSE and incidents impacting the external environment as well as a zero-error philosophy within quality. The goal is to avoid employees being injured or ill at work, ensure the right quality of our deliveries and avoid impact on our surroundings.

In Q3 2019 the Group had no lost time injuries. Accumulated HSE target figures for 2019 includes all company activities:

- LTI / H1 = (2,8) (Injury leave frequency)
- TRI / H2 = (13,1) (Total work injury frequency)
- F value = (2,8) (Absence day frequency)

The target figures are considered acceptable.

In Q3, the Group's businesses have followed the established programs for continuous quality and HSE work. The company maintains its focus on increased reporting of suggestions for improvement and the implementation of risk assessment. Endúr ASA focuses on utilizing synergy effects of the QHSE work across the units. This work is governed by resources within quality and HSE in the merged Group.
The systematic work on avoiding injuries and quality errors also continues together with the Group's partners and by involving skilled employees in ongoing projects.
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HR / PERSONNEL

Per September 30, 2019, Endúr ASA had 258 employees, all mainly permanent, full-time employees. This is a net decrease of 22 employees since June 30th, 2019.

Competence: Continuous competence development is necessary to strengthen the Group's competitive power. The development of each employee's competence is carried out through the personal experience built up by the employees themselves through their daily work, as well as through internal development processes and using external resources.

Sick leave: In Q3 2019, the total sick leave in the Group's companies was around 3.6%, of which short term leave amounted to about 0.8%. The long-term sick leave is not work-related. This is unchanged compared to Q2 where sick leave was 3.6%.

Work environment: The work environment is generally considered good. Endúr has a zero tolerance towards all types of harassment, discrimination or other behavior that colleagues, business relations or others may perceive as threatening or derogatory

RISKS AND UNCERTAINTY

Endúr ASA is exposed to risks of both operational and financial character. The Board of Endúr ASA focuses strongly on ethics and risk management, and works actively to reduce the total risk exposure of the Group.

The most important risk factors are financial risks, market risks and operational risks.

The operational risks are mainly connected to carrying out projects and deliveries at the right time, with the right quality and at a cost that provides profitability.

The financial risk scenario is handled by the respective companies on an independent basis. The risk scenario varies somewhat between the Group's segments and companies.

At this time, financial risk is considered to be greatest in the Energy segment. The activity in this segment has so far this year had a negative cash flow. Therefore, it has been necessary to add liquidity by drawing on available overdraft facilities. A positive cash flow going forward will depend on the implemented and planned measures taken to produce necessary results.

The Group has a short-term liability on NOK 17 million related to a convertible loan. If the loan is not converted it is due in Q1 2020.

The Company has mandated Fearnley Securities to explore a senior secured bond offering in the amount of NOK 100,000,000 for the purpose of refinancing existing debt and for general corporate purposes, including potential aquisitions

The Group works systematically on risk management in all segments and subsidiaries. All managers in the Group and its subsidiaries are responsible for risk management and internal control within their business areas. We refer to the Annual Report for 2018 for a further description of the Group's risk factors and risk management.

Beyond what is mentioned above, per November 1, 2019, the Board does not consider that any risk elements impacting the Group negatively to a significant degree are present.

SHARE CAPITAL AND SHAREHOLDER INFORMATION

Shareholders: By the end of Q3 2019, the company had a total of 1,562 shareholders, compared to 1,487 shareholders by the end of Q2 2019. An updated overview over the company's 20 largest shareholders is available on the company's IR pages on www.endur.no

Share trades and share price: In Q3 2019, a total of 1,850 trades were carried out with the company shares, with a total volume of 10.05 million shares. Corresponding figures for Q2 2019 were 469 trades and 3.36 million shares in total volume. During Q3 2019, the company's shares were traded at prices between NOK 2.29 and NOK 0,99 (NOK 1.01 and NOK 1.42 in Q2 2019).

The final price on Monday September 30, 2019 (the last trade day of the quarter) was NOK 1.77 (NOK 1.02 by the end of Q2 2019). This values the company's market value in the stock market to NOK 376 million by the end of Q3 2019.

FUTURE OUTLOOK

The Board recognizes that through Q3 and at the start of Q4 several positive factors are clarified, which forms a strong foundation for maintaining the long-term growth strategy based on profitable operation. This includes a strengthened order backlog, increased tender activity and expected results of implemented structural and organizational changes.

Furthermore, the Board continues a dedicated focus on measures that could provide the group satisfactory earnings, robust activity and increased turnover. The challenges are primarily related to the part of the group business with a primary focus on offshore markets.

Energy: Endúr Energy Solutions is in the process of turning its activities towards deliveries of complete designs and installation solutions. Furthermore, there is a strong focus on further developing the existing framework agreements.

This segment has a long-term backlog, mainly related to framework agreements and a few project deliveries. The activity on these framework agreements has, during Q3, been lower than expected. Tender activity is considered good and is mainly related to potential projects that will generate activity in 2020.

Endúr Industrier AS has, through the year, shown solid and stable turnover and earnings related to prefab- and other industrial services. This is also expected to in the coming quarters. The company bases Its operations on a stable and diverse client-portfolio with a high degree of repurchase.

Maritime: The market outlook connected to ship maintenance, engine maintenance, and maritime services are still considered as good.

The awarded framework contract on relief for maintenance assignments on Haakonsvern naval base Is considered particularly important for further growth om this segment. The award confirms the Company's ability to maintain attractiveness and competitiveness towards the Armed Forces, even though the amount of assignments to the Armed Forces has been low in recent years. The awarded framework agreement provides the basis for a strong increase in activity and a significantly higher activity with long horizon.

Aquaculture: This segment will to some extent be characterized by fluctuations in both sales and order backlog from quarter to quarter, based on delivery schedules and dates for new contracts. The profitability of this segment, has, regardless, been satisfactory and stable throughout the year.

The market basis for continued high activity, stable profitability, and good utilization of the capacity is considered as good, both in short and long term for this segment.

ORDER BACKLOG

By the end of Q3 2019, Endúr had a total order backlog of NOK 920 million. The order backlog reflects remaining value from signed contracts, including estimated future call-offs of contractual framework agreements and other time-limited agreements, where certain agreements expires in 2023.

Options related to signed agreements and contracts are not considered in the order backlog.

Bergen, November 1, 2019

The Board and CEO of Endúr ASA

Rune Skarveland, Chairman of the board
Tove Ormevik
Bente Stangeland
Ragny Bergesen
Trond Skarveland
Kristoffer Hope, employee-representative
Jorunn Ingebrigtsen, employee-representative

Hans Petter Eikeland, CEO

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

NOK'000	NOTE	Q3 2019	Q3 2018	YTD 2019	YTD 2018
Operating revenue	3, 4	**106 806**	39 722	**372 005**	107 875
Cost of sales		**(44 563)**	(7 214)	**(166 054)**	(28 204)
Payroll expenses		**(46 568)**	(23 958)	**(142 375)**	(68 030)
Other operating expenses		**(10 330)**	(7 153)	**(41 000)**	(15 253)
Operating profit/loss before depr., impairm. (EBITDA)	3	**5 344**	1 397	**22 576**	(3 612)
Depreciation, amortisation, impairment	5, 6	**(3 581)**	(1 556)	**(9 953)**	(4 664)
Operating profit/loss (EBIT)	3	**1 763**	(159)	**12 622**	(8 276)
Financial income	10	**81**	13	**412**	46
Financial expenses	10	**(1 632)**	(283)	**(4 410)**	(930)
Profit/loss before tax		**212**	(429)	**8 624**	(9 160)
Income tax expense		**(322)**	-	**(1 092)**	-
Profit/loss for the period		**(110)**	(429)	**7 532**	(9 160)
Profit/loss attributable to:					
Owners of the parent Company		**(110)**	(429)	**7 532**	(9 160)
Non-controlling interests		**-**	-	**-**	-
Earnings per share					
Basic earnings per share (NOK)		**(0,00)**	(0,00)	**0,04**	(0,08)
Diluted earnings per share (NOK)		**(0,00)**	(0,00)	**0,03**	(0,08)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

NOK'000	NOTE	Q3 2019	Q3 2018	YTD 2019	YTD 2018
Profit/loss for the period		**(110)**	(429)	**7 532**	(9 160)
Items which may be reclassified in the Income Statement in subsequent periods		**-**	-	**-**	-
Items which will not be reclassified in the Income Statement in subsequent periods		**-**	-	**-**	-
Total comprehensive income		**(110)**	(429)	**7 532**	(9 160)
Total comprehensive income attributable to:					
Owners of the parent Company		**(110)**	(429)	**7 532**	(9 160)
Non-controlling interests		**-**	-	**-**	-
		(110)	(429)	**7 532**	(9 160)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL

NOK'000	NOTE	30.09 2019	31.12 2018	01.01 2018
ASSETS				
Deferred tax asset		**19 960**	1 772	-
Intangible assets and goodwill	2, 5	**115 165**	-	-
Property, plant and equipment	6	**50 452**	17 528	22 963
Other receivables	10	**860**	4 570	-
Non-current assets		**186 436**	23 870	22 963
Inventories		**5 604**	-	-
Contract assets	4	**40 625**	20 039	10 605
Trade and other receivables	4, 11	**74 032**	32 214	36 199
Cash and cash equivalents	7, 11	**20 487**	16 543	35 219
Current assets		**140 748**	68 796	82 023
Total assets		**327 184**	92 666	104 986
EQUITY				
Share capital	8	**2 126**	52 000	22 000
Share premium		**167 067**	-	80 000
Other paid-in capital		**269**	-	-
Not registered capital increase		**-**	-	30 000
Retained earnings		**(40 761)**	(48 293)	(118 487)
Equity		**128 701**	3 707	13 513
LIABILITIES				
Loans and borrowings	9, 11	**13 500**	-	-
Lease liabilities	9, 10	**21 701**	11 734	16 685
Other non-current liabilities		**3 518**	-	-
Non-current liabilities		**38 719**	11 734	16 685
Loans and borrowings	9, 11	**36 105**	-	-
Lease liabilities	9, 10	**14 080**	4 951	4 671
Trade and other payables	11	**80 726**	40 508	31 835
Contract liabilities	4	**1 800**	-	-
Provisions		**27 052**	31 766	38 283
Current liabilities		**159 763**	77 225	74 789
Liabilities		**198 483**	88 959	91 473
Total equity and liabilities		**327 184**	92 666	104 986

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

NOK'000	NOTE	Q3 2019	Q3 2018	YTD 2019	YTD 2018
CASHFLOW FROM OPERATING ACTIVITIES					
Profit/loss for the period		**(110)**	(429)	**7 532**	(9 160)
Adjustments for:					
Tax expense / Tax income		**322**	-	**1 092**	-
Depreciation, amortisation, impairment	5, 6	**3 581**	1 556	**9 953**	4 664
Items classified as investments and financing activities		**507**	-	**1 224**	-
Share option expense		**69**	-	**269**	-
Changes in:					
Trade and other receivables		**10 454**	(3 339)	**465**	14 188
Trade and other payables		**(20 019)**	(5 479)	**(26 124)**	(18 809)
Inventories / contract assets & liabilities		**(1 931)**	(4 364)	**(26 279)**	(11 674)
Other current accruals		**(2 799)**	1 962	**(7 335)**	(6 549)
Net cash from operating activities		**(9 925)**	(10 093)	**(39 203)**	(27 340)
CASHFLOW FROM INVESTING ACTIVITIES					
Proceeds from sale of property, plant and equipment	5, 6	**-**	(240)	**-**	(637)
Acquisition of property, plant and equipment	5, 6	**(1 433)**	-	**(2 289)**	-
Business combination, net cash	2	**-**	-	**45 275**	-
Net cash from investing activities		**(1 433)**	(240)	**42 986**	(637)
CASHFLOW FROM FINANCING ACTIVITIES					
Proceeds from new short term loans		**9 907**	-	**14 758**	-
Payment of interests		**(507)**	-	**(1 224)**	-
Repayment of lease liabilities		**(3 394)**	(1 176)	**(9 343)**	(3 477)
Repayment of borrowings		**(494)**	-	**(4 031)**	-
Net cash from financing activities		**5 512**	(1 176)	**160**	(3 477)
Net change in cash and cash equivalents		**(5 846)**	(11 509)	**3 943**	(31 454)
Cash & cash equivalents at start of period		**26 333**	15 274	**16 543**	35 219
Cash & cash equivalents at end of period	7	**20 487**	3 765	**20 487**	3 765
Of which restricted cash at the end of the period	*7*	**13 597**	3 009	**13 597**	3 009

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

NOK'000	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**
Equity 01.01.2019		**52 000**	**-**	**-**	**-**	**(48 293)**	**3 707**
Business combination	2	(49 874)	178 642	-	-	-	128 768
Business combination - other effects	2	-	(11 575)	-	-	-	(11 575)
Profit (loss)		-	-	-	-	7 532	7 532
Equity effect of share options		-	-	269	-	-	269
Equity 30.09.2019		**2 126**	**167 067**	**269**	**-**	**(40 761)**	**128 701**

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES

The consolidated accounts have been prepared in accordance with EU approved International Financial Reporting Standards (IFRS), associated interpretations, IAS 34 "Interim Financial Reporting". The consolidated accounts is for the period 01.01.2019 until 30.09.2019.
As a result of the business combination, this is the first time the financial statements are presented with IFRS as the accounting language. See notes 2 and 12 for more information.

1.1 Functional and presentation currency
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.

1.2 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.

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.

1.3 Usage of 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 4 Whether revenue is recognized over time or at a point in time. Identification of performance obligations in customer contracts.

Note 10 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 1 Business combination; the fair value of the consideration transferred, and the fair value of the identifiable net assets acquired

1.4 Foreign currency
Foreign currency transactions
Transactions in foreign currencies are translated into functional currency for the respective group companies using the exchange rate at the time of the transaction. Monetary items in foreign currency are translated to functional currency using the exchange rate on the balance sheet date.
Foreign currency differences are generally recognised in profit or loss.

1.5 Revenue recognition
Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control over goods or services to a customer.
Under IFRS 15, a five-step model applies to all customer contracts. Only approved customer contracts with a firm commitment is basis for revenue recognition. Variation orders are included when they have been approved, either verbally, in writing or implied by customary business practice. The deliveries in the contracts are reviewed to identify distinct performance obligations. For the majority of the identified performance obligations, control has been assessed to be transferred to the customer over time as the performance obligation is satisfied. Revenue is recognized over time using a cost based progress method, or revenue is recognized as time and materials are delivered to the customer. These methods are assessed to best reflect the pattern of transfer of control of goods and services to the customer.

Variable considerations are included in revenue when they are highly probable. The transaction price of performance obligations is adjusted for significant financing components to reflect the time value of money. Financing components may exist when the expected time period between the transfer of the promised goods and services and the payment is more than twelve months. This assessment is performed at the contract inception. Profit is not recognized until the outcome of the performance obligations can be measured reliably. Contract costs are expensed as incurred. The full loss is recognized immediately when identified on loss-making contracts.

Service and maintenance contracts
The contracts are mainly reimbursable, but lumpsum contracts or elements of lumpsum exist. Each service job is usually assessed as a separate performance obligation. Revenue is normally recognized according to delivered time and materials. Contracts with a significant lumpsum element usually use a cost progress method to determine progress and recognize revenue. Payment terms are normally 30 days after time and materials are delivered.

Construction contracts
Revenue is recognized over time based on the cost-to-cost method. The related costs are recognized in profit or loss when they are incurred. Payment terms are usually based on milestones. Advances received are included in contract liabilities. Non invoiced revenue are included in contract assets.

1.6 Employee benefits
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.

Severance pay
Severance pay is recognised as a cost when the group is obliged to, and does not have any realistic chance to withdraw from a formal, detailed plan regarding the end of an employee's employment before the ordinary retirement age, or an offer of voluntary retirement. The latter is recognised as a cost if it is likely that the offer will be accepted and the number of acceptances can be reliably estimated. If the severance pay falls due more than 12 months after the reporting period, it is discounted to the fair value.

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.

1.7 Income tax
The tax cost consists of tax payable and the change in deferred tax. Deferred tax liability / tax asset is calculated based on all taxable temporary differences. Deferred tax asset is recognised in the accounts when it is likely that the company will have enough taxable income to be able to use the tax asset. Deferred tax and deferred tax asset are recognized regardless of when the differences will be reversed and recognized in the accounts and in principle are recognized at nominal value. Deferred tax / tax asset is valued based on the expected future tax rate. Both tax payable and deferred tax are recognized directly against equity if they are related to items recognized directly against equity.

1.8 Property, plant and equipment
Property, plant and equipment are valued at cost price less accumulated depreciation and impairment losses. When assets are disposed of, the cost price and the accumulated depreciation is reversed in the accounts and any loss or gain from the disposal is recognised in the profit and loss account.
The cost price of property, plant and equipment is the purchase price, including taxes and direct acquisition costs associated with preparing the asset for use. Cost incurred after the asset has been put to use, such as repair and maintenance, will usually be expensed. If increased earnings can be demonstrated to have resulted from the repair / maintenance, the costs will be capitalised as additions.
The estimated economic life of the asset and the depreciation method are assessed annually to ensure that the method and the period used correspond to the financial reality of the fixed assets. The same applies to the scrap value.
Fixed assets under construction is classified as a fixed asset and is recognised in the profit and loss account as costs incurred in connection with the fixed assets. Fixed assets under construction is not depreciated until the asset has been put into use.
If tangible fixed assets have a higher book value than their fair value, they will be written down to their minimum fair value.

1.9 Intangible assets and goodwill
The cost of intangible assets acquired through acquisition is capitalised at fair value in the opening balance for the group. Capitalised intangible assets are recognised in the accounts at cost, less any depreciation and write-downs.
Internally generated intangible assets, with the exception of capitalised development costs, are not capitalised, but expensed as they arise.
The economic lifetime is either finite or indefinite. Intangible assets with a finite lifetime are depreciated over the economic lifetime and are tested for write-down, if there are indications that this is required. The depreciation method and period are assessed at least once a year. Changes in the depreciation method and / or depreciation period are treated as estimate differences.
Intangible assets with an indefinite useful life are not depreciated, but instead tested for impairment at least once a year, either

individually or as part of a cash-generating unit. The life- time is assessed annually to see whether the assumption of an infinite useful life is justified. If not, the change to a finite lifetime is treated on a prospective basis.

Goodwill is not depreciated, but an annual assessment is made to evaluate whether the value can be justified in relation to re-coverable amount. If there are any external indications of a fall in value, goodwill will be assessed at each closing of accounts.

1.10 Leases

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 liabiliy 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 liabilty is subsequently increased by the interest cost associated with the liabilityand 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.

1.11 Financial instruments

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.
The Group holds investment in shares. The investment is included in the category fair value with value change over other income and expenses (OCI)

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.

1.12 Inventories

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.

1.13 Impairment

Financial instruments and contract assets

ECLs are estimated probability-weighted net present value of future expected credit losses. ECLs are discounted at the effective interest rate of the financial asset. Loss allowances for trade receivables and contract assets are measured at an amount equal to lifetime ECLs.

Non-financial assets

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.

1.14 Provisions and liabilities

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 un- der the contract.

Contingent liabilities and assets

Contingent liabilities are defined as:
i) potential liabilities resulting from previous events, but whose existence depends on future events
ii) liabilities not recognised in the accounts because it is not likely that the liability will result in an outflow of resources
iii) 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.

1.15 Cash flow statement

The cash flow statement shows the overall cash flow broken down by operations, investment and financial activities. The statement shows each activity's effect on the liquid assets. The cash flow statement is prepared in accordance with the indirect model. Unrestricted bank deposits, restricted tax and restricted deposits on projects is included in the cash equivalents in the balance.

NOTE 2 - 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.

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

NOK'000	
Deferred tax assets	19 279
Intangible assets	1 385
Property, plant and equipment	44 216
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 an borrowings	-67 318
Other non-current liabilities	-3 518
Contract liabilities	-27 105
Trade payables and other payables	-65 085
Provisions	-2 680
Total identifiable net assets acquired	**15 225**

GOODWILL

Goodwill arising from the acquisition has been recognised as follows.

NOK'000	
Total consideration transferred	128 769
Fair value of identifiable net assets acquired	-15 225
Goodwill	**113 544**

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 YTD 2019:

NOK'000	YTD 2019 - Proforma
Operating revenue	397 530
Cost of sales	(178 594)
Payroll expenses	(153 171)
Other operating expenses	(43 113)
Operating profit/loss before depr., impairm. (EBITDA)	**22 652**
Depreciation, amortisation, impairment	(10 802)
Operating profit/loss (EBIT)	**11 850**
Financial income	480
Financial expenses	(4 978)
Profit/loss before tax	**7 353**
Income tax expense	(1 092)
Profit/loss for the period	**6 261**

NOTE 3 - OPERATING SEGMENTS

Endúr ASA reports in 2019 distributed on the following segments:

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.

SEGMENT INFORMATION Q3 2019

NOK'000	Maritime	Aquaculture	Energy	Other	Eliminations	**Group**
Operating revenue	26 385	34 354	46 918	1 684	(2 535)	**106 806**
EBITDA	3 767	3 867	1 144	(3 434)	-	**5 344**
EBIT	2 116	3 643	(372)	(3 624)	-	**1 763**

SEGMENT INFORMATION YTD 2019

NOK'000	Maritime	Aquaculture	Energy	Other	Eliminations	**Group**
Operating revenue	109 653	112 524	152 912	3 796	(6 880)	**372 005**
EBITDA	13 196	14 893	4 005	(9 518)	-	**22 576**
EBIT	8 733	14 289	(509)	(9 891)	-	**12 622**

NOTE 4 - REVENUES

DISAGGREGATION OF REVENUE FROM CONTRACTS WITH CUSTOMERS

NOK'000	Maritime		Aquaculture		Energy		Total	
	Q3 2019	Q3 2018	**Q3 2019**	Q3 2018	**Q3 2019**	Q3 2018	**Q3 2019**	Q3 2018
Type of revenue								
Service and maintenance contracts	**22 501**	-	**-**	-	**29 614**	27 107	**52 115**	27 107
Projects - Concrete barges	**-**	-	**34 353**	-	**-**	-	**34 353**	-
Other	**3 033**	-	**-**	-	**17 304**	12 615	**20 337**	12 615
	25 534	-	**34 353**	-	**46 918**	39 722	**106 805**	39 722
Timing of revenue recognition								
Products transferred at a point in time	**-**	-	**-**	-	**-**	-	**-**	-
Products and services transferred over time	**25 534**	-	**34 353**	-	**46 918**	39 722	**106 805**	39 722
	25 534	-	**34 353**	-	**46 918**	39 722	**106 805**	39 722

NOK'000	Maritime		Aquaculture		Energy		Total	
	YTD 2019	YTD 2018	**YTD 2019**	YTD 2018	**YTD 2019**	YTD 2018	**YTD 2019**	YTD 2018
Type of revenue								
Service and maintenance contracts	**96 783**	-	**-**	-	**106 116**	76 675	**202 899**	76 675
Projects - Concrete barges	**-**	-	**112 523**	-	**-**	-	**112 523**	-
Other	**11 178**	-	**-**	-	**45 404**	31 200	**56 582**	31 200
	107 961	-	**112 523**	-	**151 520**	107 875	**372 005**	107 875
Timing of revenue recognition								
Products transferred at a point in time	**-**	-	**-**	-	**-**	-	**-**	-
Products and services transferred over time	**107 961**	-	**112 523**	-	**151 520**	107 875	**372 005**	107 875
	107 961	-	**112 523**	-	**151 520**	107 875	**372 005**	107 875

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

CONTRACT BALANCES

NOK'000	**30.09.2019**	31.12.2018	01.01.2018
Receivables, which are included in trade and other receivables	**55 543**	18 488	12 542
Contract assets	**40 625**	20 039	10 605
Contract liabilities	**1 800**	-	-

The contract assets relate to the Group's rights to consideration for work completed but not billed at the reporting date on service and maintenance contracts, fabrication-work and construction of concrete barges. The contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Group issues an invoice to the customer.

The contract liabilities relates to the advance consideration received from customers for construction of concrete barges, for which revenue is recognised over time.

NOTE 5 - INTANGEBLE ASSETS

INTANGIBLE ASSETS

NOK'000	Licences, patents etc.	Goodwill	**Total**
Acquisition cost 1 Jan. 2019	-	-	**-**
Business combination	1 385	113 544	**114 929**
Acquisitions	836	-	**836**
Acc. acquisition cost 30 Sep. 2019	2 221	113 544	**115 765**
Acc. Depr/impairment 1 Jan. 2019	-	-	**-**
Depreciation	600	-	**600**
Acc. Depr/impairment 30 Sep. 2019	600	-	**600**
Book value 30. Sep. 2019	1 621	113 544	**115 165**
Amortisation rates	10 %	Impairment	
Amortisation plan	Linear	test	

Goodwill

Endúrs goodwill originates from the business combination in February 2019.

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

NOK'000	**30.09.2019**
Maritime - Endúr Maritime AS	**57 986**
Aquaculture - Endúr Sjøsterk AS	**48 474**
Energy - Endúr AAK AS	**7 083**
Total Goodwill	**113 544**

Cash generating units have not been tested for impairment as no indications of impairment have been identified.

NOTE 6 - PROPERTY, PLANT AND EQUIPMENT

PROPERTY, PLANT AND EQUIPMENT

NOK'000	Land, buildings	Right of use asset	Plant, equipment	Operating equipment	**Total**
Acquisition cost 1 Jan. 2019	883	21 355	593	5 741	**28 572**
Acquisitions	529	-	217	707	**1 453**
Business combination	13 500	24 770	5 737	210	**44 217**
Disposals	-	-3 384	-	-	**-3 384**
Acc. acquisition cost 30 Sep. 2019	14 912	42 741	6 547	6 658	**70 858**
Acc. Depr/impairment 1 Jan. 2019	292	5 133	149	5 473	**11 047**
Depreciation	637	7 482	1 037	203	**9 359**
Acc. Depr/impairment 30 Sep. 2019	929	12 615	1 186	5 676	**20 406**
Book value 30. Sep. 2019	13 983	30 126	5 361	982	**50 452**

EIENDOM, ANLEGG OG UTSTYR

NOK'000	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	-	-	-	-100	**-100**
Acc. acquisition cost 31 Dec. 2018	883	21 355	593	5 741	**28 572**
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	16 223	444	268	**17 526**
Amortisation rates	0 - 5 %	15 - 50 %	10 - 33 %	10 - 33 %	
Amortisation plan	Linear	Linear	Linear	Linear	

NOTE 7 - CASH AND CASH EQUIVALENTS

CASH AND CASH EQUIVALENTS

NOK'000	**30.09.2019**	31.12.2018	01.01.2018
Cash and bank deposits - unrestricted funds	**6 890**	12 540	31 103
Cash and bank deposits - restricted funds	**13 597**	4 003	4 116
Total	**20 487**	16 543	35 219

NOTE 8 - SHARE CAPITAL AND SHAREHOLDER INFORMATION

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.

At 30 September 2019, the share capital of Endúr ASA was NOK 2 126 410, divided into 212 641 018 shares, each with a nominal value of NOK 0.01.

Shareholders as of 30 September 2019

	Number of shares	% of total
HANDELAND INDUSTRI AS	59 325 000	27,9 %
ARTEMES GROUP AS	37 572 500	17,7 %
BRIAN CHANG HOLDINGS LTD	28 918 110	13,6 %
AS FLYFISK	22 397 940	10,5 %
TATOMI INVEST AS	19 775 000	9,3 %
EIKELAND HOLDING AS	5 823 024	2,7 %
STEN RUNE H. SMØRSGÅRD	1 977 500	0,9 %
BERGEN KOMM. PENSJONSKASSE	1 500 000	0,7 %
EAGLE AS	1 417 000	0,7 %
PROFOND AS	1 231 111	0,6 %
FRANK ROBERT SUNDE	1 133 613	0,5 %
SOTRA KRAN AS	1 057 666	0,5 %
SPECTATIO FINANS AS	1 016 394	0,5 %
SVEIN ATLE ULVESETER	1 000 000	0,5 %
BERGEN EIENDOM INVEST A/S	1 000 000	0,5 %
SØR-VARANGER INVEST AS	916 774	0,4 %
NORDNET LIVSFORSIKRING AS	914 135	0,4 %
FJ HOLDING AS	833 000	0,4 %
MØVIK INVEST AS	827 987	0,4 %
FRIELE CAPITAL AS	740 740	0,3 %
Total 20 largest shareholders	**189 377 494**	**89,1 %**
Other shareholders	23 263 524	10,9 %
Total	**212 641 018**	**100 %**

NOTE 9 - LOANS AND BORROWINGS

LOANS AND BORROWINGS

NOK'000	30.09.2019	31.12.2018	01.01.2018
Non-current loans and borrowings			
Secured bank loans	**13 500**	-	-
Lease liabilities	**21 701**	11 734	16 685
Current loans and borrowings			
Credit line	**4 851**	-	-
Secured bank loans	**10 350**	-	-
Convertible loan	**17 078**	-	-
Credit - purchase of shares in Endúr Energy Solutions AS	**3 826**	-	-
Lease liabilities	**14 080**	4 951	4 671
Total	**85 387**	16 685	21 355

Collateral

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. 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.

NOTE 10 - LEASE

AS A LESSEE

LEASING LIABILITIES

NOK'000	30.09.2019	31.12.2018	01.01.2018
Debt analysis - contractual undiscounted cash flows			
Less than 1 year	**15 721**	5 766	5 766
1-5 years	**22 785**	12 495	18 261
Over 5 years	**808**	-	-
Total	**39 313**	18 261	24 027
Non-current lease liabilities recognised	**21 701**	11 734	16 685
Current lease liabilities recognised	**14 080**	4 951	4 671
Total	**35 781**	16 685	21 355

The leasing liability as of June 30, 2019 primarily comprises lease of office space and other property.

LEASE INTEREST EXPENSE RECOGNISED IN P&L

NOK'000	Q3 2019	Q3 2018	YTD 2019	YTD 2018
Interest expense on lease liabilities	**536**	265	**1 618**	847

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.

NET INVETSTMENT IN THE LEASE

NOK'000	30.09.2019	31.12.2018	01.01.2018
Analysis - contractual undiscounted cash flows			
Less than 1 year	**2 699**	-	-
1-2 years	**864**	-	-
Sum	**3 563**	-	-
Non-current net investment in the lease recognised	**860**	-	-
Current net investment in the lease recognised	**2 563**	-	-
Total	**3 423**	-	-

LEASE INTEREST INCOME RECOGNISED IN P&L

NOK'000	Q3 2019	Q3 2018	YTD 2019	YTD 2018
Interest income on the net investment in the lease	**50**	-	**325**	-

NOTE 11 - FINANCIAL INSTRUMENTS

OVERVIEW OF FINANCIAL INSTRUMENTS IN THE CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	30.09.2019		31.12.2018		01.01.2018	
NOK'000	Financial assets at amortised cost	Other financial liabilities	Financial assets at amortised cost	Other financial liabilities	Financial assets at amortised cost	Other financial liabilities
Financial assets						
Trade and other receivables	**71 469**	**-**	32 214	-	36 199	-
Cash and cash equivalents	**20 487**	**-**	16 543	-	35 219	-
	-	**-**	-	-	-	-
Financial liabilities	**-**	**-**	-	-	-	-
Convertible loan	**-**	**17 078**	-	-	-	-
Loans and borrowings	**-**	**32 527**	-	-	-	-
Trade and other payables	**-**	**80 726**	-	40 508	-	31 835
Total	**91 955**	**130 331**	48 757	40 508	71 418	31 835

NOTE 12 - 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 June 30, 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		
NOK'000	NOTE	NGAAP	Effect of transition to IFRS	**IFRS**	NGAAP	Effect of transition to IFRS	**IFRS**
ASSETS							
Deferred tax asset		-	-	**-**	1 772	-	**1 772**
Intangible assets and goodwill		-	-	**-**	-	-	**-**
Property, plant and equipment	12a	1 608	21 355	**22 963**	1 305	16 223	**17 528**
Other receivables		-	-	**-**	4 570	-	**4 570**
Non-current assets		1 608	21 355	**22 963**	7 647	16 223	**23 870**
Inventories		-	-	**-**	-	-	**-**
Contract assets		10 605	-	**10 605**	20 039	-	**20 039**
Trade and other receivables		36 199	-	**36 199**	32 214	-	**32 214**
Cash and cash equivalents		35 219	-	**35 219**	16 543	-	**16 543**
Current assets		82 023	-	**82 023**	68 796	-	**68 796**
Total assets		83 631	21 355	**104 986**	76 443	16 223	**92 666**
EQUITY							
Share capital		22 000	-	**22 000**	52 000	-	**52 000**
Share premium		80 000	-	**80 000**	-	-	**-**
Not registered capital increase		30 000	-	**30 000**	-	-	**-**
Retained earnings		(118 487)	-	**(118 487)**	(47 831)	(462)	**(48 293)**
Equity		13 513	-	**13 513**	4 169	(462)	**3 707**
LIABILITIES							
Loans and borrowings		-	-	**-**	-	-	**-**
Lease liabilities	12a	-	16 685	**16 685**	-	11 734	**11 734**
Other non-current liabilities		-	-	**-**	-	-	**-**
Non-current liabilities		-	16 685	**16 685**	-	11 734	**11 734**
Loans and borrowings		-	-	**-**	-	-	**-**
Lease liabilities	12a	-	4 671	**4 671**	-	4 951	**4 951**
Trade and other payables		31 835	-	**31 835**	40 508	-	**40 508**
Contract liabilities		-	-	**-**	-	-	**-**
Provisions		38 283	-	**38 283**	31 766	-	**31 766**
Current liabilities		70 118	4 671	**74 789**	72 274	4 951	**77 225**
Liabilities		70 118	21 355	**91 473**	72 274	16 685	**88 959**
Total equity and liabilities		83 631	21 355	**104 986**	76 443	16 223	**92 666**

EFFECT OF TRANSITION - PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		YTD 30.09.2018			2018		
NOK'000	NOTE	NGAAP	Effect of transition to IFRS	**IFRS**	NGAAP	Effect of transition to IFRS	**IFRS**
Operating revenue		107 875	-	**107 875**	176 521	-	**176 521**
Cost of sales		(28 204)	-	**(28 204)**	(57 295)	-	**(57 295)**
Payroll expenses		(68 030)	-	**(68 030)**	(94 810)	-	**(94 810)**
Other operating expenses	12a	(19 578)	4 325	**(15 253)**	(34 530)	5 766	**(28 764)**
Operating profit/loss before depr., impairm. (EBITDA)		(7 937)	4 325	**(3 612)**	(10 114)	5 766	**(4 348)**
Depreciation, amortisation, impairment	12a	(815)	(3 849)	**(4 664)**	(1 026)	(5 133)	**(6 159)**
Operating profit/loss (EBIT)		(8 752)	476	**(8 276)**	(11 140)	634	**(10 506)**
Financial income		46	-	**46**	151	-	**151**
Financial expenses	12a	(83)	(847)	**(930)**	(127)	(1 096)	**(1 223)**
Profit/loss before tax		(8 789)	(371)	**(9 160)**	(11 116)	(462)	**(11 578)**
Income tax expense		-	-	**-**	1 772	-	**1 772**
Profit/loss for the period		(8 789)	(371)	**(9 160)**	(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		(8 789)	(371)	**(9 160)**	(9 344)	(462)	**(9 806)**
Total comprehensive income attributable to:							
Owners of the parent Company		(8 789)	(371)	**(9 160)**	(9 344)	(462)	**(9 806)**
Non-controlling interests		-	-	**-**	-	-	**-**
		(8 789)	(371)	**(9 160)**	(9 344)	(462)	**(9 806)**

NOTE 12a - EFFECT OF TRANISTION - 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 13 - SUBSEQUENT EVENTS

There have been no subsequent events that have any impact on the accounting figures in this report.

NOTE 14 - RELATED PARTIES

In Q3 2019, there has not been any material transactions or agreements entered into with any related parties.

NOTE 15 - ALTERNATIVE PERFORMANCE MEASURES

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

The definitions of these measures are as follows:

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

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

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

Equity ratio - Total equity divided by total assets