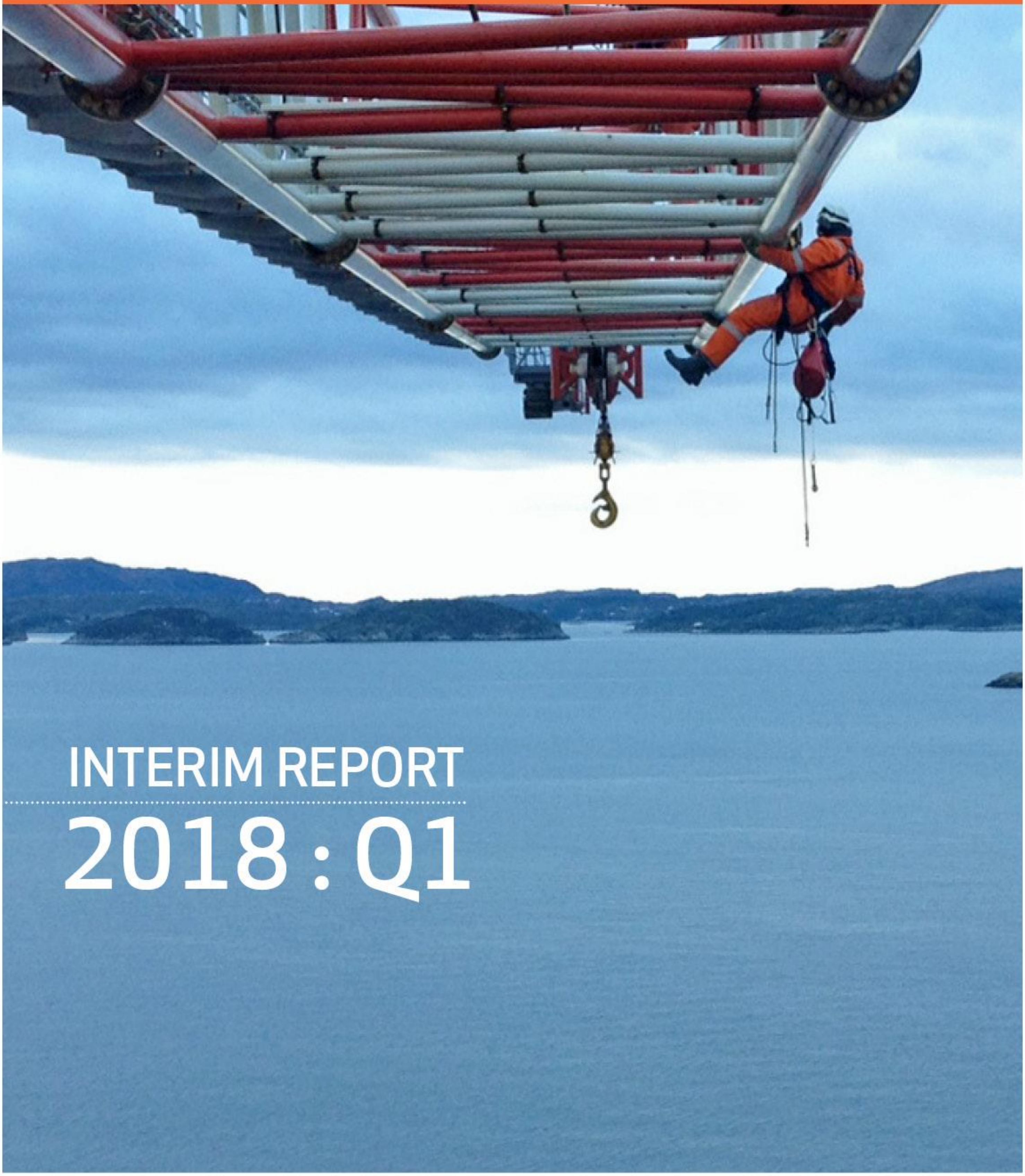
# BERGEN GROUP

QUALITY THROUGH SERVICE AND INNOVATION



# INTERIM REPORT
# 2018 : Q1

# Bergen Group ASA  Interim Report Q1 2018

## Lower activity in Q1, positive development in demanding market areas

- Q1-figures influenced by continued weak activity towards some market areas.
- Positive development within demanding market areas; both Defence and Energy & Industry has achieved growth in order reserves and an increased amount of offer requests.
- Maritime Service with strong activity servicing the merchant marine.

## Key figures for Q1 2018

- Order book of NOK 138 million
- Turnover of NOK 55 million
- Negative NOK 7.8 million in EBITDA
- Equity ratio of 72 per cent as of 31 March 2018

## Prepared for further growth

- Acquisition of Sjøsterk from Backe Bergen expected to be completed in Q2 2018; will strengthen the company's position towards the aquaculture sector by taking over a leading manufacturer of integrated feeding barges, including dry dock facilities for the aquaculture and maritime industry.
- Growth strategy with identified opportunities; focus on structural measures that ensure synergies, increased market position for existing businesses and fit into new relevant market areas.

| **KEY FIGURES**<br>**(unaudited) Amounts in TNOK** | **Q1**<br>**2018** | **Q1**<br>**2017** | **FY**<br>**2017** |
|---|---|---|---|
| Operating revenue* | 55 018 | 71 802 | 272 102 |
| EBITDA | (7 763) | 5 020 | (3 622) |
| EBIT | (8 619) | 3 636 | (7 065) |
| Profit/Loss before tax | (8 861) | 3 124 | (9 743) |
| Profit/Loss | (8 861) | 3 124 | (9 743) |
| | - | - | - |
| Total Capital | 261 489 | 302 054 | 269 273 |
| Total Equity | 187 540 | 178 599 | 195 463 |
| Equity share | 72 % | 59 % | 73 % |
| Net interest bearing debt | (35 765) | (556) | (37 457) |
| | - | - | - |
| Order backlog - Services | 138 000 | 151 000 | 152 200 |

* Figures for operating revenue includes intercompany eliminations.

## Financial Review

This interim report has been developed according to IAS 34 “Interim Financial Reporting”, and follows the same accounting principles as the annual accounts for 2017. From 1 May 2017, Bergen Group AAK AS (formerly AAK Energy Services AS) was consolidated into the group's financial statements. Comparative figures for Q1 2017 do not include Bergen Group AAK.

## Profit and loss statement Q1 2018

Bergen Group recorded total revenue of NOK 55.0 million in Q1 2018, compared to NOK 71.8 million in Q1 2017. EBITDA in Q1 2018 was negative NOK 7.7 million compared to NOK 5.0 million in Q1 2017.

EBITDA in Q1 2018 also includes costs related to M&A, options for senior executives and cost related to workforce reductions.

After depreciation and Amortization of NOK 0.9 million, EBIT in Q1 2018 was negative NOK 8.6 million, compared to NOK 3.6 million in Q1 2017.

Net financial items was NOK -0.2 million in Q1 2018, compared to NOK -0.5 million in Q1 2017.

EBT was negative NOK 8.9 million in Q1 2018, compared to NOK 3.1 million in Q1 2017. Net profit was negative NOK 8.9 million in Q1 2018, compared to NOK 3.1 million in Q1 2017.

## Balance sheet and cash flow per Q1 2018

Total assets for Bergen Group were NOK 261.5 million per end Q1 2018, whereas cash and cash equivalents including restricted cash were NOK 52.0 million.

Interest bearing debt was NOK 16.3 million at end of Q1 2018, of which all relates to convertible loan, compared to interest bearing debt of NOK 16.3 million at end Q1 2017. Bergen Group’s book equity end Q1 2018 was NOK 187.5 million, equal to an equity ratio of 72 %, compared to 59 % in end Q1 2017.

Bergen Group generated a net negative cash flow of NOK 1.7 million in Q1 2018. Cash flow from operations activities was NOK -1.6 million. Cash flow from investment activities was NOK -0.04 million. Cash flow from financing at NOK -0.02 million.

## Reporting segments

This interim report reports for the following independent segments:

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

The operating activity in the reporting segment Services as of 31 March 2018 is exercised by the subsidiaries Bergen Group Services AS and Bergen Group AAK AS. Bergen Group AAK AS was consolidated into the group as of May 2017, and historical figures for this company are not taken into account in comparative figures for Q1 2017.

Based on announced acquisition of activities towards many market areas, Bergen Group will adjust the Group's reporting segments as from Q3 2018.

| SEGMENT SERVICES | Q1 2018 | Q1 2017 | FY 2017 |
|---|---|---|---|
| Operating revenue* | 55 018 | 70 792 | 271 591 |
| EBITDA | (3 925) | 6 689 | 12 835 |
| Depreciation, amortisation, impairment | (853) | (305) | (4 078) |
| EBIT | (4 777) | 6 385 | 8 756 |
| | | | |
| Order backlog | 138 000 | 151 000 | 152 200 |

*Figures for revenues excludes intercompany eliminations

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

Shiptechnical maintenance and maritime service in the civilian market has maintained a high level of activity during the first quarter. The largest single project in the quarter was related to shiptechnical maintenance and upgrades in connection with the 10-year classing of the SS Statsraad Lehmkuhl. The assignment is part of a 5-year framework agreement with the Statsraad Lehmkuhl Foundation for future maintenance and upgrades of the historic ship. This agreement, beeing awarded in November 2017, also include options for renewal for additonal 4 years.

The total activity generated from the Norwegian Navy has been very low in Q1. Order reserves for this market area have increased slightly in the quarter.

The Energy & Industry market has shown a modest growth in activity and order book in Q1. Measures to reduce Sales and Administration costs have been implementet, with effect from Q2 2018.

**Bergen Group AAK AS** has a well established market position in producing access technology services and complex service assignments related to maintenance and modification work within different fields of expertise. The services are delivered to a number of sectors requiring demanding access.

In Q1, Bergen Group AAK AS has generated most of its revenues from decommissioning of topside and jacket installations in and from the North Sea, as well as various types of service and maintenance projects related to public infrastructure. The activity level in the quarter has been somewhat influenced by lower demand for emerging technical services during the winter season.

In January 2018, Bergen Group AAK and Bladena ApS established a cooperation agreement for future assignments towards the wind power market. Bladena ApS is headquartered in Roskilde, Denmark, and is an established product and service provider for turbine blades for the European and American wind power markets. The goal is to strengthen competitiveness and market position towards an increasing market for maintenance and lifetime extension of wind power installations. The agreement also opens for cooperation on deliveries to new installations, both onshore and offshore.

Bergen Group AAK has in the last quarters implemented adjustments to strengthen earnings and adapt production capacity to anticipated market opportunities. The cooperation with other businesses in the Group has increased during the quarter, and overall this has contributed to better resource utilization.

| SEGMENT OTHER | Q1 2018 | Q1 2017 | FY 2017 |
|---|---|---|---|
| Operating revenue* | 999 | 1 010 | 4 602 |
| EBITDA | (3 838) | (1 670) | (16 913) |
| Depreciation, amortisation, impairment | (3) | (1 079) | (57) |
| EBIT | (3 841) | (2 749) | (16 971) |

**Segment other** comprise other activities in the Group. This also include various M&A expenses related to the ongoing growth processes, including acquisitions disclosed ultimo February 2018. In addition, cost related to share options has been allocated in the quarter. This cost does not have any effect on liquidity or equity.

## QHSE

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

In the first quarter of 2018, the Group had no (zero) loss of absence among its own employees. Accumulated HSE target figures for Q1 2018 for the subsidiaries Bergen Group Services AS and Bergen Group AAK AS are:

- LTA / H1 = 0 (Lost Time Accidents)
- TRI / H2 = 13.3 (Total Recordable Injuries)
- F value = 0 (Absence Day Rate)

These measured numbers are considered satisfactory.

Bergen Group Services AS and Bergen Group AAK has in Q1 followed the company's adopted program for continuous work on quality and HSE. The company still has focus on reporting improvement proposals and carrying out risk assessments. Together, this is used in preventive work.

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

Bergen Group AAK achieved certification in accordance with the new standard ISO 9001: 2015 in the first quarter of 2018, and the work on upgrading certification for Bergen Group Services is expected to be completed in Q2 18.

## HR / Personnel

As of 31st March 2018, Bergen Group counts totally 188 employees all mainly full-time positions. This is a reduction from 201 positions as at 31 December 2017.

Bergen Group conducts continuous competence and capacity adjustment in relation to market development and operational activities. During Q1, it has been applying both temporary and permanent layoffs, mainly in the energy and industry segment. Bergen Group AAK completed new recruitments during the quarter.

Bergen Group's two subsidiaries Bergen Group Services and Bergen Group AAK operate within market areas that are partly independent of each other but in many areas coincide with competence requirements and requirements for available capacity. The two companies focus on ensuring the best possible coordination of resource use and production capacity between the various departments. This coordination has increased in the quarter.

In the first quarter of 2018, Bergen Group AAK and Bergen Group Services had a sick leave of corresponding 5.3 % and 7.6%. The figures represents an increase in short-term absence in the quarter, compared with the previous quarter. This is mainly related to the winter season and the flu. In the quarter, absence due to sickness peaked in February and was declining in March. Further decline expected in the coming months.

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

## Risks and uncertainty

Bergen Group ASA is exposed to both operational and financial risk. The Board of Bergen Group ASA has a strong focus on ethics and risk management, and efforts are being made to reduce the Group's overall risk exposure. The main risk factors are financial risk, market risk and project risk, including general counterparty risk.

Financial risk includes credit risk, market risk and liquidity risk. The financial risk picture is assessed as limited by date. The Group is to some extent exposed to market and credit risk. The liquidity situation is considered satisfactory relative to the operational activity per date.

Project risk has previously represented a major risk factor for Bergen Group, primarily due to the Group's previous execution of large and comprehensive projects in shipbuilding and rigging upgrades. Currently the Group has limited risk exposure to individual projects.

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

Besides the ongoing general operational risk, the Board of Directors considers that there are no risk factors that as of 7 May 2018 affect the Group to a significant extent.

## Related parties

In Q1 2018 there has not been any transactions or agreements entered into with any related parties.

## Share capital and shareholder information

**Shareholders:** At the end of Q1 2018, the company had 1,571 shareholders in total, compared with 1,539 shareholders at the end of Q4 2017. Updated overview of the company's 20 largest shareholders is available on the company's IR pages at www.bergengroup.no.

**Stock trades and share price:** A total of 2,352 transactions in the company's shares took place during Q1 2018, with a aggregated volume of 14.3 million shares. Corresponding figures in the Q4 2017 were 3,075 transactions with a total volume of 14.9 million shares. During the first quarter of 2018, the company's shares were traded at prices between NOK 1.66 and NOK 2.46 (NOK 1.79 and NOK 2.53 in Q4 2017).

The closing price on Wednesday 28 March (last trading day in the quarter) was NOK 1.78 (NOK 1.89 at the end of Q4 2017). This values the company's market value in the stock market to NOK 167 million at the end of Q1 2018, compared with NOK 178 million at the end of Q4 2017.

## Subsequent events

On 28 February 2018, Bergen Group ASA announced in a stock exchange announcement that the group has entered into a share purchase agreement (SPA) with the purpose of acquiring the wastewater and pipe renewal company Vitek AS. In the consecutive process, the parties did not reached the necessary agreement on elements deemed necessary in order to finalize a transaction acceptable for both parties. Based on this, the SPA was terminated on 13 April 2018, ref. separate stock exchange message distributed the same day. Bergen Group recognizes VITEK as a company with a strong position in a future-oriented market with large potential for further profitable growth, and evaluate potential synergies for market-based collaboration still relevant.

On April 20, the Board approved the annual accounts for 2017 for Bergen Group ASA. There were no major changes to the consolidated statements of profit and loss or the statements of financial position in the approved Financial Statements 2017 compared to those presented on 28 February 2018.

Other than already disclosed stock exchange messages, there has been no events after the balance sheet date assumed to have any impact on the valuation that appears in the accounting figures in this report.

## Outlook

Bergen Group has, during the last few quarters, spent substantial resources on facilitating a foundation for growth that also includes structural measures and relevant acquisitions that will contribute to Bergen Group as an attractive industrial group with activities predominantly in the western part of Norway. The goal is to secure growth by adding complementary activities to the Group that provide a more robust operating platform and at the same time potential synergies, increased market position and an adapting to new market areas.

The acquisition of integrated feed fleet production and dry dock capacity from Backe Bergen, announced February 27, 2018, is expected to be completed by the end of Q2 2018. The acquisition enables further development of the Group's maritime operations to include product and system deliveries to the aquaculture sector. Through this acquisition, Bergen Group acquires an ever-expanding activity with extensive delivery history, and the market interest for these products is considered strong in the coming years. In addition, there are grounds for synergies in relation to the Group's existing activity in relation to engineering, fabrication and operations on engine / generator sets. Bergen Group also considers this acquisition strategically important to ensure dock capacity that is also suitable for other maritime activities, including for the Navy.

The subsidiary Bergen Group Services has for several years had a robust and profitable business related to the company's implementation and competence in complex maritime service projects. Market prospects for ship maintenance and maritime services in the civilian market are still considered good. Capacity utilization within this segment, which is largely characterized by spot assignments and relatively short order horizon, is expected to be good also in the coming quarters.

The company's results in the last two quarters have been influenced by a very low activity towards the Navy. There is still an uncertainty about the volume and service mix associated with existing and new service and maintenance contracts with the Navy. However, the order backlog for Defense has increased in the quarter, and various long-term framework agreements is expected to be up for award clarifications in Q3 2018. For the time being, Bergen Group evaluate it as strategically important to maintain a satisfactory capacity and expertise towards this area in view of an expected future growth.

Within the field of access technology, the market has shown some improvement. Measures to strengthen the operational capacity has been implemented. The company is working to strengthen the customer and activity base towards both existing and new market areas for service and maintenance projects that require expertise in advanced access technology, as well as developing existing strategic cooperation agreements that can help strengthen the market position.

**Order reserves**: At the end of Q1 2018, Bergen Group had a total order backlog of NOK 138 million, representing a reduction compared to the end of Q4 2017 (NOK 152 million). The two market areas that during the last year have shown declined activity (Defense and Energy & Industry) both have experienced an increase in order reserves in Q1 2018. The order backlog of maritime services in the civilian market, largely characterized by spot assignments from a varied and increasing customer base, is considered satisfactory.

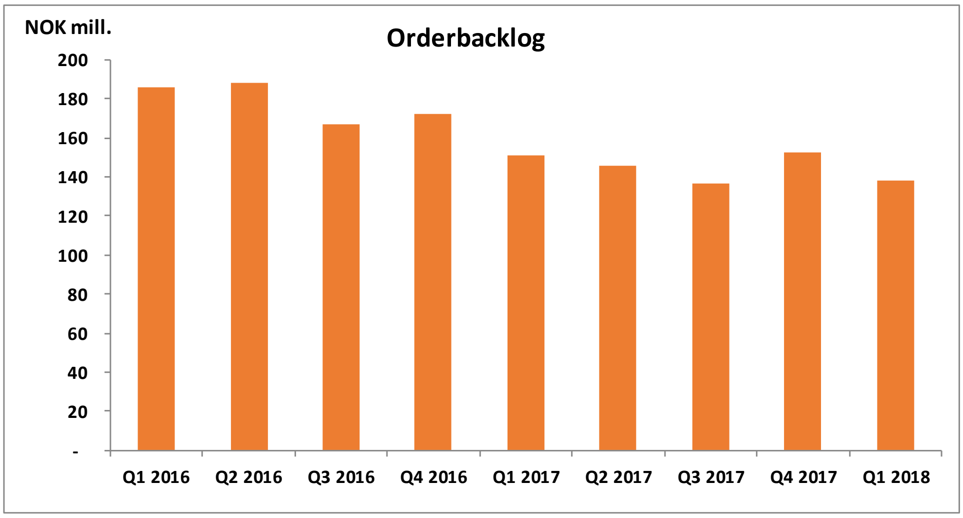
The order backlog as of 31 March 2018 does not include the value of options related to existing contracts.

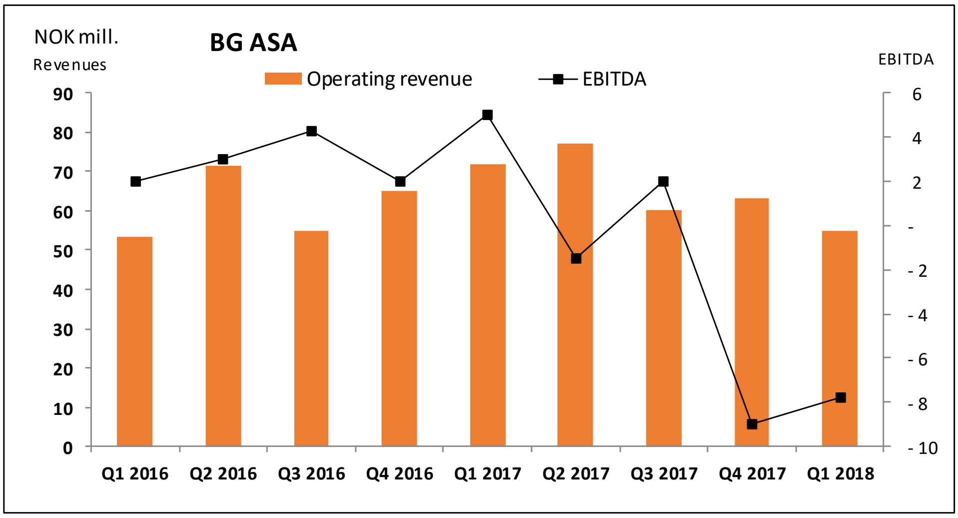
**Bergen, 7 May 2018**

The board of directors and the CEO of Bergen Group ASA

| | |
|---|---|
| Hans Petter Eikeland, chairman of the board | Espen Berge |
| Tove Ormevik | Bente Stangeland |
| Kristoffer Hope, employee repr. | Tracy Chang |
| Jorunn Ingebrigtsen, employee repr. | |

Torgeir Nærø, CEO


NOK mill.
Orderbacklog
200
180
160
140
120
100
80
60
40
20
-
Q1 2016
Q2 2016
Q3 2016
Q4 2016
Q1 2017
Q2 2017
Q3 2017
Q4 2017
Q1 2018


NOK mill.
Revenues
BG ASA
Operating revenue
EBITDA
EBITDA
90
80
70
60
50
40
30
20
10
0
6
4
2
-
- 2
- 4
- 6
- 8
- 10
Q1 2016
Q2 2016
Q3 2016
Q4 2016
Q1 2017
Q2 2017
Q3 2017
Q4 2017
Q1 2018

| CONSOLIDATED STATEMENT OF PROFIT OR LOSS (unaudited) | NOTE | Q1 2018 | Q1 2017 | FY 2017 |
|---|---|---|---|---|
| **Operating revenue** | 4 | **55 018** | **71 802** | **272 102** |
| Cost of sales | | (18 713) | (29 607) | (111 623) |
| Payroll expenses | | (35 025) | (27 660) | (123 810) |
| Cost related to options | | (938) | - | (3 486) |
| Other operating expenses | | (8 105) | (9 514) | (37 262) |
| **Operating profit/loss before depreciation, amortisation, impairment (EBITDA)** | 4 | **(7 763)** | **5 020** | **(4 079)** |
| Depreciation, amortisation, | | (856) | (1 384) | (4 136) |
| Impairment | | - | - | - |
| **Operating profit/loss (EBIT)** | 4 | **(8 619)** | **3 636** | **(8 215)** |
| Financial income | | 60 | 258 | 421 |
| Financial expenses | | (301) | (770) | (3 100) |
| **Profit/loss before tax** | | **(8 861)** | **3 124** | **(10 894)** |
| Income tax expense | | - | - | (792) |
| **Profit/loss for the period** | | **(8 861)** | **3 124** | **(11 686)** |
| ***Profit/loss attributable to:*** | | | | |
| Owners of the parent Company | | (8 861) | 3 124 | (11 686) |
| Non-controlling interests | | - | - | - |
| **Profit/loss** | | **(8 861)** | **3 124** | **(11 686)** |
| ***Earnings per share*** | | | | |
| Basic earnings per share (NOK) | | (0,09) | 0,04 | (0,13) |
| Diluted earnings per share (NOK) | | (0,09) | 0,04 | (0,13) |
| Weighted average no. of shares outstanding (millions) | | 93,96 | 79,01 | 88,49 |
| Diluted weighted avgerage no. of shares outstanding (millions) | | 93,96 | 79,01 | 88,49 |

| CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (unaudited) | NOTE | Q1 2018 | Q1 2017 | FY 2017 |
|---|---|---|---|---|
| **Result** | | **(8 861)** | **3 124** | **(11 686)** |
| *Items which may be reclassified in the Income Statement in subsequent periods* | | | | |
| Foreign currency translation differences related to subsidiaries | | - | - | - |
| Reclassification of foreign currency differences on disposal of discontinued operations | | - | - | - |
| **Total comprehensive income** | | **(8 861)** | **3 124** | **(11 686)** |
| **Total comprehensive income attributable to:** | | | | |
| Owners of the parent Company | | (8 861) | 3 124 | (11 686) |
| Non-controlling interests | | - | - | - |
| **Total comprehensive income** | | **(8 861)** | **3 124** | **(11 686)** |

Bergen Group ASA Interim report Q1 2018 Amounts in TNOK

## CONSOLIDATED BALANCE SHEET

| (unaudited) | NOTE | 31.03.2018 | 31.12.2017 |
|---|---|---|---|
| **ASSETS** | | | |
| Deferred tax asset | 10 | 19 729 | 19 729 |
| Intangible assets and goodwill | 9 | 107 104 | 107 382 |
| Property, plant and equipment | | 4 263 | 4 802 |
| **Non-current assets** | | **131 096** | **131 913** |
| Inventories | | 4 836 | 4 592 |
| Work in progress | | 37 341 | 40 590 |
| Trade receivables | 6 | 27 890 | 30 995 |
| Other receivables | 6 | 8 292 | 7 440 |
| Cash and cash equivalents | 5 | 52 034 | 53 742 |
| **Current assets** | | **130 393** | **137 359** |
| **Total assets** | | **261 489** | **269 272** |
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| Share capital | 8 | 93 958 | 93 958 |
| Share premium | | 17 382 | 17 382 |
| Retained earnings | | 76 200 | 84 123 |
| **Total equity** | | **187 540** | **195 463** |
| **Liabilities** | | | |
| Loans and borrowings | | 16 269 | 16 285 |
| Pension liabilities | | 40 | 40 |
| Other liabilities | | 3 490 | 3 490 |
| **Non-current liabilities** | | **19 799** | **19 815** |
| Loans and borrowings | 6 | - | - |
| Trade payables and other payables | 6 | 24 038 | 30 286 |
| Taxes payable | | - | - |
| Other current liabilities | 6 | 30 113 | 23 709 |
| **Current liabilities** | | **54 151** | **53 995** |
| **Total liabilities** | | **73 950** | **73 810** |
| **Total equity and liabilities** | | **261 489** | **269 273** |

Bergen Group ASA Interim report Q1 2018 Amounts in TNOK

| **CONSOLIDATED STATEMENT OF CASH FLOWS (unaudited)** | **NOTE** | **Q1 2018** | **Q1 2017** | **FY 2017** |
|---|---|---|---|---|
| ***Cash flow from operating activities*** | | | | |
| **Profit/loss for the period** | | **(8 861)** | **3 124** | **(11 685)** |
| *Adjustments for:* | | | | |
| Tax expense | | - | - | 792 |
| Depreciation, amortisation, impairment | | 856 | 1 384 | 4 136 |
| Profit from sale of fixed assets | | - | - | (465) |
| Effect of options exercised | | 938 | - | 3 486 |
| Items classified as investments and financing activities | | - | - | - |
| *Changes in:* | | | | |
| Trade receivables | | 3 105 | 888 | 6 864 |
| Trade payables | | (6 248) | (5 301) | (18 528) |
| Inventories / work in progress | | 3 006 | (4 090) | 2 262 |
| Other current assets and accruals | | 5 552 | 4 794 | 23 477 |
| **Net cash from operating activities** | | **(1 653)** | **799** | **10 339** |
| ***Cash flow from investments activities*** | | | | |
| Proceeds from sale of property, plant and equipment | | - | - | 1 097 |
| Acquisition of property, plant and equipment | | (39) | (283) | (2 608) |
| Acquisition of subsidiary, net of cash acquired | | - | - | (68) |
| **Net cash from investments activities** | | **(39)** | **(283)** | **(1 579)** |
| ***Cash flow from financing activities*** | | | | |
| Proceeds from new equity (capital increase) | | - | - | 28 648 |
| Proceeds from long term loans and borrowings | | - | 16 461 | - |
| Proceeds from current loans and borrowings | | - | - | - |
| Repayment of borrowings | | (17) | (16 133) | (20 005) |
| **Net cash from financing activities** | | **(17)** | **328** | **8 643** |
| Net change in cash and cash equivalents | | (1 708) | 844 | 17 403 |
| Cash & cash equivalents at start of period | | 53 743 | 36 341 | 36 341 |
| **Cash & cash equivalents at end of period** | 5 | **52 035** | **37 185** | **53 744** |
| Of which restricted cash at the end of the period | | 16 129 | 16 571 | 18 273 |

Bergen Group ASA Interim report Q1 2018 Amounts in TNOK

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

| | Share capital | Share premium | Retained earnings | Total equity |
|---|---|---|---|---|
| **Equity 01.01.2017** | **79 014** | **3 679** | **92 783** | **175 476** |
| Profit (loss) | - | - | (11 685) | (11 685) |
| Capital increase | 14 944 | 13 704 | - | 28 648 |
| Equity effect of share options | - | - | 3 486 | 3 486 |
| Other changes | - | - | (462) | (462) |
| **Equity 31.12.2017** | **93 958** | **17 383** | **84 122** | **195 463** |

| | Share capital | Share premium | Retained earnings | Total equity |
|---|---|---|---|---|
| **Equity 01.01.2018** | **93 958** | **17 383** | **84 122** | **195 463** |
| Profit (loss) | - | - | (8 861) | (8 861) |
| Equity effect of share options | - | - | 938 | 938 |
| **Equity 31.03.2018** | **93 958** | **17 383** | **76 199** | **187 540** |

Bergen Group ASA Interim report Q1 2018 Amounts in TNOK

## NOTER
**(unaudited)**

**Note 1 - Corporate information**
Bergen Group ASA is a public limited company based in Norway, and was founded on 22 May 2007. The Company's registered office is at Laksevåg in Bergen. The main office is located at Straume, near Bergen. These consolidated financial statements comprise the Company and its subsidiaries (collectively the "Group" and individually "Group companies"). Bergen Group ASA is listed on Oslo Stock Exchange with the ticker BERGEN.

**Note 2 - Interim report / Accounting principles / comparative figures**
This interim report is in accordance with IAS 34 "Interim Financial Reporting" and follows the same accounting principles as the Group financial statements for 2017. An interim report does not include all the information required in a complete financial statement, and it should be read in relation with the Group financial statements for 2017. The financial statements are available at the group's web pages: www.bergengroup.no

**Note 3 - Estimates and judgements in the accounts**
Preparation of both interim accounts and financial statement according to IFRS includes judgments, estimates and assumptions, of which will influence on the reported values for both assets, liabilities, revenue and costs. During the preparation of the accounts the management used estimates based on best estimates, and assumptions considered to be fair and true based on historical knowledge. Actual amounts may differ from estimates.

**Note 4 - Segment information**

| SEGMENT SERVICES | Q1 2018 | Q1 2017 | FY 2017 |
|---|---|---|---|
| Operating revenue* | 55 018 | 70 792 | 271 591 |
| EBITDA | (3 925) | 6 689 | 12 835 |
| Depreciation, amortisation, impairment | (853) | (305) | (4 078) |
| EBIT | (4 777) | 6 385 | 8 756 |
| | | | |
| Order backlog | 138 000 | 151 000 | 152 200 |

*Figures for revenues excludes intercompany eliminations

| SEGMENT OTHER | Q1 2018 | Q1 2017 | FY 2017 |
|---|---|---|---|
| Operating revenue* | 999 | 1 010 | 4 602 |
| EBITDA | (3 838) | (1 670) | (16 913) |
| Depreciation, amortisation, impairment | (3) | (1 079) | (57) |
| EBIT | (3 841) | (2 749) | (16 971) |

## NOTES

**(unaudited)**

**Note 5 - Cash and cash equivalents**

| CASH AND CASH EQUIVALENTS | 31.03.2018 | 31.12.2017 |
|---|---|---|
| Cash and cash equivalents - liquid funds | 35 905 | 35 469 |
| Cash and cash equivalents - restricted funds | 16 129 | 18 273 |
| **Total** | **52 034** | **53 742** |

**Note 6 - Financial instruments**

The group had as of 31 March 2018 the following financial assets; Cash and cash equivalents MNOK 52 (including restricted cash), accounts receivables MNOK 28, and other short term receivables MNOK 8. Financial obligations consisted of; Long term interest bearing debt MNOK 16, account payables and other liabilities MNOK 24.

**Note 7 - Financial risks**

Financial risks imply credit risk, market risk and liquidity risk. The financial risk overview communicated to the market in the most recent interim reports, is considered to be significantly reduced as a result from the extensive restructuring and refinancing process, of which was completed at the expiration of Q4 2016. Further, the financial strenght has improved in 2017 with net proceeds of MNOK 29 from share issues. It is as of 7 May 2018, in addition to continous general operational risk, also including the related financial risk elements, the opinion of the Board of Directors, that there are no other risk elements having significantly negative impact on the Group.

**Note 8 - Shareholder information**

The share capital in Bergen Group ASA is NOK 93 957 685, distributed on 93 957 685 shares with nominal value NOK 1/per share

| Largest shareholders 31.03.2018 | # of Shares | % of total |
|---|---|---|
| BRIAN CHANG HOLDINGS | 28 918 110 | 31 % |
| AS FLYFISK | 22 397 940 | 24 % |
| EIKELAND HOLDING AS | 5 823 024 | 6 % |
| BERGEN KOMM. PENSJON | 1 500 000 | 2 % |
| EAGLE AS | 1 417 000 | 2 % |
| PROFOND AS | 1 241 111 | 1 % |
| BERGEN EIENDOM INVEST | 1 000 000 | 1 % |
| SØR-VARANGER INVEST | 916 774 | 1 % |
| SUNDE FRANK ROBERT | 896 628 | 1 % |
| NORDNET LIVSFORSIKRI | 892 525 | 1 % |
| SPECTATIO FINANS AS | 888 262 | 1 % |
| MØVIK INVEST AS | 876 487 | 1 % |
| FJ HOLDING AS | 833 000 | 1 % |
| ULVESETER SVEIN ATLE | 762 902 | 1 % |
| FRIELE CAPITAL AS | 740 740 | 1 % |
| NES KJELL GUNNAR | 517 000 | 1 % |
| BERNHD. BREKKE AS | 494 505 | 1 % |
| KANABUS AS | 432 265 | 0 % |
| ROSENBERG INVESTERING | 412 799 | 0 % |
| JACOBSEN HARALD SIGFRED | 402 000 | 0 % |
| **Total 20 largest** | **71 515 249** | **76 %** |
| Other shareholders | 22 442 436 | 24 % |
| **Total all shareholders** | **93 957 685** | **100 %** |

**Note 9 - Intangible assets and goodwill**

Bergen Group ASA performs a test of the value of goodwill and other intangible assets annually or at the end of each reporting period, if there is indication of impairment of the assets. As of 31.12.2017, 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 remaining cash generating unit, Bergen Group Services AS. The calculations are based upon budgets and long term profit goals for the period 2018 up to and including 2020. For subsequent periods, a growth rate of 2% has been used, which is in line with the expected inflation rate. WACC of 11% after tax has been used. The other assumptions used, are similar to the description in the annual report 2017. Based upon this test, no changes in the values were recognized neither YE 2017. Further information available in the Annual report available on the company website www.bergengroup.no.

**Note 10 - Taxes**

Deferred taxes reflect the effects of temporary differences between the book value and tax value of assets and liabilities. The recorded value of deferred tax assets is NOK 19,7 million. The group has assessed that there are not convincing evidence sufficient for all taxable losses and other tax positions to be recognized as deferred tax assets. Deferred tax assets not recognized is estimated at NOK 64 million as per 31.12.2017.

**Note 11 - Subsequent events**

On 28 February 2018, Bergen Group ASA announced in a stock exchange announcement that the group has entered into a share purchase agreement (SPA) with the purpose of acquiring the wastewater and pipe renewal company Vitek AS. In the consecutive process, the parties did not reached the necessary agreement on elements deemed necessary in order to finalize a transaction acceptable for both parties. Based on this, the SPA was terminated on 13 April 2018, ref. separate stock exchange message distributed the same day.

On April 20, the Board approved the annual accounts for 2017 for Bergen Group ASA. There were no major changes to the consolidated statements of profit and loss or the statements of financial position in the approved Financial Statements 2017 compared to those presented on 28 February 2018.

Other than already disclosed stock exchange messages, there has been no events after the balance sheet date assumed to have any impact on the valuation that appears in the accounting figures in this report.