
Interim report

Q4

2019

Interim report

Q4

SEGMENT MARTIME AND AQUA PRESENTS GOOD REVENUE AND PROFITABILITY, WEAK RESULTS IN SEGMENT ENERGY

Q4

- Revenue of NOK 122 million
- EBITDA of NOK (-11) million
- EBIT of NOK (-15) million
-

FY 2019

- Revenue of NOK 494 million
- EBITDA of NOK 12 million
- EBIT of NOK (-2) million

EVENTS AFTER THE BALANCE SHEET DATE

Bankruptcy in subsidiary Endúr Energy Solutions AS

- Reduced revenue in the Energy segment; remaining activity related to Endúr AAK AS.
- No negative consequences for the Maritime segment or the Akva segment.

See section "Events after the balance sheet date" and note 13 for further details

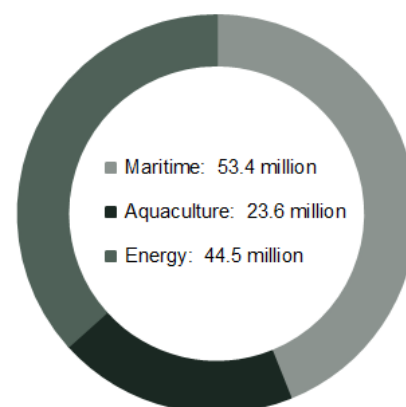
STRENGTHEN ORDER BACKLOG IN REMAINING SEGMENT

- Order backlog in the remaining segment doubled through 2019

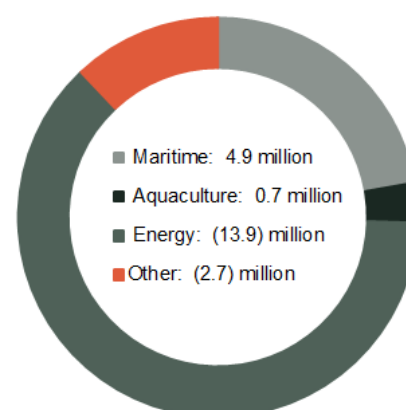
FINANCING

- Periodically strained liquidity
- Bond loan process canceled
- Alternative financing alternatives are expected to be clarified in Q1 2020

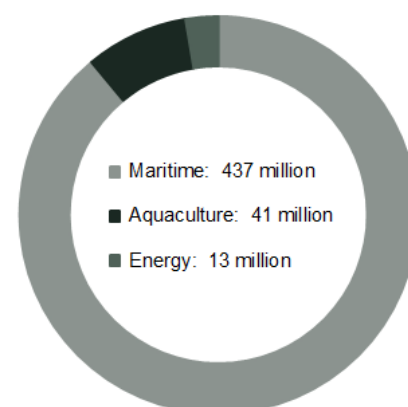
Q4 - EXTERNAL OPERATING REVENUE



Q4 - 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 report for further information.

PROFIT AND LOSS Q4 2019

The Group's revenue in Q4 2019 was NOK 121.6 million. The operating result before depreciation and amortization (EBITDA) constituted NOK -10.9 million and the operating result (EBIT) constituted NOK -15 million in Q4 2019.

Result before tax in Q4 2019 was NOK -16.8 million. Result after tax in Q4 2019 was NOK -17.2 million.

PROFIT AND LOSS 2019

The Group's revenue in 2019 was NOK 493.6 million. The operating result before depreciation and amortization (EBITDA) constituted NOK 11.7 million and the operating result (EBIT) constituted NOK -2.3 million in 2019.

Result before tax in 2019 was NOK -8.2 million. Result after tax in 2019 was NOK -9.6 million.

BALANCE SHEET AT THE END OF Q4 2019

The Group's total balance at the end of Q4 2019 is NOK 333.4 million.

Net interest-bearing debt by the end of Q4 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.

The Group's equity by the end of Q4 2019 was NOK 111.5 million, corresponding to an equity ratio of 33 %.

CASH FLOW Q4 2019

Endúr generated a net positive cash flow of NOK 0.4 million in Q4 2019. Cash flow from operating activities was positive NOK 6.9 million. This was mainly due to a decrease in working capital related to ongoing projects. Cash flow from investing activities was negative NOK 0.9 million. This was due to investments in fixed assets. Cash flow from financing activities was negative NOK 5.6 million. This was mainly due to down payment of lease liabilities and payment of interests.

EFFECT OF BANKRUPTCY

Figures in this report include figures for the sub-group Endúr Energy Solutions.

The table below shows key figures presented in P&L in this report compared to pro forma figures without the sub-group Endúr Energy Solutions.

NOK'000	2019 presented	2019 proforma
Driftsinntekter	493 598	330 897
EBITDA	11 673	18 335
EBIT	(2 328)	10 118

See section "Events after the balance sheet date" and note 13 for further information.

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	Q4 2019	FY 2019
Operating revenue	45 062	197 975
EBITDA	(13 886)	(10 579)
EBIT	(15 427)	(16 633)
Order backlog	13 000	13 000

* The order backlog has been adjusted for the bankruptcy in Endúr Energy Solution AS. The order backlog in the Energy segment is thus only related to Endúr AAK.

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.

Endúr Energy Solutions AS has throughout the year had weak profitability with negative results in two of the three first quarters. Measures Implemented In previous quarters has not produced the desired effect, and the company has had a significant decline in earnings during Q4.

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 that the company brought to the merger with then Bergen Group ASA in February 2019.

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 in Q4 either. This, combined with a loss on a major project, has resulted in a significant weakening of the result during Q4. The company's new management, which was brought in in November 2019, has contributed constructively to identifying and implementing possible structural measures to improve the situation.

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 delivered a stable and profitable operation in Q4 2019. This company has on average in 2019 had a quarterly revenue of MNOK 15, and an EBITDA in the quarter of around MNOK 2-3.

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 also In Q4 had weak activity and negative profitability. Order Intake during the quarter is assessed as good, and primarily related to Q2 2020 onwards.

MARITIME

NOK'000	Q4 2019	FY 2019
Operating revenue	54 047	163 700
EBITDA	4 941	16 939
EBIT	2 909	10 444
Order backlog	436 500	436 500

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 Q4 has been higher than the other quarters of 2019. This growth in activity is related both towards the civilian and defence markets. Amongst other, the company has been engaged during the quarter with the implementation of various completion-, and guarantee projects related to the supply ship KNM "Maud".

The company registers an increasing activity in connection with various framework agreements. A significant part of the business is still related to the spot

market. This market is somewhat comprehensive in relation to both customer portfolio and business area, and is considered as relatively stable, despite having a slightly limited order horizon.

Endúr Maritime was in September 2019 awarded a large framework contract on relief for maintenance assignments on Haakonsværn naval base from the Norwegian Armed Forces Logistics Organization (FLO). The award was contracted and signed at the beginning of Q4, after the ordinary waiting period had expired.

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 awarded framework contract comprises maintenance services and alteration work for all vessel classes the Navy base at Haakonsværn has or will receive during the framework agreement period.

AQUACULTURE

NOK'000	Q4 2019	FY 2019
Operating revenue	23 617	136 141
EBITDA	715	15 315
EBIT	489	14 485
Order backlog	41 108	41 108

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 Q4, Endúr Sjøsterk has had activity related to four different barge projects, three of which only partially generated activity in the quarter. The activity is distributed on completion of a turnkey feeding barge for Salmar Farming AS delivered in early November, outfitting on a feeding barge for GIFAS due to be delivered Q1 2020, as well as startup late November on the work with two new feeding barges for Lerøy Vest and Sjøtroll Havbruk respectively.

The feeding barge for Salmar Farming AS was completed exactly 6 months after contract signing. This barge has a capacity of 600 metric tons of fish feed. The Barge is constructed to operate at extremely harsh locations, and has a certification of Hs 5.5 (significant wave height)

The contracts for to turnkey feeding barges for Lerøy Vest and Sjøtroll Havbruk respectively were closed mid-November. Both feeding barges will have a capacity of 500 metric tons of fish feed and are due for delivery summer of 2020.

In relation to the company's own production capacity in its own dry dock (hull construction), this was not fully utilized in Q4. The dock has had minor repair and upgrade work done in the quarter.

During the quarter, Endúr Sjøsterk AS had a high bid and market activity towards new potential projects, which are yet to be clarified.

OTHER

NOK'000	Q4 2019	FY 2019
Operating revenue	1 361	7 346
EBITDA	(2 672)	(10 002)
EBIT	(2 922)	(10 625)

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.

EVENTS AFTER THE BALANCE SHEET DATE

The board of the subsidiary company Endúr Energy Solutions AS filed for bankruptcy February 14th, 2020 after concluding that there no longer exists a basis for continued operation. The company has had a strained liquidity situation for some time, and the new company management brought onboard in November 2019 assesses the order backlog as severely lower than estimated by previous management.

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.

Endúr Energy Solutions AS, together with subsidiaries Endúr PMAE AS and Endúr Industrier AS, constitutes a significant part of the segment Energy in Endúr ASA. Remaining activity as of February 14th, 2020, is related

to Endúr AAK, which is considered to have a strong position within its market segment in connection to complex service- and maintenance operations that requires access techniques.

The bankruptcy of Endúr Energy Solutions AS will have no impact on either results or operations in the two segments Maritime Service and Aquaculture.

RISKS AND UNCERTAINTY

Endúr ASA is exposed to risks of both operational and financial character. The Board of Endúr ASA focuses strongly on 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.

Financial risk is primarily related to liquidity risk. The group experiences at times a strained liquidity situation. Surplus liquidity is limited within the group and a generally increase in activity, combined with specific working capital demanding projects ties up liquidity.

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 at the end of Q1 2020. The group is dependent on renegotiating this loan or securing financing that enables payment.

The Group mandated Fearnley Securities in Q4 to explore a senior secured bond offering for the purpose of refinancing existing debt and for general corporate purposes, including potential acquisitions for further growth. The board does not consider this alternative viable on terms deemed commercially reasonable, and thus have terminated this process.

The board deems it necessary to investigate and implement other financing alternatives to secure the group a total liquidity that is considered satisfactory for

the group's operations and increased activity. Processes regarding this are expected to produce results within Q1 2020.

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 2019 for a further description of the Group's risk factors and risk management.

Beyond what is mentioned above, as of February 14, 2020, the Board does not consider that any further risk elements impacting the Group negatively to a significant degree are present.

FUTURE OUTLOOK

Operations in Q4 has verified the growth and profitability goals within the segments Maritime and Aquaculture are satisfactory and according to the Groups growth ambitions in these areas.

The Board considers the market positions of the Companies within these segments as strengthened during 2019. The market foundation for continued high activity, stable profitability and good capacity utilization in segment Maritime and segment Aquaculture are considered as good.

Development In parts of segment Energy has not been satisfactory in 2019. This relates primarily to Endúr Energy Services AS. The board of this company has, together with the Group, deemed it non-realistic to achieve profitable operation within the company within a predictable time horizon. Because of this, the board of the company decided Thursday February 13th to declare bankruptcy, ref. own stock exchange notice distributed the same day.

Remaining activity as of February 14th, 2020, is related to Endúr AAK, which is considered to have a strong position within its market segment in connection to complex service- and maintenance operations that requires access techniques

The bankruptcy of Endúr Energy Solutions AS will have no impact on either results or operations in the two segments Maritime Service and Aquaculture.

ORDER BACKLOG

By the end of Q4 2019, Endúr had a total order backlog of NOK 491 million. The order backlog is corrected for the bankruptcy of Endúr Energy Solutions AS. The order backlog in Segment Energy of MNOK 13 thus only relates to Endúr AAK AS.

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. The estimates relating to the residual value of framework agreements are reviewed quarterly.

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

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 Q4 2019 the Group had two lost time injuries. A fall on the quay caused a shoulder injury, and a sprained ankle led to sick leave. In addition, a subcontractor employee suffered a thumb injury while using a concrete drill.

Accumulated HSE target figures for 2019 includes all company activities:

- LTI / H1 = (8,6) (Injury leave frequency)
- TRI / H2 = (14,3) (Total work injury frequency)
- F value = (87,18) (Absence day frequency)

The target figures are higher than desired after an increase in incidents in Q4. Action plans to reduce the injury rate are being prepared and measures have been decided.

In Q4, 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.

HR / PERSONNEL

Per December 31, 2019, Endúr ASA had 249 employees, all mainly permanent, full-time employees. This is a net decrease of 9 employees since September 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 Q4 2019, the total sick leave in the Group's companies was around 4.2%, of which short term leave amounted to about 1.4%. Of the long-term sick leave, 0.3% is work-related. In total a slight increase compared to Q3 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

SHARE CAPITAL AND SHAREHOLDER INFORMATION

Shareholders: By the end of Q4 2019, the company had a total of 1,559 shareholders, compared to 1,562 shareholders by the end of Q3 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 Q4 2019, a total of 1,427 trades were carried out with the company shares, with a total volume of 7.19 million shares. Corresponding figures for Q3 2019 were 1.850 trades

and 10.05 million shares in total volume. During Q4 2019, the company's shares were traded at prices between NOK 1.015 and NOK 1.75 (NOK 0,99 and NOK 2,29 in Q3 2019).

The final price on Monday December 30, 2019 (the last trade day of the quarter) was NOK 1.165 (NOK 1.77 by

the end of Q3 2019). This values the company's market value in the stock market to NOK 248 million by the end of Q4 2019.

Bergen, February 14, 2020

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	Q4 2019	Q4 2018	2019	2018
Operating revenue	3, 4	121 594	68 646	493 598	176 521
Cost of sales		(69 762)	(29 091)	(235 816)	(57 295)
Payroll expenses		(50 232)	(26 780)	(192 606)	(94 810)
Other operating expenses		(12 503)	(13 514)	(53 503)	(28 767)
Operating profit/loss before depr., impairm. (EBITDA)	3	(10 903)	(739)	11 673	(4 351)
Depreciation, amortisation, impairment	5, 6	(4 048)	(1 495)	(14 002)	(6 159)
Operating profit/loss (EBIT)	3	(14 951)	(2 233)	(2 328)	(10 509)
Financial income	10	72	105	483	151
Financial expenses	10	(1 965)	(293)	(6 374)	(1 223)
Profit/loss before tax		(16 844)	(2 421)	(8 220)	(11 581)
Income tax expense		(316)	1 772	(1 408)	1 772
Profit/loss for the period		(17 160)	(649)	(9 628)	(9 809)
Profit/loss attributable to:					
Owners of the parent Company		(17 160)	(649)	(9 628)	(9 809)
Non-controlling interests		-	-	-	-
Earnings per share					
Basic earnings per share (NOK)		(0,08)	(0,01)	(0,05)	(0,08)
Diluted earnings per share (NOK)		(0,08)	(0,01)	(0,05)	(0,08)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

NOK'000	NOTE	Q4 2019	Q4 2018	2019	2018
Profit/loss for the period		(17 160)	(649)	(9 628)	(9 809)
<i>Items which may be reclassified in the Income Statement in subsequent periods</i>		-	-	-	-
<i>Items which will not be reclassified in the Income Statement in subsequent periods</i>		-	-	-	-
Total comprehensive income		(17 160)	(649)	(9 628)	(9 809)
Total comprehensive income attributable to:					
Owners of the parent Company		(17 160)	(649)	(9 628)	(9 809)
Non-controlling interests		-	-	-	-
		(17 160)	(649)	(9 628)	(9 809)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL

NOK'000	NOTE	31.12 2019	31.12 2018	01.01 2018
ASSETS				
Deferred tax asset		19 644	1 772	-
Intangible assets and goodwill	2, 5	114 863	-	-
Property, plant and equipment	6	50 635	17 528	22 963
Other receivables	10	-	4 570	-
Non-current assets		185 142	23 870	22 963
Inventories		5 869	-	-
Contract assets	4	44 584	20 039	10 605
Trade and other receivables	4, 11	76 898	32 214	36 199
Cash and cash equivalents	7, 11	20 905	16 543	35 219
Current assets		148 256	68 796	82 023
Total assets		333 398	92 666	104 986
EQUITY				
Share capital	8	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		(57 921)	(48 293)	(118 487)
Equity		111 493	3 707	13 513
LIABILITIES				
Loans and borrowings	9, 11	13 313	-	-
Lease liabilities	9, 10	20 545	11 734	16 685
Other non-current liabilities		3 548	-	-
Non-current liabilities		37 405	11 734	16 685
Loans and borrowings	9, 11	35 481	-	-
Lease liabilities	9, 10	14 589	4 951	4 671
Trade and other payables	11	115 723	40 508	31 835
Contract liabilities	4	-	-	-
Provisions		18 708	31 766	38 283
Current liabilities		184 500	77 225	74 789
Liabilities		221 905	88 959	91 473
Total equity and liabilities		333 398	92 666	104 986

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

NOK'000	NOTE	Q4 2019	Q4 2018	2019	2018
CASHFLOW FROM OPERATING ACTIVITIES					
Profit/loss for the period		(17 160)	(649)	(9 628)	(9 809)
<i>Adjustments for:</i>					
Tax expense / Tax income		316	(1 772)	1 408	(1 772)
Depreciation, amortisation, impairment	5, 6	4 048	1 495	14 002	6 159
Items classified as investments and financing activities		1 053	-	2 277	-
Share option expense		11	-	281	-
<i>Changes in:</i>					
Trade and other receivables		(6 576)	(14 773)	(6 112)	(585)
Trade and other payables		36 254	27 482	10 130	8 673
Inventories / contract assets & liabilities		(6 024)	2 240	(32 303)	(9 434)
Other current accruals		(5 019)	32	(12 354)	(6 517)
Net cash from operating activities		6 903	14 055	(32 300)	(13 285)
CASHFLOW FROM INVESTING ACTIVITIES					
Proceeds from sale of property, plant and equipment	5, 6	-	(83)	-	(720)
Acquisition of property, plant and equipment	5, 6	(864)	-	(3 153)	-
Business combination, net cash	2	-	-	45 275	-
Net cash from investing activities		(864)	(83)	42 122	(720)
CASHFLOW FROM FINANCING ACTIVITIES					
Proceeds from issue of share capital (capital increase)		450	-	450	-
Proceeds from new short term loans		0	-	14 758	-
Payment of interests		(1 053)	-	(2 277)	-
Repayment of lease liabilities		(3 705)	(1 193)	(13 048)	(4 671)
Repayment of borrowings		(1 312)	-	(5 343)	-
Net cash from financing activities		(5 619)	(1 193)	(5 459)	(4 671)
Net change in cash and cash equivalents		419	12 778	4 363	(18 676)
Cash & cash equivalents at start of period		20 486	3 765	16 543	35 219
Cash & cash equivalents at end of period	7	20 906	16 543	20 907	16 543
Of which restricted cash at the end of the period	7	12 882	3 009	12 882	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)	178 643	-	-	-	128 769
Business combination - other effects	2	-	(12 086)	-	-	-	(12 086)
Capital increase		5	446	-	-	-	450
Profit (loss)		-	-	-	-	(9 628)	(9 628)
Equity effect of share options		-	-	281	-	-	281
Equity 31.12.2019		2 131	167 002	281	-	(57 921)	111 493

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 31.12.2019.

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 recoverable 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 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.

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 under 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	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 an borrowings	-70 377
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	15 218

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	-15 218
Goodwill	113 551

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:

NOK'000	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)

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 Q4 2019

NOK'000	Maritime	Aquaculture	Energy	Other	Eliminations	Group
Operating revenue	54 047	23 617	45 062	1 361	(2 494)	121 594
EBITDA	4 941	715	(13 886)	(2 672)	-	(10 903)
EBIT	2 909	489	(15 427)	(2 922)	-	(14 951)

SEGMENT INFORMATION 2019

NOK'000	Maritime	Aquaculture	Energy	Other	Eliminations	Group
Operating revenue	163 700	136 141	197 975	7 346	(11 563)	493 598
EBITDA	16 939	15 315	(10 579)	(10 002)	-	11 673
EBIT	10 444	14 485	(16 633)	(10 625)	-	(2 328)

Segment information restatement 2019

In the fourth quarter, the Group made an updated assessment of the distribution of group costs. Figures in this report are presented as if this distribution had been taken into account throughout 2019. This provides the following restatement of previously presented segment information:

RESTATED SEGMENT INFORMATION 2019

NOK'000	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Group
MARITIME					
Operating revenue	40 621	42 647	26 385	54 047	163 700
EBITDA	5 105	3 525	3 368	4 941	16 939
EBIT	3 975	1 843	1 716	2 909	10 444
AQUACULTURE					
Operating revenue	27 680	50 490	34 354	23 617	136 141
EBITDA	4 343	6 487	3 770	715	15 315
EBIT	4 188	6 264	3 545	489	14 485
ENERGY					
Operating revenue	57 393	48 601	46 918	45 062	197 975
EBITDA	245	2 150	911	(13 886)	(10 579)
EBIT	(1 162)	560	(604)	(15 427)	(16 633)
OTHER					
Operating revenue	1 416	2 155	2 414	1 361	7 346
EBITDA	(1 894)	(2 729)	(2 706)	(2 672)	(10 002)
EBIT	(1 962)	(2 845)	(2 895)	(2 922)	(10 625)
ELIMINATION					
Operating revenue	(3 065)	(2 739)	(3 265)	(2 494)	(11 563)
EBITDA	-	-	-	-	-
EBIT	-	-	-	-	-
TOTAL					
Operating revenue	124 045	141 154	106 806	121 594	493 598
EBITDA	7 799	9 434	5 343	(10 903)	11 673
EBIT	5 038	5 822	1 762	(14 951)	(2 328)

NOTE 4 - REVENUES

DISAGGREGATION OF REVENUE FROM CONTRACTS WITH CUSTOMERS

NOK'000	Maritime		Aquaculture		Energy		Total	
	Q4 2019	Q4 2018	Q4 2019	Q4 2018	Q4 2019	Q4 2018	Q4 2019	Q4 2018
Type of revenue								
Service and maintenance contracts	50 854	-	-	-	29 349	51 686	80 202	51 686
Projects - Concrete barges	-	-	23 618	-	-	-	23 618	-
Other	2 581	-	-	-	15 193	16 960	17 774	16 960
	53 435	-	23 618	-	44 542	68 646	121 594	68 646
Timing of revenue recognition								
Products transferred at a point in time	-	-	-	-	-	-	-	-
Products and services transferred over time	53 435	-	23 618	-	44 542	68 646	121 594	68 646
	53 435	-	23 618	-	44 542	68 646	121 594	68 646

NOK'000	Maritime		Aquaculture		Energy		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
Type of revenue								
Service and maintenance contracts	147 637	-	-	-	135 464	128 361	283 101	128 361
Projects - Concrete barges	-	-	136 141	-	-	-	136 141	-
Other	13 759	-	-	-	60 597	48 160	74 356	48 160
	161 396	-	136 141	-	196 061	176 521	493 598	176 521
Timing of revenue recognition								
Products transferred at a point in time	-	-	-	-	-	-	-	-
Products and services transferred over time	161 396	-	136 141	-	196 061	176 521	493 598	176 521
	161 396	-	136 141	-	196 061	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

NOK'000	31.12.2019	31.12.2018	01.01.2018
Receivables, which are included in trade and other receivables	51 653	18 488	12 542
Contract assets	44 584	20 039	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 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 - INTANGIBLE ASSETS

INTANGIBLE ASSETS

NOK'000	Licences, patents etc.	Goodwill	Total
Acquisition cost 1 Jan. 2019	-	-	-
Business combination	1 385	113 551	114 936
Acquisitions	836	-	836
Acc. acquisition cost 31 Dec. 2019	2 221	113 551	115 772
Acc. Depr/impairment 1 Jan. 2019	-	-	-
Depreciation	909	-	909
Acc. Depr/impairment 31 Dec. 2019	909	-	909
Book value 31. Dec. 2019	1 312	113 551	114 863
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	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.

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 8-10% has been used. Estimated recoverable amount of cash-generating unit exceeds book value.

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.

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	1 571	2 317
Business combination	13 500	27 821	5 737	210	47 268
Disposals	-	-3 384	-	-	-3 384
Acc. acquisition cost 31 Dec. 2019	14 912	45 793	6 547	7 522	74 774
Acc. Depr/impairment 1 Jan. 2019	292	5 133	149	5 473	11 047
Depreciation	637	10 455	1 483	518	13 093
Acc. Depr/impairment 31 Dec. 2019	929	15 588	1 632	5 991	24 139
Book value 31. Dec. 2019	13 983	30 205	4 915	1 531	50 634

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	31.12.2019	31.12.2018	01.01.2018
Cash and bank deposits - unrestricted funds	8 023	12 540	31 103
Cash and bank deposits - restricted funds	12 882	4 003	4 116
Total	20 905	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.

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.

Shareholders as of 31 December 2019

	Number of shares	% of total
HANDELAND INDUSTRI AS	59 325 000	27,8 %
Brian Chang Holdings Limited	28 918 110	13,6 %
RON CORPORATIONS AS	24 797 850	11,6 %
AS FLYFISK	22 397 940	10,5 %
TATOMI INVEST AS	19 775 000	9,3 %
MILO INVEST AS	12 774 650	6,0 %
EIKELAND HOLDING AS	5 823 024	2,7 %
BERGEN KOMM. PENSJONSKASSE	1 500 000	0,7 %
STEN RUNE H. SMØRSGÅRD	1 442 498	0,7 %
EAGLE AS	1 417 000	0,7 %
FRANK ROBERT SUNDE	1 133 613	0,5 %
PROFOND AS	1 089 779	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 AS	1 000 000	0,5 %
SØR-VARANGER INVEST AS	916 774	0,4 %
NORDNET LIVSFORSIKRING AS	908 690	0,4 %
FJ HOLDING AS	833 000	0,4 %
MØVIK INVEST AS	797 987	0,4 %
Total 20 largest shareholders	187 924 975	88,2 %
Other shareholders	25 166 043	11,8 %
Total	213 091 018	100 %

NOTE 9 - LOANS AND BORROWINGS

LOANS AND BORROWINGS

NOK'000	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

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	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

NOK'000	Q4 2019	Q4 2018	YTD 2019	YTD 2018
Interest expense on lease liabilities	528	249	2 260	1 096

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 INVESTMENT IN THE LEASE

NOK'000	31.12.2019	31.12.2018	01.01.2018
Analysis - contractual undiscounted cash flows			
Less than 1 year	3 456	-	-
1-2 years	-	-	-
Sum	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

NOK'000	Q4 2019	Q4 2018	YTD 2019	YTD 2018
Interest income on the net investment in the lease	49	-	374	-

NOTE 11 - FINANCIAL INSTRUMENTS

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

NOK'000	31.12.2019		31.12.2018		01.01.2018	
	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	73 533	-	32 214	-	36 199	-
Cash and cash equivalents	20 905	-	16 543	-	35 219	-
	-	-	-	-	-	-
Financial liabilities						
Convertible loan	-	16 628	-	-	-	-
Loans and borrowings	-	32 165	-	-	-	-
Trade and other payables	-	115 723	-	40 508	-	31 835
Total	94 438	164 516	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

NOK'000	NOTE	1. January 2018			31. December 2018		
		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

NOK'000	NOTE	2018	
		NGAAP	Effect of transition to IFRS
Operating revenue		176 521	-
Cost of sales		(57 295)	-
Payroll expenses		(94 810)	-
Other operating expenses	12a	(34 530)	5 766
Operating profit/loss before depr., impairm. (EBITDA)		(10 114)	5 766
Depreciation, amortisation, impairment	12a	(1 026)	(5 133)
Operating profit/loss (EBIT)		(11 140)	634
Financial income		151	-
Financial expenses	12a	(127)	(1 096)
Profit/loss before tax		(11 116)	(462)
Income tax expense		1 772	-
Profit/loss for the period		(9 344)	(462)
<i>Items which may be reclassified in the P&L in subsequent periods</i>		-	-
<i>Items which will not be reclassified in the P&L in subsequent periods</i>		-	-
Total comprehensive income		(9 344)	(462)
Total comprehensive income attributable to:			
Owners of the parent Company		(9 344)	(462)
Non-controlling interests		-	-
		(9 344)	(462)

NOTE 12a - 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 13 - SUBSEQUENT EVENTS

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 has 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, has 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, constitute a significant part of the Energy segment of Endúr ASA

Estimate - financial effect - P&L

The table below shows the pro forma P&L for Endúr ASA without the business affected by the bankruptcy.

NOK'000	2019 presented	Proforma adjustment	2019 proforma
Operating revenue	493 598	(162 702)	330 897
Operating profit/loss before depr., impairm. (EBITDA)	11 673	6 662	18 335
Operating profit/loss (EBIT)	(2 328)	12 447	10 118
Profit/loss before tax	(8 220)	13 468	5 248
Profit/loss	(9 628)	13 468	3 840

Estimate - financial effect - Statement of financial position

The table below shows the estimated pro forma balance sheet for Endúr ASA without the business affected by the bankruptcy.

NOK'000	31.12.2019 presented	Proforma adjustment	31.12.2019 proforma
Non-current assets	185 142	(14 316)	170 826
Current assets	148 256	(31 177)	117 079
Total assets	333 398	(45 493)	287 905
Equity	111 493	10 318	121 811
Non-current liabilities	37 405	(6 486)	30 920
Current liabilities	184 500	(49 326)	135 174
Total equity and liabilities	333 398	(45 493)	287 905

NOTE 14 - RELATED PARTIES

In Q4 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