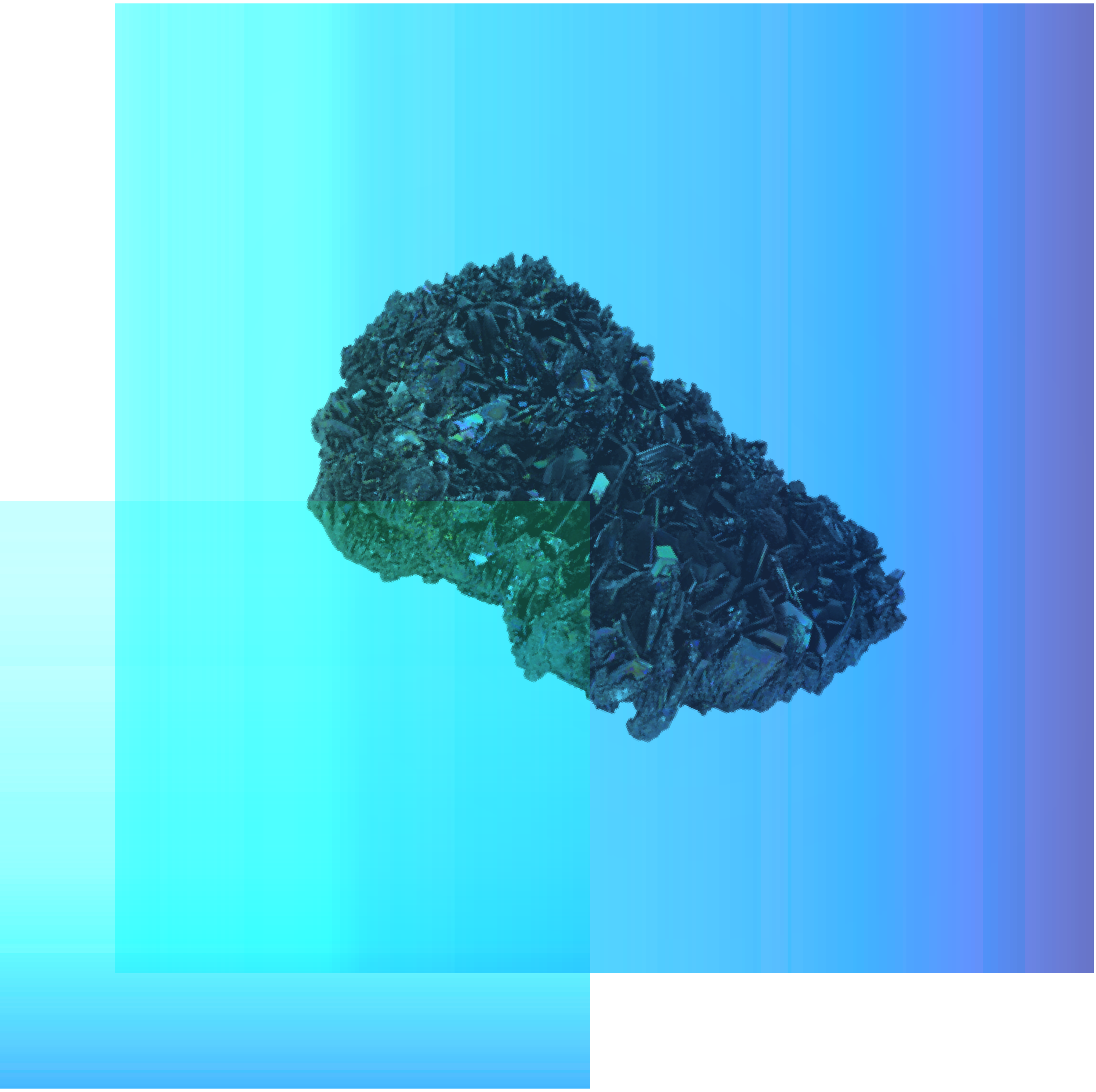
FIVEN



Annual Report 2019

Content

A worldwide leader

Fiven is clearly established as the worldwide leader in the business of silicon carbide grains and powders. At the heart of industry, we pride ourselves in serving many customers, leaders in their own segment, across the world, through long-term, trust-based relationships.

Selling to 49 countries on 5 continents

6 production sites

4 office locations

€77.2 M

Total revenue

From 5 February - 31 December 2019

6

Production sites

€12.8 M

EBITDA Adjusted

From 5 February - 31 December 2019

Serving

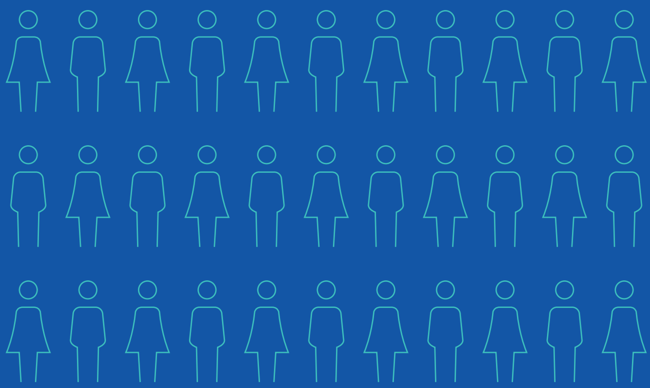
400

Customer groups

626

Employees

Venezuela included



Building the foundation of our future success

2019 was a year of decisions that we expect will fundamentally change our company. Driven by the carve-out from the Saint-Gobain Group, we set essential directions for our business. We are proud to see that our hard work helps to build something significant and lasting.

Our colleagues successfully managed to make the shift to an independent IT infrastructure, built our financial system, and develop a new company brand. At the same time, we managed to serve our customers with high-quality products and highly technical support.

Very dear to my heart is the contributions our colleagues make every day to work consistently towards our HSE goals: ZERO accidents, Safety and Health protection of all of our employees, and turning Fiven into a green SiC company. It is an important matter to which we are committed to ourselves, our colleagues, our investors, and the community.

In 2019 we saw significant changes in some global markets, and some of the changes had a direct impact on our business. We experienced a drop in the automotive industry, which harmed our diesel particulate filter segment sales. Nevertheless, we managed to secure a positive financial result in 2019. It was largely driven by growing sales in North America and South America. In North America, we managed to significantly improve our position in the refractories industry as well as establishing co-developing projects with major key accounts. Sales in South America grew despite fierce competition from FeSi, driven by higher demand for metallurgical briquettes and pellets, price recovery, and higher market share through the enhancement of customer intimacy.

We are living in times of rapid technological shifts. Cars drive autonomously and are powered by electrical engines, our energy is increasingly coming from regenerative resources, industries and homes get smarter, and the climate change is bringing up ever more challenges. At Fiven we work on enabling current and future technologies that shape the world around us. We believe in innovation as a key to success and growth and therefore focused our R&D ambitions towards opportunities within fast-growing market segments.

We are excited to grow these new opportunities into material contributions for the future growth of our company. We look forward to a successful 2020 as we continue to develop, manufacture and market innovative, high-value products. We thank you for your continued support.

Falk Ast
Chairman of the Board Fiven ASA

Management

Falk Ast / Chairman of the Board Fiven ASA

Falk Ast is the Chairman of the Board Fiven ASA. Prior to the acquisition, he served as Vice President of Saint-Gobain's silicon carbide business since 2018. From 2010 – 2018, he worked as Managing Director of Saint-Gobain Ceramic Materials GmbH. Falk worked 30 years for Saint-Gobain in different Management positions and businesses. 17 years in the automotive-glass business as Plant Manager and General Manager, 13 years in the Ceramic Division as Business Manager, Sales Director and Vice President.

Falk holds the title of Industrial Engineer.

Stein Erik Ommundsen / CFO Fiven Group and General Manager Fiven ASA

Stein Erik Ommundsen joined Fiven as CFO in September 2019, and since January 2020 he is also the General Manager of Fiven ASA. He is an internationally experienced CFO with more than 25 years in multinational companies and 7,5 years in overseas assignments. He has extensive expertise from Financing, M&A, Treasury, IT projects and compliance. His track record includes successful launch of growth initiatives and transformation activities. He holds a Business/Finance Degree and Master of International Business (MIB) from the Norwegian School of Economics (NHH). Ommundsen began his career at EB (now ABB Norway AS) and has held several senior positions in international companies such as Rolls-Royce, Nammo and Alcatel Lucent.

Betty Lunøe Åsheim / Sales & Marketing Director Worldwide

Betty Lunøe Aasheim was appointed Sales & Marketing Director Worldwide in May 2018. Before she held the position of EHS Director for the Saint-Gobain Silicon Carbide & Quartz business. She has a vast experience leading in different technical and business roles in international companies such as Ericsson, Redcord and Saint-Gobain.

Betty Åsheim holds a Master of Management from BI Norwegian Business School as well as an Engineering Degree (Computer) from University of Agder.

Pål Runde / General Manager & R&D Director

Runde was appointed R&D Director of Saint-Gobain's silicon carbide business in August 2011 and serves in the same position at the Fiven Group since its spin-off by OpenGate Capital in May 2019.

Additionally, he is responsible for the production plant in Norway holding the position of General Manager.

Sabine Radoux / HSE Director Worldwide

Sabine Radoux was appointed HSE Director Worldwide in October 2018. Previously, she was Plant Manager for Fiven's silicon carbide factory in Belgium for many years and jointly to this role held some commercial positions. Sabine Radoux also held several financial positions within the Saint-Gobain Group.

She holds a Master's degree in Finance, Banking and Insurance from the University of Liège. She started her career at PwC in 1997.

Luis Eduardo Pereira / Managing Director South America

Luis Eduardo Pereira was appointed Managing Director South America in January 2018. He has more than 30 years of experience in several senior management positions within the mining and cement industry in Brazil, Canada and United States.

He holds an engineering degree in the field of mining from Universidade de São Paulo and an MBa with Fundação Getulio Vargas (in-company).

Atanas Chapkov / Plant Manager Belgium

Atanas Chapkov has been appointed General Manager for Belgium since October 2018. Prior to that he held several strategic positions in Saint-Gobain's silicon carbide business. From 2015 – 2018, while being based on Norway, he worked as a Business Manager for technical SiC. From 2011 – 2014, during his tenure as a process manager, he led successfully technical best practice transfer between all plants worldwide and achieved significant process cost optimizations.

After completing his master's degree in engineering at INSA de Lyon, Atanas finished his PhD studies in collaboration with Georgia Tech, Atlanta, Imperial College, London and the University of Twente, Enschede. He is a distinguished researcher who holds two patents in the field of exhaust aftertreatment technology.

The art of Silicon Carbide

What is Silicon Carbide?

Silicon carbide (SiC) is a synthetic mineral most commonly produced in electrical resistance furnaces by the Acheson process, named after the American E.G. Acheson who invented it in 1891. In an Acheson furnace, a mixture of carbon material (usually petroleum coke) and silica or quartz sand is reacted chemically at high temperatures in the range of 1700 – 2500°C resulting in the formation of -SiC following the main reaction:

The energy for the reaction is provided by the resistive heating of a graphite core. This is done by connecting the core to two electrodes at both ends of the furnace. SiC develops as a solid cylindrical ingot around the core, with radial layers ranging from graphite in the inside, to -SiC (the highest grade material with coarse crystalline structure), -SiC, metallurgical grade and finally un-reacted material on the outside. SiC can be produced as either black or green, depending on the quality of the raw materials. After a cooling period, the SiC ingot is carefully sorted and further processed for different applications. The SiC crude material is carefully crushed, classified, sometimes milled again, and can be chemically treated in order to obtain the specific properties for which it will be applied. These subsequent processing steps account for the bulk of our know-how and of the value we add to our products.

Properties of Silicon Carbide

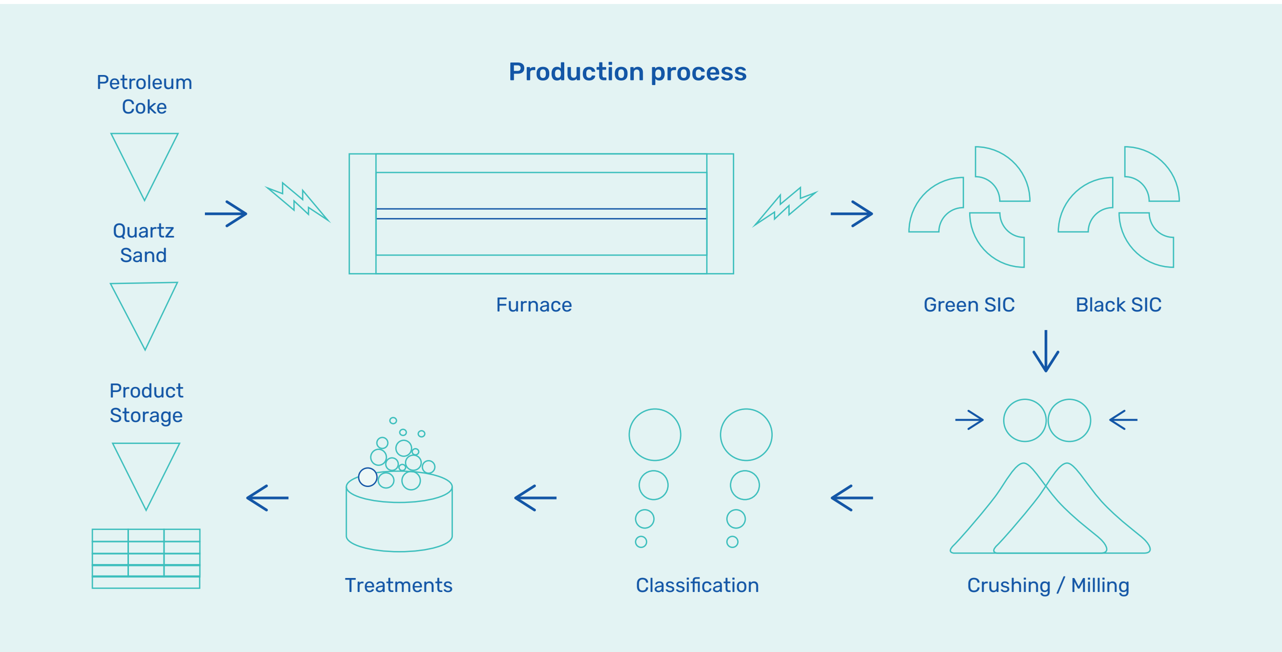
SiC is a ceramic material with an outstanding hardness, only surpassed by diamond, cubic boron nitride and boron carbide. The material is highly wear-resistant and chemically inert to all alkalis as well as acids. It can also withstand very high temperatures. These properties make silicon carbide an outstanding abrasive and ceramic material to be used under extreme operating conditions.

Typical properties (SiC crystal):

- Density: 3,21 g/cm^3
- Vickers Hardness: 29 GPa
- Coefficient of thermal expansion: 5•10^{-6} /K
- Thermal conductivity: 50 to 100 W/m K
- Temperature resistance: 1500 deg. C in air, 2400 deg. C in inert atmosphere
- Specific heat capacity: 750 J/kg K

$$SiO_2 + 3\,C \xrightarrow[+\,618{,}5\text{ kJ}]{} SiC + 2\,CO \uparrow$$

Production process



SIKA
Silicon Carbide

Product range

SIKA® MET – Products for metallurgical applications

Silicon carbide is a very pure material that provides silicon and carbon combined. Fiven supplies the steel and foundry industries with grains, briquettes and pellets.

Using silicon carbide improves the overall economics of iron and steel production. SIKA® MET supplies the necessary alloying elements and at the same time reduces the amount of additives required and energy consumption compared to substitutes such as ferro-silicon.

SIKA® REF – Products for refractory applications

Chemical inertness at high temperatures, high abrasion and thermal shock resistance make silicon carbide an attractive material for many refractory applications.

Typical examples are kiln furniture, aluminum reduction cells, incinerators, bricks for blast furnaces and zinc furnaces, crucibles, monolithics, tap hole clays and runners for melting furnaces.

Our enterprise size and many years of experience in the refractories market make us a preferred supplier for customers who pay attention to supply security and quality consistency.

SIKA® TECH – Products for technical ceramics

Taking advantage of the excellent characteristics of silicon carbide, such as chemical inertness at all temperatures, resistance to thermal shock, abrasion hardness and the ability to sinter to high densities, the technical ceramics industry has developed a wide range of applications based on silicon carbide (seal rings, kiln furniture, burner nozzle, sliding bearings, passive armor for security and defense, industrial and automotive particulate filters, and many more).

Through our product range SIKA® TECH, Fiven has been a pioneer in the development of SiC powders for the production of technical ceramics and composite materials. Fiven offers powders with varying purity levels and particle sizes down to the sub-micron range, which are specifically designed to provide very high density, excellent oxidation resistance, superior hardness, high strength and high thermal shock resistance.

In addition to the powders, Fiven also offers ready–to–press (RTP) granules based on fine powders with specific surface area typically ranging from 10 to 15 m2/g, sintering additives and temporary binders.

SIKA® ABR – Products for abrasive applications

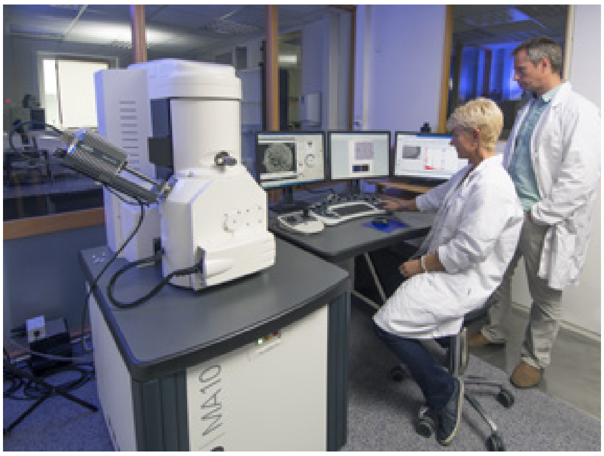
Due to its high abrasion resistance and relatively low cost, silicon carbide is used as a loose or fixed-abrasive material in a wide variety of applications.

Our many years of experience in serving leading manufacturers in the abrasives industry from our local production platforms enables us to fully understand our customers' requirements.

In addition to our broad product range, we have the possibility to develop new, tailor-made solutions together with our customers.

Research and Innovation

At the core of the Fiven innovation strategy is a strong focus on co-development programs with our customers and external partners.



Developing special, tailor-made silicon carbide powders together with our customers makes up a significant portion of the ongoing effort in our global innovation teams. Such development processes result in a silicon carbide powder having unique properties that will improve the customers' manufacturing process or their end products.

In 2019 the co-development of new products with key customers focused on several new SiC-based powders for the semiconductor industry as well as specific tailor made RTP (ready-to-press) solutions for armor applications. In addition, a medium-term program was initiated to develop a new family of abrasives products.

In 2019 the R&D team became independent from the Saint-Gobain corporate R&D structure and utilized this opportunity to enter into agreements with several external R&D partners (universities and research institutions) specializing in silicon carbide.

Also, 2019 was the year that a full-scale pilot installation of our next generation Acheson furnace technology was constructed in Lillesand, after several years of development. The new furnace technology includes covered furnaces as well as a gas cleaning facility. The Acheson gas cleaning facility consist of a filter system for dust removal as well as a complete de-sulphurisation unit, enabling significant reduction of the environmental footprint from the Acheson process.

Board of Directors' Report

Covering the period 05.02.–31.12.2019

About Fiven

Fiven ASA was founded on 5 February 2019 and is the parent company in the Fiven Group with registered offices in Oslo, Norway. The Group is the result of an acquisition of the silicon carbide business from Compagnie de Saint-Gobain S.A in May 2019. The Group history can be traced back more than 100 years.

Fiven is a global leader in silicon carbide (SiC), a material used in a variety of industrial applications. SiC is recognized for superior hardness, high thermal conductivity and chemical inertness, making it the preferred material for demanding applications: abrasive, metallurgy, filtration, technical ceramics and other uses. Fiven product brand "SIKA" is recognized as a premium brand with high quality and consistency of supply.

The Fiven Group is headquartered in Oslo (Norway). There are manufacturing entities in Arendal and Lillesand (Norway), Hody (Belgium), Barbacena (Brazil) and Puerto Ordaz (Venezuela). Fiven GmbH located in Cologne (Germany) is a management office. There are also sales representation offices in Shanghai (China) and in Worcester (USA).

The Market

Throughout 2019 Fiven experienced uncertainties linked to trade policy, geopolitical tensions, and unusual stress in key market economies. Global growth rates came down compared to previous years.

The global market for silicon carbide is diversified, and trends differ between regions and end-markets. In Europe Fiven had a down turn in products for the automotive industry throughout the complete year compared to the year before, but secured its position as a high quality and high capacity supplier to this market. In Latin America Fiven faced that Silicon Carbide was partly replaced by other raw material in the steel- and construction market.

The advanced ceramic market was overall stable in all geographical markets throughout the year since many of these end applications are less sensitive to automotive and construction markets.

In North America, Fiven is in competition with Chinese silicon carbide manufacturers and with local competition with robust market presence. In Latin America, Fiven is an undisputed market leader, but competition is becoming more intense. The competitive landscape in Europe is more diversified with Fiven as a market leader.

The impact to Fiven from the recent outbreak of the corona virus is unclear, but if this is long-lasting, there are reason to believe there will be a contraction of the market.

Fiven's Strategy

Fiven's strategy is to grow profitably based on two pillars:

Accelerate growth in specialty products by targeting applications with high growth dynamics by focusing on innovation and co-development with key customers and innovation.

Selectively serving core markets, improving the cost competitiveness, and level of service offerings.

Organic growth will be driven through R&D and should be achieved by the development of new products and applications. Fiven is also looking to grow through M&A where there is a good fit with Fiven and where there are possible synergies.

Fiven will also look to optimize its supply chain further to secure a steady supply of crude by careful risk management and constant search for synergies.

In coming years Fiven will increase efforts to meet environmental demands to ensure that the Group remains on good terms with the citizens in the locations in which the company operates.

Financial review

Presentation of accounts

Pursuant to Section 3-3a of the Norwegian Accounting Act, the Board of Directors confirms that the financial statements have been prepared on the assumption of going concern. The corona virus adds uncertainty to future financial performance. Still even with a modest equity, the maturity dates for the vast majority of Fiven debt fall due only in 2022. Furthermore, recent quarters demonstrate that there is sufficient headroom to the bond covenant restrictions for maintaining financial flexibility to meet near term requirements. Fiven is also taking measures to lower the risk of the virus in line with external recommendations and according to own initiatives.

Fiven's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU. The parent company`s annual financial statements have been prepared in compliance with the Norwegian Accounting Act and accounting principles generally accepted in Norway. For further information, please refer to the financial statements and note disclosures.

Consolidated Review

On 14 May, 2019, the Group acquired 100% of the shares and voting interests in SG Ceramic Materials AS (Norway), Matériaux Céramiques S.A (Belgium), Carbeto de Silicio SIKA Brazil Ltda (Brazil), SG Materiales Ceramicos CA (Venezuela) and Curburo del Caroni CA (Venezuela). The net transaction price was 80 MEUR including working capital and net financial debt adjustments. Fiven is now in arbitration with Saint Gobain to determine final purchase price, and a final decision is expected on 25 March this year.

The Group`s operations in Venezuela are integrated cost centers under the current business model of the Belgian production facility. The two Venezuelan subsidiaries are controlled by the Group as defined in IFRS 10. Based on a thorough assessment Fiven has concluded not to consolidate the two subsidiaries, as this has immaterial impact only on the consolidated financial statements.

Operating Profit and profitability

The total consolidated revenues and other income for eight months of operations reached 77.6 MEUR. Fiven Norge and Fiven Brazil had an equal share of 42% of the total consolidated revenues, Fiven Belgium accounted for 16% of the total. The revenues split by customer location show that 49% came from Europe, 15% from North America, 30% from South America and the remaining 6% from Asia. The Standard products (Abrasives, Refractory and Metallurgy) accounted for 68% of the total Group revenues whilst the remaining 32% came from Specialty products.

The downward trend in the production of diesel cars in Europe was impacting sales of diesel particulate filters negatively. Actions of co-development projects in the abrasives and technical ceramics markets are being taken to mitigate those adverse effects and reduce the Group's exposure to the diesel market.

In North America, good progress was made in refractory materials and co-development projects. In spite of site fierce competition from ferrosilicon, performance in South America was considered good due to higher demand for metallurgical briquettes and pellets, price recovery, and higher market share through the enhancement of customer intimacy.

The consolidated Earnings Before Interests, Taxes, Depreciation and Amortization (EBITDA) of the period showed 6.8 MEUR whilst the EBITDA adjusted for expensed non-recurring carve out cost, transition costs and transaction costs from the acquisition and the bond listing showed 12.8 MEUR with a corresponding adjusted EBITDA margin of 16.5%.

The Operating Profit for the period ended at 2.9 MEUR whilst the Net Loss was 5.0 MEUR.

As certain markets became stagnant during 2019, volume and mix effects impacted profits negatively. Still, Fiven managed to increase price levels as well as benefit from lower raw material costs, in particular petroleum coke. Load and capacity adjustment in production as well as cost containment actions were executed during the second half of the year.

Cash Flow and Liquidity reserve

Total cash and cash equivalents at year end were 14.8 MEUR.

Cash flow from operating activities accounted for 6.7 MEUR. The cash flow from investing activities amounted to -76.1 MEUR of which -73.1 MEUR were payments for the acquisition of subsidiaries. Cash flow from financing activities amounted to 84.2 MEUR. During the period Fiven completed a 100 MEUR senior secured floating rate bond with a nominal draw down of 56.5 MEUR for the initial bond. Fiven has also completed a subordinated unsecured loan with its owner. In June 2019 Fiven signed a master agreement with Factofrance enabling the company to sell trade receivables without recourse to the factor. The utilization of the factoring agreement as per year end 2019 was 5.5 MEUR

Debt and financial position

The Group's current liabilities as of 31.12.2019 constituted 20% of total liabilities.

Total assets and equity

Total assets at year-end amounted to 120.5 MEUR. Equity reported at year end was -0.6 MEUR, and the equity ratio was hence -0.5%.

Segment Review

Fiven Norge

Fiven Norge total revenues and other income ended up at 33.5 MEUR, and the adjusted EBITDA was 5.7 MEUR leaving a reported adjusted EBITDA margin of 16.9%.

The Norwegian entity has been exposed to a drop in the sales of diesel particulate filters following the decline of the automotive production of private diesel cars. The weakening of the NOK compared to trading currencies together with lower petroleum coke prices towards the end of the year have offset the negatives from the lower sales.

Fiven Brazil
The Brazilian entity delivered 36.0 MEUR of total revenues and other income and 4.3 MEUR of adjusted EBITDA corresponding to a margin of 11.8%. Sales to North American customers evolved positively on refractory and abrasives, but the domestic market became more difficult in particular towards the end of the year. Lower capacity utilization in fourth quarter necessitated adjustments in production.

Fiven Belgium
Fiven Belgium reported total revenues and other income of 19.9 MEUR with adjusted EBITDA at 2.0 MEUR resulting in an adjusted EBITDA margin of 10.0%. There has been strong price competition in Europe with a negative impact on Fiven Belgium's revenues and subsequently also on profits during the period.

Parent Company Review
Fiven ASA is the parent company of the group, and 2019 displays a significant impact from acquisition and transaction costs that the company cannot allocate to its subsidiaries. The revenues of the period reached 2.2 MEUR and the Operating Loss amounted to 1.234 MEUR. The Net Loss was 3.359 MEUR.

The Board of Directors proposes to cover the Net Loss of 3.359 MEUR by transfer from Other paid in capital.

R&D Activities
The R&D activity is a key driver in Fiven's growth strategy. In 2019 the co-development of new products with key customers focused on several new SiC-based powders for the semiconductor industry as well as specific tailor made RTP (ready-to-press) solutions for armor applications. In addition, a medium-term program was initiated to develop a new family of abrasives products.

Also, 2019 was the year that a full-scale pilot installation of our next generation Acheson furnace technology was constructed in Lillesand, after several years of development. The new furnace technology includes covered furnaces as well as a gas cleaning facility. The Acheson gas cleaning facility consist of a filter system for dust removal as well as a complete de-sulphurisation unit, enabling significant improvement of the environmental footprint from the Acheson process.

Corporate governance

Fiven ASA does not have a corporate assembly, and therefore the general meeting elects the board. The Board of Directors currently comprises three members. The Board of Directors elects its own chair.

The composition of the Board of Directors attends to the interests of the shareholder and to meet the Fiven's need for expertise through executive personnel. In accordance with the Norwegian Public Limited Liability Act (Allmennaksjeloven) and supplementary policies and procedures provided by the shareholder, the Board of Directors exercises the overall governance of Fiven ASA, including ensuring that appropriate management and control systems are in place.

The appointment of the Chairman of the Board of Directors facilitates the reporting to the shareholder of Fiven ASA and enables the shareholder to supervise that the subsidiary acts according to the Tosca group's purpose and framework. The two directors are executive personnel, employed by Fiven Norge AS, assuring that the Board of Directors has sufficient operational expertise as well as comprehensive knowledge of the business conducted in the Fiven Group.

The General Manager of Fiven ASA, currently also being the Fiven Group CFO, is responsible for the day-to-day management of Fiven ASA. The General Manager governs the operations through policies and procedures, management meetings and business reviews with the board of directors.

The General Manager of Fiven ASA meets with the extended management team of the Fiven Group. These management meetings are called by the Chairman of the Board of Fiven ASA, and in addition to the executive management team, include also production site general managers and HSE Global Director. The purpose of the meetings is to monitor the status of the operations and key performance indicators. The market situation and business development issues are also addressed, as well as health, environment, safety and security indicators and human resource issues. These meetings are a vehicle for scrutiny of the segment units' performance relative to budgets and targets. The market situation, order intake, new opportunities and other significant items at the time are also addressed.

The internal controls over financial reporting are governed by the Group Accounting Policies and a set of procedures and internal controls. All input from Group entities is reviewed and consolidated by the Fiven Group Finance Function. There are also review meetings for the reporting submitted to ensure that the reporting is correct. There are plans to further improve the efficiency of the consolidation process through the introduction of new tools in 2020. Furthermore, there are segregation of duties in place with dual signatures required for invoice approvals and payments. For additional information, please refer to the notes disclosure.

Risk Factors and risk management

Operational risk

The Group's business includes several operational risks associated with the running of the industrial factories.

The manufacturing of silicon carbide is highly depending on raw material such as petroleum coke, electric energy and sand. Through long term contracts on energy, Fiven entities are able to secure a stable supply of power for production. For petroleum coke and sand there is no forward market, but through multiple sourcing, the group has what is considered a steady supply.

The Group's high consumption of petroleum coke and electricity in the production of silicon carbide has e.g. led to exposure against different types emission such as dust, PAH, B(a)P and SO_2 and related costs to satisfy local laws and regulation.

Fiven is also exposed to other risk of liability under e.g. environmental laws and regulations due to the silicon carbide production. The Group has invested significantly into measures to control and reduce emission and is working closely with regulatory agencies to reduce the environmental footprint even further. In 2019 a full-scale pilot installation of the next generation Acheson furnace technology was constructed in Lillesand, after several years of development. The new furnace technology includes covered furnaces as well as a gas cleaning facility. February 2020 the Lillesand plant received a new and stricter temporary emission permit for PAH and B(a)P to air for 2020 and 2021, and gradual implementation of this new furnace technology is a key element that will enable the plant to maintain a sustainable production of crude in the coming years. The new temporary emission limit for PAH is 1 500 kg in 2020 and 1 300 kg for 2021 (down from 2100 kg in 2019). The new temporary limit for B(a)P is 10 kg in 2020 and 9 kg for 2021 (down from 16 kg in 2019). According to the emission reduction roadmap for the plant, the goal is to reduce PAH and SO_2 with 80% and PAH with 50% within 2025.

Safety is a key priority to Fiven, and the manufacturing locations have established routines and procedures designed to minimize overall operational risk. KPI's are recorded, analyzed and actioned systematically. Health, environment and safety performance is reviewed monthly on management level and with owners.

Political risk

Since the Group is present in a number of geographic markets, Fiven is also subject to external risks, such as political risks in e.g. Venezuela and Brazil.

During 2019, approximately 90 per cent. of the Group's crude capacity was produced in South America and any changes in the general economic conditions and business environment in the region could have an adverse effect on the Group's business and results of operations.

In 2019 the US sanctions against Venezuela limited the local crude production for consumption and refinement in Belgium. This necessitated crude sourcing from other Fiven plants, and to a small extent from outside of the Group. Fiven will also be depending on the need for authorities issuing permits to use new petroleum coke into production.

Financial risk

Fiven is exposed to different risks in the various market it operates. The objective is to minimize the impact from such risks to the financial statement.

Fiven operates in an international industry which exposes the business to a variety of financial risks. Through its global operations, Fiven is exposed to fluctuations in exchange rates of other currencies. Fiven Group's reporting currency is EUR, and the group both hedges and actively uses natural hedge to reduce the risk for currency exposure. Similarly, loans and bonds seek to reduce the impact of fluctuations in exchange rates.

Customer credit risk is considered low, and credit management ensures that a big portion of the receivables are insured against credit risk. Fiven Norge and Fiven Belgium (Matériaux Céramiques S.A) have a factoring arrangement where there is no recourse.

Liquidity risk is related to difficulty in meeting financial obligations. The main building blocks for liquidity are the shareholder loan and the initial bond listed on the Frankfurt Stock Exchange Open Market Segment. In parallel, the factoring agreement for Fiven Norge and Fiven Belgium constitutes another source for funding. Other than that, liquidity needs are covered through cash generated from operation.

Corporate Social Responsibility

Business Ethics and anti-corruption

Fiven is aware that company decisions and actions may have a repercussion on society. The general rule of Fiven is that all parties shall comply with national and all other applicable laws, prevailing industry standards and other requirements to which company subscribes. When laws, industry standards address the same issues, the most favorable provision shall apply to Fiven people. Management is aware of the commitment may not be limited to the requirement of the national law. Due to the transfer of ownership, Fiven is currently in the process to harmonize the local internal procedures that exist in the Fiven plants addressing anti-corruption, bribery and conflict of interest.

Fiven values are designated to help each of the employees and partners to make fair and responsible decisions.

People

The work environment in Fiven is considered positive. The typical employee of Fiven has several years in service for the company. Production facilities are viewed as corner stones in their local communities.

At year end the number of full-time equivalents (FTEs) were 493, not taking into account the non-consolidated entities in Venezuela.

The silicon carbide industry has traditionally been male dominated, and the Fiven management works actively to extend the share of female into various position. The female population accounted for 19% of the Group total at year end 2019.

Fiven believes in equal treatment of people in respect of ethnicity, religion, belief, disabilities sexual orientation, gender identity and gender expression and the Group recognize and respect the uniqueness of everybody working in Fiven.

Health, Safety and Environment

In Fiven it is 'safety first,' the company is methodically implemented sophisticated EHS, prevention programs and procedures in order to mitigate inherent risks of the Acheson process as well as risks associated with SiC processing. There are a number of KPI's measured, analyzed and reported and the company has developed the 'Fiven Roadmap' including a number of standards that should be applied in all Fiven plants. No matter where the plants are located, all personnel is following the same Fiven standards.

In 2019, management particularly focused on creating a strong Fiven safety identity towards the Group after the transfer of ownership and to keep the best practices inherited from the previous owner.

In 2019 accident statistics show a frequency rate for the 8-month period, (defined as the sum of lost time accidents and non-lost time accidents divided by the working hours multiplied by 1000000), at 2.05. Over the period from May 2019 till December 2019, there were 2 events, one lost time accident in Norway and one non lost time accident in Venezuela. The event in Fiven Norge's facility was linked to the configuration of the administrative building (shock against a pillar), the event in Venezuela was linked to a working at height situation where the personal protective equipment in place avoid to have a more serious injury.

The sickness rate for the period shows 4.3%. It is understood that the process of transferring ownership has been stressful for several employees, but overcoming the start-up phase, the situation is expected to improve.

In 2019, Fiven published the HSE policy for the Group, where it is clearly stated Fiven ambitions to turn the company into a green SiC company. Since the ownership transfer, Fiven has increased focus on developing projects that should in the coming years have a positive impact on emissions to air, water and soil. In 2020, the main goals are setting up a "Fiven Environmental Roadmap" and improve the reporting tools in order to harmonize and consolidate the information received from the plants.

Local Anchorage

No matter the place Fiven operates the Group takes into account the environmental and social issues of local communities. The presence in a community must foster local, inclusive and sustainable value creation. In this respect, Fiven is creating conditions that secure quality of jobs of company employees, Fiven pays a particular attention to play an active role in the training of the youth and contributes directly to the life of the local community through sponsorship, philanthropic activities and setting up local partnerships.

Outlook for Fiven Group

Despite the global economy being on a synchronized slowdown, Fiven group is projecting an above market rate growth by accelerating revenue and earnings growth through focus on innovation, co-development, and targeting applications with high growth dynamics (filtration & seals, armor & defense, aerospace, energy generation and storage, and semi-conductor). The Group is optimizing its value propositions through developing custom-made new services that will facilitate the decision-making process of customers.

The growth through R&D will be achieved by the development of new products and applications of which identified projects will be the focus to accelerate commercialization. In particular, Fiven is targeting a key position in the power semiconductors that is offering high advantages for power electronics modules including smaller package size, higher efficiency with lower switching losses, and better thermal performance. These benefits are desirable in electric and hybrid vehicle power electronics, and for other electrifications opportunities in aerospace, energy and beyond.

The group will continue to innovate to serve environmentally friendly applications like capturing soot from diesel cars, monitoring climate conditions, and enhancing the efficiency of power electronics.

Entering into the first full year under new ownership, Fiven will continue the journey to operational excellence. The IT carve out from the former owners will be completed, startup activities will gradually become history and business will resume to normal. Fiven is working to strengthen corporate governance and CSR activities.

Subsequent events

No events have occurred after the balance sheet date with significant impact on the financial statements for 2019.

Fiven is in an arbitration process with Saint-Gobain Group regarding the final consideration for the acquisition closed on May 14, 2019. Based on a review of the closing accounts made by Fiven and its advisors, Fiven contest additional claims from Saint–Gobain entirely and estimate the fair value of the claims to be zero.

As per the sales purchase agreement the parties have appointed an independent expert to lead the arbitration process. The final assessment made by the expert is binding to the parties and is due 25 March 2020.

The Board of Directors of Fiven ASA - Lillesand, 12 March 2020

Falk Ast	Betty Lunde Åsheim	Pål Einar Runde
Chairman of the Board	Director	Director

Stein Erik Ommundsen

General Manager

Financial statements

Consolidated statement of income

Amounts in EUR thousand	Note	2019
5 February to 31 December		
Revenue	5,6	77 234
Other Income		355
Total revenue and other income		**77 589**
Cost of goods	19	-42 978
Employee benefit expenses	8,9	-16 896
Depreciation and amortization	12,15,16	-3 946
Other operating expenses	11	-10 896
Total operating expenses		**-74 715**
Operating profit (loss)		**2 874**
Finance income	13	70
Finance expense	13	-6 275
Net finance income (expense)		**-6 206**
Net income (loss) before income taxes		**-3 332**
Income tax expense	14	-1 641
Net income (loss)		**-4 973**
Net income (loss) attributable to:		
Shareholders of the parent		-4 973
Total net income (loss) attributed to shareholders		**-4 973**

Consolidated statement of comprehensive income

Amounts in EUR thousand	Note	2019
Items that may be reclassified to net income (loss) attributed to the shareholders of the parent:		
Exchange differences on translation of foreign operations		-1 285
Total comprehensive income (loss) attributed to shareholders of the parent		**-6 258**

Consolidated statement of financial position

Amounts in EUR thousand	Note	31.12.2019
ASSETS		
Buildings and land	15	12 398
Plant and equipment	15	19 333
Right-of-use-assets	15,12	4 044
Other Intangible assets	16	13 341
Goodwill	16	2 391
Other non-current financial assets		160
Deferred tax assets	14	607
Total non-current assets		**52 273**
Inventories	19	32 410
Trade receivables	20,24	16 101
Other receivables	18,23	3 979
Prepayments		796
Other current financial assets	18,23	161
Cash and cash equivalents	21	14 771
Total current assets		**68 218**
TOTAL ASSETS		**120 493**

Amounts in EUR thousand	Note	31.12.2019
EQUITY AND LIABILITIES		
Share capital	27	20
Other paid in capital	27	5 656
Retained earnings		-4 973
Foreign currency translation reserve		-1 285
Total equity		**-581**
Bond loan	22,23	54 967
Non-current interest-bearing liabilities	22,24	33 786
Non-current lease liabilities	12	2 586
Deferred tax liabilities	14	3 407
Employee benefit obligations	9	413
Provisions	24	1 233
Total non-current liabilities		**96 392**
Trade payables	23	11 909
Other payables	23,24	5 739
Current interest-bearing liabilities	22	5 526
Current lease liabilities	12	1 495
Income tax payable	14	13
Total current liabilities		**24 682**
Total liabilities		**121 074**
TOTAL EQUITY AND LIABILITIES		**120 493**

The Board of Directors of Fiven ASA - Lillesand, 12 March 2020

Falk Ast
Chairman of the Board

Betty Lunøe Åsheim
Director

Pål Einar Runde
Director

Stein Erik Ommundsen
General Manager

Consolidated statement of changes in equity

Amounts in EUR thousand	Share capital	Other paid in capital	Retained Earnings	Foreign currency translation reserve	Total Equity
As of 5 February 2019	**3**	**1**	**-**	**-**	**4**
Net income (loss)	-	-	-4 973	-	-4 973
Other comprehensive income (loss)	-	-	-	-1 285	-1 285
Total comprehensive income (loss) of the year	**-**	**-**	**-4 973**	**-1 285**	**-6 258**
Contribution of equity, net of transaction costs	17	5 655	-	-	5 673
Total transactions with owners in their capacity as owners	-	-	-	-	-
As of 31 December 2019	**20**	**5 656**	**-4 973**	**-1 285**	**-581**

Consolidated statement of cash flows

Amounts in EUR thousand	Note	2019
5 February to 31 December		
Net income (loss) before income taxes		**-3 332**
Adjustments to reconcile net income (loss) before income tax to net cash flows:		
Corporate income tax paid		-1 358
Depreciation and amortization	15,16	3 946
Loss on disposal of buildings, plant and equipment	15,16	305
Net interest expense	13	5 677
Change in inventory, trade receivables and trade payables		4 111
Change in other receivables, prepayments, and other payables		-2 334
Other changes		-449
Cash flows from operating activities		**6 566**
Payments for buildings, plant and equipment, and intangible assets	15,16	-3 004
Payment for acquisition of subsidiary, net of cash acquired	4	-73 116
Cash flows from investing activities		**-76 120**
Proceeds from issues of bonds	22,23	56 500
Proceeds from shareholders loan	22,24	32 130
Proceeds from other interest bearing liablities	22	4 735
Repayment of short term loan [1]		-10 137
Interest and placement fee paid		-4 431
Payment of principal portion of lease liabilities	12,15	-996
Proceeds from issues of shares	27	5 670
Cash flows from financing activities		**83 471**
Net increase in cash and cash equivalents		13 916
Net foreign exchange differences		-75
Cash and cash equivalents at 5 February		4
Cash and cash equivalents at 31.12.19		**13 845**
Changes in restricted cash		926
Total cash and cash equivalents inclucing restriced cash 31.12.19		**14 771**

[1] Short term loan from Saint-Gobain Group that was settled as part of the 1 May 2019 acquisition.

Notes to the consolidated financial statements

Note 1 General information and basis of preparation

Fiven ASA ("the Company") formerly known as Fiven AS, was incorporated 5 February 2019 and is the parent company in the Fiven Group, with registered offices in Oslo, Norway. On 14 May 2019 (the "Acquisition date"), accounted for from 1 May 2019, the Company completed the acquisition (the "Acquisition") of 100% of the shares and voting interests in its operating subsidiaries, ref. Note 4 Composition of the Group (the "Acquired Group") from Saint-Gobain. Following the Acquisition, the Group was formed. As such, these are the first set of consolidated financial statements for the Group reflecting the activities of the Acquired Group for the period from the Acquisition date to 31 December 2019 and the activities of Fiven ASA for the period from its incorporation date, 5 February 2019 to 31 December 2019, on a consolidated basis. Fiven ASA is owned 100% by Tosca Intermediate Holdings Sàrl, a company owned by OpenGate Capital, a private equity firm specialized in acquiring and optimizing lower middle market businesses throughout North America and Europe.

The consolidated financial statements for Fiven ASA (hereafter Fiven/the Group), including notes, for the period 5 February 2019 to 31 December 2019 were approved by the Board of Directors of Fiven ASA on 12 March 2020.

Fiven is a global leader in silicon carbide ("SiC"), a material used in a variety of industrial applications. SiC is recognized for superior hardness and thermal conductivity, making it the preferred material for demanding applications: abrasive, metallurgy, filtration, technical ceramics and other uses. The Fiven Group is headquartered in Oslo (Norway). There are manufacturing entities in Arendal and Lillesand (Norway), Hody (Belgium), Barbacena (Brazil) and Puerto Ordaz (Venezuela). Fiven GmbH located in Cologne (Germany) is a management office. There are also sales representation offices in Shanghai (China) and in Worcester (USA).

Basis for preparation

The consolidated financial statements are prepared and based on International Financial Reporting Standards as adopted by the EU (IFRS).

The presentation currency of Fiven is Euro. All financial information is presented in Euro thousand, unless otherwise stated. As a result of rounding adjustments, the figures in one or more columns included in the consolidated financial statements, may not add up to the total.

The financial statements have been prepared on a historical cost basis, except for derivative instruments and defined benefit pension plans that are measured at fair value.

The consolidated financial statements have been prepared based on the going concern assumption. The corona virus adds uncertainty to future financial performance. Still even with a modest equity, the maturity dates for the vast majority of Fiven debt fall due only in 2022. Furthermore, recent quarters demonstrate that there is sufficient headroom to the bond covenant restrictions for maintaining financial flexibility to meet near term requirements. Fiven is also taking measures to lower the risk of the virus in line with external recommendations and according to own initiatives.

Note 2 Significant accounting policies

Functional currency

The functional currency is determined in each entity in the Group based on the currency within the entity's primary economic environment. Transactions in foreign currency are translated to functional currency using the exchange rate at the date of the transaction. At the end of each reporting period foreign currency monetary items are translated using the closing rate, non-monetary items that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction and non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Presentation currency

The Group's presentation currency is Euro. This is also the parent company's functional currency.

The statement of financial position figures of entities with a different functional currency are translated at the exchange rate prevailing at the end of the reporting period for balance sheet items, including goodwill, and the exchange rate at the date of the transaction for profit and loss items. The monthly average exchange rates are used as an approximation of the transaction exchange rate. Exchange differences are recognized in other comprehensive income ("OCI").

Consolidation principles

The Group's consolidated financial statements comprise the parent company and its subsidiaries as of 31 December 2019. An entity has been assessed as being controlled by the Group when the Group is exposed for or have the rights to variable returns from its involvement with the entity, and has the ability to use its power over the entity to affect the amount of the Group's returns.

Thus, the Group controls an entity if and only if the Group has all the following:

- power over the entity;
- exposure, or rights, to variable returns from its involvement with the entity; and
- the ability to use its power over the entity to affect the amount of the Group's returns.

There is a presumption that if the Group has the majority of the voting rights in an entity, the entity is considered as a subsidiary. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over the entity. Including ownership interests, voting rights, ownership structure and relative power, controlled by the Group and shareholder's agreement or other contractual agreements. See note 4 Composition of the group for a more detailed description of the Group's assessments regarding control.

The assessments are done for each individual investment.

The Group re-assesses whether or not it controls an entity if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Business combinations are accounted for by using the acquisition method, see note 4 Acquisitions. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

Current versus non-current classification

The Group presents assets and liabilities in the consolidated statement of financial position as either current or non-current.

The Group classifies an asset as current when it:

- Expects to realize the asset, or intends to sell or consume it, in its normal operating cycle
- Holds the asset primarily for the purpose of trading
- Expects to realize the asset within twelve months after the reporting period

Or

- The asset is cash or a cash equivalent, unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current, including deferred tax assets.

The Group classifies a liability as current when it:

- Expects to settle the liability in its normal operating cycle
- Holds the liability primarily for the purpose of trading
- Is due to be settled within twelve months after the reporting period

Or

- It does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current, including deferred tax liabilities.

Revenue from contracts with customers

Fiven`s main performance obligations are related to sale of goods, where the performance obligation is the delivery of an agreed volume of products within the agreed specification.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price would need to be allocated. The Group has concluded that the current sales contracts does not include any other material promises that are separate performance obligations.

Fiven has both short term and long term contracts. Short term contracts, normally within one month, cover delivery of an agreed volume at market price at the date the order is placed. The long term contracts cover a period of a few months and up to one year, where the prices normally are fixed within a volume range.

The Group has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer.

The Group recognizes revenue from the sale of goods at the point in time when control of the goods is transferred to the customer. Control of an asset refers to the ability to direct the use of and obtain substantially all of the remaining benefits from the asset, and the ability to prevent others from directing the use of and receiving the benefits from the asset. The transfer of control is determined based on the individual Incoterms rules agreed in the customer contract. Revenue is recognized at the point in time where the risk is transferred to the buyer. The main incoterms in use are:

FOB- Free on Board- means that the seller delivers the goods on board the vessel nominated by the buyer at the named port of shipment or procures the goods already so delivered. The risk of loss of or damage to the goods passes when the goods are on board the vessel, and the buyer bears all costs from that moment onwards.

FCA- Free Carrier -means that the seller delivers the goods to the carrier or another person nominated by the buyer at the seller's premises or another named place. The risk passes to the buyer at that point.

CPT- Carriage Paid To- means that the seller delivers the goods to the carrier or another person nominated by the seller at an agreed place and that the seller must contract for and pay the costs of carriage necessary to bring the goods to the named place of destination. The risk passes to the buyer when the goods have been delivered to the named place.

CIF – Cost, Insurance and Freight means that the seller delivers the goods on board the vessel or procures the goods already so delivered. The risk of loss of or damage to the goods passes when the goods are on board the vessel. The seller must contract for and pay the costs and freight necessary to bring the goods to the named port of destination. The seller also contracts for insurance cover against the buyer's risk of loss of or damage to the goods during the carriage.

DDP- Delivered Duty Paid-means that the seller delivers the goods when the goods are placed at the disposal of the buyer, cleared for import on the arriving means of transport ready for unloading at the named place of destination. The seller bears all the costs and risks involved in bringing the goods to the place of destination and has an obligation to clear the goods for all custom duties.

Fiven in certain instances provides retrospective volume discounts (or bonuses) once the quantity of products purchased during a period exceeds a threshold specified in the contract.

When the consideration in a contract includes a variable amount, such as retrospective discounts and bonuses, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The retrospective bonuses and discounts are estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur, when the associated uncertainty with the variable consideration is subsequently resolved. Constrained amounts are set off against amounts payable by the customer.

To estimate the variable consideration for the expected future rebates, the Group applies the most likely amount method for contracts with a single-volume threshold and the expected value method for contracts with more than a single-volume threshold. The Group recognizes refund liabilities for the expected volume rebates.

The Group sometimes receives short-term advances from its customers. Using the practical expedient in IFRS 15, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for the particular good or service will be one year or less.

The Group has chosen to apply the optional practical expedient for costs to obtain a contract which allows the Group to immediately expense such costs when the related revenue is expected to be recognized within one year. When revenues will be recognized over several reporting periods the Group recognizes incremental costs of obtaining a contract with a customer as an asset, provided that the costs are expected to be recovered throughout the contract. The costs are amortized on a systematic basis that is consistent with the transfer of the related goods or services to the customer and subsequently re-assessed at the end of each reporting period.

Segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker("CODM"). At Fiven this is defined as the CEO, for the purpose of assessing performance and allocating resources. The financial information relating to segments is presented in Note 5.

Borrowing costs

Borrowing costs are recognized in the statement of comprehensive income when they arise. Borrowing costs are capitalized to the extent that they are directly related to the purchase, construction or production of a non-current asset. The interest costs accrued during the construction period until the non-current asset is capitalized. Borrowing costs are capitalized until the date when the non-current asset is ready for its intended use. If the cost price exceeds the non-current asset's fair value, an impairment loss is recognized.

Income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income, based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Deferred tax/tax assets are calculated on all differences between the book value and tax value of assets and liabilities, with the exception of:

- temporary differences linked to goodwill that are not tax deductible
- temporary differences related to investments in subsidiaries, associates or joint ventures when the Group controls when the temporary differences are to be reversed and this is not expected to take place in the foreseeable future.

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

Deferred tax and deferred tax assets are measured on the basis of the expected future tax rates applicable to the companies in the Group where temporary differences have arisen.

Deferred tax and deferred tax assets are recognized at their nominal value and classified as non-current asset investments (long-term liabilities) in the balance sheet.

Taxes payable and deferred taxes are recognized directly in equity to the extent that they relate to equity transactions.

Research and development

Expenses relating to research activities are recognized in the statement of comprehensive income as they incur. Expenses relating to development activities are capitalized to the extent that the product or process is technically and commercially viable and the Group has sufficient resources to complete the development work. At 31 December 2019 no development costs have been capitalized.

Tangible assets

Tangible assets are valued at their cost less accumulated depreciation and impairment losses. When assets are sold or disposed, the carrying amount is derecognized and any gain or loss is recognized in the statement of comprehensive income.

The cost of tangible non-current assets is the purchase price, including taxes/duties and costs directly linked to preparing the asset ready for its intended use. Costs incurred after the asset is in use, such as regular maintenance costs, are recognized in the statement of comprehensive income, while other costs that are expected to provide future financial benefits are capitalized.

Depreciation is calculated using the straight-line method over the useful life.

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

Assets under construction are classified as non-current assets and recognized at cost until the production or development process is completed. Assets under construction are not depreciated until the asset is taken into use.

Intangible assets

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

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

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

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

Technologies

Technology purchased, or acquired in a business combination are recognized at fair value at the acquisition date.

In the acquisition from Saint-Gobain 1 May 2019 Fiven acquired four main technologies:

- Metallurgy products technology
- Refractories products technology
- Abrasives products technology
- Customized product technology

The technologies have a definite useful life and are carried at cost less accumulated amortization. Amortization is calculated using the straight-line method over the expected life of the technologies. The expected useful life ranges from 5 to 20 years.

Customer relationships

Customer relationships purchased, or acquired in a business combination are recognized at fair value at the acquisition date.

The customer relations have a definite useful life and are carried at cost less accumulated amortization. Amortization is calculated using the straight-line method over the expected life of the customer relationship.

Trademark

In the acquisition from Saint-Gobain 1 May 2019 Fiven acquired the trademark “Sika”. All Fiven products are sold using this brand. The trademark has an indefinite useful life and is not amortized, but is tested annually for impairment.

Patents and licenses

Amounts paid for patents and licenses are capitalized and amortized in a straight line over the expected useful life. Patents acquired in the acquisition from Saint-Gobain are included in the fair value of the acquired technologies.

Software

Expenses linked to the purchase of new computer software are capitalized as an intangible asset provided these expenses do not form part of the hardware acquisition costs. Software is normally depreciated on a straight-line basis over three years.

Costs incurred as a result of maintaining or upholding the future utility of software is expensed unless the changes in the software increase the future economic benefits from the software.

Leases

Identifying a lease

At the inception of a contract, The Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group as a lessee

Separating components in the lease contract

For contracts that constitute, or contain a lease, the Group separates lease components if it benefits from the use of each underlying asset either on its own or together with other resources that are readily available, and the underlying asset is neither highly dependent on, nor highly interrelated with, the other underlying assets in the contract. The Group then accounts for each lease component within the contract as a lease separately from non-lease components of the contract.

Recognition of leases and exemptions

At the lease commencement date, the Group recognizes a lease liability and corresponding right-of-use asset for all lease agreements in which it is the lessee, except for the following exemptions applied:

- Short-term leases (defined as 12 months or less)
- Low- value assets

For these leases, the Group recognizes the lease payments as other operating expenses in the statement of profit or loss when they incur.

Lease liabilities

The lease liability is recognized at the commencement date of the lease. The Group measures the lease liability at the present value of the lease payments for the right to use the underlying asset during the lease term that are not paid at the commencement date. The lease term represents the non-cancellable period of the lease, together with periods covered by an option either to extend or to terminate the lease when the Group is reasonably certain to exercise this option.

The lease payments included in the measurement comprise of:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date
- Amount expected to be payable by the Group under residual value guarantees
- The exercise price of a purchase option, if the Group is reasonably certain to exercise that option
- Payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate the lease.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and re-measuring the carrying amount to reflect any reassessment or lease modifications, or to reflect adjustments in lease payments due to an adjustment in an index or rate.

The Group does not include variable lease payments in the lease liability. Instead, the Group recognizes these variable lease expenses in profit or loss.

The Group presents its lease liabilities as separate line items in the statement of financial position.

Right-of-use assets
The Group measures the right-of use asset at cost, less any accumulated depreciation and impairment losses, adjusted for any re-measurement of lease liabilities The cost of the right-of-use asset comprise:

- The amount of the initial measurement of the lease liability recognized
- Any lease payments made at or before the commencement date, less any incentives received
- Any initial direct costs incurred by the Group. An estimate of the costs to be incurred by the Group in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

The Group applies the depreciation requirements in IAS 16 Property, Plant and Equipment in depreciating the right-of-use asset, except that the right-of-use asset is depreciated from the commencement date to the earlier of the lease term and the remaining useful life of the right-of-use asset.

The Group applies IAS 36 Impairment of Assets to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. For description of the measurement of non-controlling interest, see below. Acquisition-related costs are expensed in the periods in which the costs are incurred and the services are received.

The consideration paid in a business combination is measured at fair value at the acquisition date and consist of cash.

When acquiring a business are all financial assets and liabilities assumed for appropriate classification and designation in accordance with contractual terms, economic circumstances and pertinent conditions at the acquisition date. The acquired assets and liabilities are accounted for by using fair value in the opening group balance (unless other measurement principles should be applied in accordance to IFRS 3).

The initial accounting for a business combination can be changed if new information about the fair value at the acquisition date is present. The allocation may be amended within 12 months of the acquisition date.

The measurement principle is done for each business combination separately.

When the business combination is achieved in stages are the previously held equity interest re-measured at its acquisition-date fair value and the resulting gain or loss, if any, is recognized in profit or loss.

Goodwill is recognized as the aggregate of the consideration transferred and the amount of any non-controlling interest, and deducted by the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. Goodwill is not depreciated, but is tested at least annually for impairment.

If the fair value of the equity exceeds the acquisition cost in a business combination, the difference is recognized as income immediately on the acquisition date.

Government grants

Government grants are recognized when it is reasonably certain that the company will meet the conditions stipulated for the grants and that the grants will be received. Operating grants are recognized systematically during the grant period. Grants are recognized as other income. Investment grants are capitalized and recognized systematically over the asset's useful life. Investment grants are recognized as a deduction of the asset's carrying amount.

Financial assets

The Group´s financial assets are: derivatives, trade receivables and cash and cash equivalents.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component, the Group initially measures a financial asset at its fair value.

The Group classified its financial assets in four categories:

- Financial assets at amortized cost
- Financial assets (derivatives that do not qualify for hedge accounting) at fair value through profit or loss
- The Group measures financial assets at amortized cost if both of the following conditions are met:
- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and,
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Group's financial assets at amortized cost include receivables and other short-term deposits. Trade receivables that do not contain a significant financing component are measured at the transaction price determined under IFRS 15 Revenue from contracts with customers.

Financial assets at fair value through profit or loss

Currency derivatives used as an economic hedge, but are not designated as hedging instruments for hedge accounting under IFRS 9, are carried at fair value. Changes in fair value are charged to the profit or loss statement.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either
  a. the Group has transferred substantially all the risks and rewards of the asset, or
  b. the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

Financial liabilities

Financial liabilities are classified, at initial recognition, as loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, or as hedging instruments not qualifying for hedge accounting, as appropriate. Derivatives are recognized initially at fair value. Loans, borrowings and payables are recognized at fair value net of directly attributable transaction costs.

Derivatives are financial liabilities when the fair value is negative, they are accounted for similarly as derivatives as assets.

Loans, borrowings and payables

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the Effective Interest Method(EIR) method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit or loss.

Payables are measured at their nominal amount when the effect of discounting is not material.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

Impairment of financial assets

The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss.

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date.

Inventories

Inventories are recognized at the lowest of cost or net selling price. The net selling price is the estimated selling price in the case of ordinary operations minus the estimated completion, marketing and distribution costs. The cost is arrived at using the FIFO method and includes the costs incurred in acquiring the goods and the costs of bringing the goods to their current state and location. In-house produced goods include variable costs and fixed costs that can be allocated based on normal capacity utilization.

Cash and cash equivalents

Cash includes cash in hand and at bank. Cash equivalents are short-term liquid investments that can be immediately converted into a known amount of cash and have a maximum term to maturity of three months.

Equity

Equity and liabilities

Ordinary shares are classified as equity

Financial instruments are classified as liabilities or equity in accordance with the underlying economic realities.

Interest, dividend, gains and losses relating to a financial instrument classified as a liability will be presented as an expense or income. Amounts distributed to holders of financial instruments that are classified as equity will be recorded directly in equity.

Costs of equity transactions

Transaction costs directly related to an equity transaction are recognized directly in equity after deducting tax expenses.

Other equity

Translation differences

Translation differences arise in connection with exchange-rate differences of consolidated foreign entities.

Exchange-rate differences in monetary amounts (liabilities or receivables) which are in reality a part of a company's net investment in a foreign entity are also included as translation differences.

If a foreign entity is sold, the accumulated translation difference linked to the entity is reversed and recognized in the statement of comprehensive income in the same period as the gain or loss on the sale is recognized.

Employee benefits

Defined contribution plans

Fiven's pension plans are mainly defined contribution plans. These plans comprise arrangements whereby the company makes annual contributions to the employee's pension plan, and where the employee's future pension is determined by the amount of the contributions and the return on the pension plan asset. The Group's contributions to these plans are recognized as an expense when they incur.

Defined benefit plans

Defined benefit plans are pension plans where the group is responsible for paying pensions at a certain level, based on employees' salaries when retiring. The current service cost and net interest income/costs are recognized in profit or loss and is presented in the salary and personnel cost in the income statement

Fiven Norge AS has an unfunded obligation for retired employees at the time of curtailment of a former defined benefit plan. The plan is closed for new pensioners. See note 9.

Provisions

A provision is recognized when the Group has an obligation (legal or self-imposed) as a result of a previous event, it is probable (more likely than not) that a financial settlement will take place as a result of this obligation and the size of the amount can be measured reliably. If the effect is considerable, the provision is calculated by discounting estimated future cash flows using a discount rate before tax that reflects the market's pricing of the time value of money and, if relevant, risks specifically linked to the obligation.

Restructuring provisions: Restructuring provisions are recognized when the Group has approved a detailed, formal restructuring plan and the restructuring has either started or been publicly announced.

Contingent liabilities and assets

Contingent liabilities are not recognized in the annual accounts. Significant contingent liabilities are disclosed, with the exception of contingent liabilities that are unlikely to be incurred.

Contingent assets are not recognized in the annual accounts but are disclosed if there is a certain probability that a benefit will be received.

Events after the reporting period

New information on the company's financial position on the end of the reporting period which becomes known after the reporting period is recorded in the annual accounts. Events after the reporting period that do not affect the company's financial position at the end of the reporting period, but will affect the company's financial position in the future, are disclosed if significant.

Amendments to standards and interpretations with a future effective date

Standards and interpretations that are issued up to the date of issuance of the consolidated financial statements, but not yet effective are disclosed below. The Group's intention is to adopt the relevant new and amended standards and interpretations when they become effective, subject to EU approval before the consolidated financial statements are issued.

Amendments to IFRS 3 Definition of a Business

The amendments will help companies determine whether an acquisition made is of a business or a group of assets.

The amended definition emphasizes that the output of a business is to provide goods and services to customers, whereas the previous definition focused on returns in the form of dividends, lower costs or other economic benefits to investors and others. In addition to amending the wording of the definition, the Board has provided supplementary guidance.

The amendments must be applied to transactions for which the acquisition date is on or after the first the beginning of the first annual reporting period beginning on or after 1 January 2020. Early application is permitted. The Group does not intend to early adopt the amendments.

Amendments to IAS 1 and IAS 8 - Definition of Material

The International Accounting Standards Board has issued amendments to its definition of material to make it easier for companies to make materiality judgements. The definition of material, an important accounting concept in IFRS Standards, helps companies decide whether information should be included in their financial statements. The updated definition amends IAS 1 and IAS 8.

The amendments are a response to findings that some companies experienced difficulties using the old definition when judging whether information was material for inclusion in the financial statements.

The amendments clarify the definition of material and how it should be applied by including in the definition guidance that until now has featured elsewhere in IFRS Standards. In addition, the explanations accompanying the definition have been improved. Finally, the amendments ensure that the definition of material is consistent across all IFRS Standards.

The changes are effective for annual periods beginning on or after 1 January 2020, but companies can decide to apply them earlier. The Group does not intend to early adopt the amendments.

The International Accounting Standards Board has issued amendments to the classification of liabilities as Current or Non-Current (Amendments to IAS 1)

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. Annual reporting periods beginning on or after 1 January 2022. Not yet endorsed for use in the EU.

Amendments to IFRS 9, IAS 39 and IFRS 7 due to the IBOR reform

The amendments provide companies with temporary reliefs to certain requirements related to hedge accounting in the period of uncertainty before the replacement of an existing interest rate benchmark with an alternative nearly risk-free interest rate (an RFR).

For the hedging relationships where the reliefs are applied, companies are required to disclose additional qualitative and quantitative information. However, the amendments also provide an exemption from the disclosure requirements in IAS 8.28 f related to the adjustment amounts in the current and prior period.

The effective date of the amendments is for annual periods beginning on or after 1 January 2020, with early application permitted. The requirements must be applied retrospectively. The Group does not intend to early adopt the amendments.

Note 3 Accounting estimates and judgements

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the group's accounting policies.

This note provides an overview of the areas that involved a higher degree of judgement or complexity.

The areas involving significant estimates or judgements are:

- Acquisition of businesses from Saint-Gobain Group

Under IFRS 3 an acquisition of a business inter-alia involves estimation of the fair value of tangible and intangible assets as well as the fair value of liabilities and contingent liabilities.

When estimating the fair value of intangible assets; the trademark SIKA and the fair value of acquired Technologies Fiven has applied generally accepted methodology, mainly the "Relief-from-Royalty method".

The premise of the Relief-from-Royalty Method is that without ownership of the subject intangible asset, the user of that intangible asset would have to 'rent' it in return for the rights to use it. Thus, by acquiring the intangible asset, the user is relieved from these payments.

In applying the Relief-from-Royalty Method Fiven has in particular made judgements in assessing the relevant royalty rate as well as estimating the remaining useful life of the assets.

The initial accounting for the business combinations is preliminary (ref note 4 Acquisitions).

- Consolidation of subsidiaries

Fiven Accounting policy is to consolidate all subsidiaries that are controlled by Fiven as defined in IFRS 10 Consolidated Financial Statements, in as so far as the effect of non-consolidation would not be material. Fiven has applied judgement when concluding that the effect of not consolidating the Venezuelan subsidiaries is immaterial (ref note 4 Acquisitions).

- Impairment indicators

Fiven has made an assessment to identify any indications to the effect that material tangible or intangible assets with a definite life may be impaired. Such indications have not been identified and therefore a full estimation of recoverable amounts has not been made. The evaluation of external and internal sources and the potential effect involves considerable judgement.

- Impairment testing of goodwill and intangible assets with an indefinite life.

Goodwill and intangible assets with an indefinite useful life are not amortized on a regular basis. These assets are therefore tested at least annually for impairment. The test process involves identifying expected cash flows relating to the assets and discounting the cash flows to arrive at an estimated value. Future cash flows are based on specific assumptions and plans adopted by the company.

The impairment testing process involves considerable judgement and estimation with regard to the specific assumptions and plans made. See note 17 Impairment Assessments.

- Estimation and judgements regarding environmental liabilities

Fiven has operations in Norway, Brazil, Belgium and Venezuela representing potential exposure towards environmental consequences. A provision is recognized when the group has a present obligation and it is probable that an outflow of resources is required to settle the obligation.

Any significant contingent liabilities are disclosed in the notes. Contingent liabilities are liabilities which are not recognized because they are possible obligations that have not yet been confirmed, or they are present obligations where an outflow of resources is not probable.

The process and procedures used in assessing the need for a provision or alternatively information regarding contingent liabilities involves considerable judgements with regard to assessing potential obligations in terms of probability and potential outflow of resources. See note 24 Provisions and note 31 Contingent Liabilities.

- Estimation and judgements regarding contingent liabilities

Contingent liabilities are not recognized in the annual accounts. Significant contingent liabilities are disclosed, with the exception of contingent liabilities that are unlikely to be incurred. Fiven has applied judgement in assessments of the probability of outflow of resources (payment) regarding the final consideration for the acquisition from Saint-Gobain Group, described in note 31 Contingent liabilities.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

Note 4 Composition of the group (including acquisition)

On 14 May, 2019, the Group acquired 100% of the shares and voting interests in SG Ceramic Materials AS (Norway), Matériaux Céramiques S.A (Belgium), Carbeto de Silicio SIKA Brasil Ltda (Brazil), SG Materiales Ceramicos CA (Venezuela) and Curburo del Caroni CA (Venezuela).

The acquired Group is a worldwide leader in Silicon Carbide (SiC) grains and powders, providing products and solutions for different industries and applications. The Group produce a wide range of products with various chemical purity, size distribution, shapes, surface properties, flowability and additives. The Group is a global leader in the silicon carbide industry mainly in Europe and South America. The Group has manufacturing facilities in Norway, Brazil, Belgium and Venezuela.

The Group`s operations in Venezuela are integrated cost centers under the current business model of the Belgian production facility. The Venezuelan subsidiaries are controlled by the Group as defined in IFRS 10. Based on a thorough assessment Fiven Group has however concluded not to consolidate the two subsidiaries, as this will have no material impact on the financial information being relevant and faithfully represented.

The purchase allowed the Group to become a leading global Silicon Carbide (SiC) business player, with a strong and well-established brand (SIKA).

In the period from 1 May, 2019 to 31 December, 2019 the acquired companies, which were the only entities with operations, contributed revenues 77.589 TEUR, and the net loss for the Group was 4.973 TEUR for the period from 1 May, 2019 to 31 December, 2019. If the acquisition had occurred on 1 January, 2019, the Group estimates that the consolidated revenues for 2019 would have been 109 074 TEUR and the consolidated net income for 2019 would have been 2 030 TEUR.

The net transaction price was 80.047 TEUR including working capital and net financial debt adjustments. At closing, 80.047 TEUR was paid to Saint-Gobain. The gross cash consideration was paid by the owner of the Group to the seller via the new Norwegian based holding company of the Group and the rights and liabilities associated with the ownership was transferred directly to the same Norwegian based holding company at the time of closing. The associated cash flows are included in the statement of cash flows for the period from inception of Fiven ASA (Fiven AS at the time) 5 February 2019 to 31 December 2019.

At 31 December 2019, the consideration paid is based on provisional accounts that are not final yet. Fiven ASA is under a third party expertise process with the seller. The contingent consideration is estimated to zero (note 31).

Acquisition-related costs were 1.972 TEUR including legal fees and due diligence costs. This cost has been included in other operating expenses.

Amounts in EUR thousand	
Consideration	
Cash consideration	80 047
Less cash aquired	-6 931
Contingent consideration	-
Net consideration	**73 116**

Amounts in EUR thousand	Carrying amount	Excess value	Fair value
Assets and liabilities recognized			
Property plant and equipment	36 515	-	36 515
Intangible asset -trademark	-	6 795	6 795
Intangible asset- technology and customer relationships	-	6 509	6 509
Other intangible assets	933	-1	932
Deferred tax asset	1 500	534	2 034
Other financial assets	41	-	41
Inventories	38 783	991	39 774
Trade receivables and other receivables	30 088	-	30 088
Current interest-bearing liabilities	-10 422	-	-10 422
Deferred tax liability	-1 127	-3 815	-4 942
Lease liabilities	-4 549	-	-4 549
Trade payables and other payables	-29 983	-	-29 983
Provisions	-2 067	-	-2 067
Total	**59 712**	**11 013**	**70 725**
Goodwill			2 391
Total			**73 116**

Trade receivables and other receivables are presented net of allowance for bad debts of 375 TEUR. Intangible assets were valued according to the relief-from-royalty method and multi-period excess earnings method. The relief from royalty method considers the discounted estimated royalty payments that are expected to be avoided as a result of the patents or trademarks being owned. The multi-period excess earnings method considers the present value of net cash flows expected to be generated by the consumer relationships, by excluding cash flows from related contributory assets. The goodwill allocated represent the growth outlook of the business.

Note 5 Operating segments

Fiven identifies its segments according to the organization and reporting structure as decided and followed up by group management. Operating segments are components of a business that are evaluated regularly by the chief operating decision maker, defined as the CEO, for the purpose of assessing performance and allocating resources.

Fiven has three reportable segments; Fiven Norway, Fiven Brazil and Fiven Belgium.

Fiven Norway - The two plants in Norway in respectively Lillesand and Arendal are focused on specialty products as well as abrasive applications. Arendal is the oldest still running silicon carbide plant in the world.

Fiven Brazil - The largest silicon carbide plant within the Fiven Group is located in Barbacena, Brazil. Mainly supplying the American market, the plant provides solutions for refractory and metallurgical applications.

Fiven Belgium - The processing plant in Hody, Belgium, delivers mainly products for metallurgical and refractory applications. Fiven Belgium's source of crude silicon carbide is the entities in Venezuela acting as an extension of the Belgian operations with no other customers than the Belgian entity.

Other - Fiven ASA has offices in Oslo, Norway. Together with Fiven GmbH in Cologne, Germany, they are performing headquarter and management activities for the Fiven Group. There are sales representation offices in respectively Shanghai, China, and Worcester, USA.

Segment reporting for the period 5 February to 31 December 2019:

Amounts in EUR thousand	Fiven Norway	Fiven Brazil	Fiven Belgium	Other	Total segment reporting
Revenue from contracts with customers	32 264	32 285	12 684		77 234
Other income	50	73	226	7	355
Total revenue and other income from external customers	**32 314**	**32 358**	**12 910**	**7**	**77 589**
Revenue from other group segments	1 191	3 631	7 007	-11 829	0
Total revenue and other income	**33 505**	**35 989**	**19 917**	**-11 822**	**77 589**
Operating expenses (excluding depr. and amort.)	-28 159	-32 053	-18 138	7 582	-70 769
Operating profit/(loss)	**3 716**	**2 367**	**1 568**	**-4 777**	**2 874**
Depreciation and amortization	1 630	1 569	211	537	3 946
EBITDA	**5 346**	**3 936**	**1 779**	**-4 240**	**6 820**
Items excluded from EBITDA ADJ.	316	323	207	5 102	5 948
EBITDA ADJ.	**5 662**	**4 259**	**1 986**	**862**	**12 768**

Non-current assets in the segments:

Amounts in EUR thousand	Fiven Norway	Fiven Brazil	Fiven Belgium	Other	Total segment reporting
Tangible assets	17 163	17 317	1 295	-	35 775
Intangible assets	145	430	-	12 766	13 341
Goodwill				2 391	2 391
Total non- current assets	**17 308**	**17 746**	**1 295**	**15 157**	**51 507**

The Alternative Performance Measures (APMs) are further explained in the APM attachment to the annual report.

Operating segment information

Segment performance is evaluated based on EBITDA adjusted (as defined in the APM attachment). Fiven's financing and taxes are managed on a group basis and are not allocated to operating segments. EBITDA adjusted includes positive IFRS 16 impact and excludes non-recurring transaction costs, carve-out costs and other transition costs.

Eliminations comprise mainly of intersegment sales. Transactions between operating segments are conducted on an arm's length basis in a manner similar to transactions with third parties.

The accounting policies used for segment reporting reflect those used for the group.

Fiven has several large customers, of which Saint-Gobain accounts for more than 10% of total revenue.

REVENUE FROM CONTRACTS WITH CUSTOMERS BASED ON CUSTOMER LOCATION:

Amounts in EUR thousand	05.02-31.12.19
Europe	37 585
Asia	4 813
North America	11 665
South America	23 129
Other	40
Total revenue	**77 233**

Note 6 Revenue

DETAILS OF REVENUE FOR THE PERIOD 5 FEBRUARY TO 31 DECEMBER 2019:

Amounts in EUR thousand	Fiven Norway	Fiven Brazil	Fiven Belgium	Total
Standard products	7 477	32 109	12 684	52 271
Specialized products	24 786	176	-	24 962
Total revenue	**32 264**	**32 285**	**12 684**	**77 233**

Sales are recognized in income at the expected value of the consideration after deducting benefits to customers, mainly estimated bonus payments. At 31.12.19 the accrued, unpaid bonus was 165 TEUR.

Note 7 Grants

Amounts in EUR thousand	05.02-31.12.19 Other operating expense	Other operating expense
R&D grants from Norwegian Government	140	468
CO_2 compensation from the Norwegian Government (note 18)	868	-
Total Government grants	**1 008**	**468**
SO_2 allowance from Miljøfondet		93
Grants from other than Government	**0**	**93**
Total grants	**1 008**	**561**

R&D grants from the Norwegian Government

Fiven Norge has three "SkatteFUNN" projects in 2019. This is a tax refund incentive for development projects. The total grant for 2019, 456 TEUR, is expected to be finally approved through the 2019 tax return. 140 TEUR has been recognized as a cost reduction, while 316 TEUR has been recognized as a reduction of fixed assets. Other R&D grants, 152 TEUR has been recognized as a reduction of fixed assets.

CO_2 compensation

The Norwegian government established in 2013 a scheme to compensate for CO_2 costs included in the power price. The CO_2 allowance is set in January of the grant year. For 2019 this is 155,31 NOK/ton. The total grant depends on the production activity level, compared to a preset base level. The current CO_2 compensation scheme will end in 2020. The CO_2 compensation scheme applies for Fiven's Norwegian plants. 868 TEUR is recognized as a reduction in cost of goods for the period.

Note 8 Employee benefit expenses

Amounts in EUR thousand	05.02-31.12.19
Salaries incl. bonuses	12 411
Social security cost	2 224
External temporary hires	733
Pension cost (Note 9)	585
Other personnel related cost	942
Total employee benefit expense	**16 896**
Average full time equivalents	523
Full time equivalents 31.12.19	493

Note 9 Employee benefit obligations (pensions)

Amounts in EUR thousand	2019
Defined contribution plans	519
Defined benefit plan	66
Total pension cost	**585**
Pension obligations	
Present value of pension obligation	413
Fair value of plan assets	0
Net unfunded pension obligations	**413**

Defined contribution plans

Defined contribution plans are the main pensions plan for Fiven's Norwegian entities, where the contribution to each individual pension plan is 4% of annual salary up to 7.1G and 15% of annual salary between 7.1-12G and 5% between 1G and 7.1G and 8% between 7.1 and 12 G for Fiven Norge AS and Fiven ASA respectively. 1G refers to the Norwegian national insurance scheme's basic amount, which was NOK 99,858 as at 1 May 2019.

In addition, Fiven Norge AS participates in a Norwegian multi-employer early retirement scheme called AFP, where sufficient information to calculate each participant's pension obligation is not available, is accounted for as it is a defined contribution plan in accordance with the Ministry of Finance's conclusion. The participants in the pension plan are jointly responsible for 2/3 of the plan's pension obligation, the government is responsible for the remaining part. The yearly pension premium in 2019 is 2.5% of the employees' salary between 1 and 7.1G, covering this year's pension payments and contribution to a security fund for future pension obligations. The premium for 2020 in percent of salary will be equal to 2019.

The subsidiary in Brazil has a Defined Contribution plan with a contribution from the company. The employee participates in the plan with a percentage that may vary from 2% up to 7% of their salary. The company contributes with 150% of the employee contribution.

Defined benefit plans

Fiven Norge AS has an unfunded benefit plan covering retired employees only. There are no new pensioners entering the plan. The yearly expense (66 TEUR) is mainly interest and contractual yearly adjustments of the pensions.

Note 10 Management remuneration

The key principals for determination of the Group's remuneration is to encourage a strong, sustainable and performance-based culture. The remuneration policy should also ensure that Fiven has a strong ability to attract, retain and develop qualified people with adequate leadership and professional competencies and skills, in order to support and contribute to profitable growth and creation of shareholder value. Determination of remuneration also takes into account the breadth and complexity of the company's worldwide operations and reflects the company's objections for sustainability and growth.

The company shall seek to offer a remuneration level on market terms satisfying the company's need to recruit and keep highly qualified personnel on executive management level. More specifically, this implies that the total compensation of the executive management consists of a fixed compensation and other remuneration at a level reflecting the principles mentioned above.

Remuneration includes:

1. Fixed compensation - The fixed base salary will be determined based on the following criteria: job level, local conditions in the labor market, performance level, budget and guidelines for annual salary review in line with general salary trends. The fixed compensation shall be reasonable and competitive and represent a significant component in the executive management compensation.

2. Benefits, pension and insurances – The benefits are determined considering market standards and job level and include elements such as mobile phone, laptop and car allowance / company car. The executive management participate in the relevant local pension schemes in their countries of residence in line with established market practices. The executive management is covered by insurance arrangements applicable to Fiven employees in their respective countries of residence.

3. Variable compensation – The executive management participates in an annual bonus scheme linked to achievements of both financial, strategic and operational targets. The financial targets are linked to EBITDA Adj. and cash flow from operations.

4. Loan and guarantees - There are no loans or guarantees to the executive management.

Termination of employment - The employment agreements for the executive management have a 3 to 6-month period of notice from last day of the month in which the written notice is given.

The table below details compensations paid to group management in 2019:

Amounts in EUR thousand	Company Position	Salary	Bonus	Other	Pension cost	Total
Falk Ast	Executive chairman	171	0	50	0	221
Stein Erik Ommundsen	General manager (from 1.9.2019)	66	16	6	2	89
Betty Lunøe Åsheim	Sales & Marketing Director	90	34	10	6	140
Pål Einar Runde	R&D Director	123	31	8	7	168
Total		**449**	**81**	**73**	**15**	**618**

Note 11 Other operating expenses

Amounts in EUR thousand	01.05-31.12.19
Marketing and sales commission	803
Research and development cost	526
Short term and low value leases	221
Other office expenses	654
Transaction costs	1 972
IT related expenses	1 528
Travel expenses	679
Consultancy fees and external personnel	3 134
Audit expenses [1]	115
Bad debts	38
Other operating cost	1 225
Total other operating expenses	**10 895**

[1] REMUNERATION OF THE AUDITOR

Amounts in EUR thousand	01.05-31.12.19
Statutory audit	100
Other assurance services	7
Tax services	8
Total total audit expenses	**115**

Note 12 Leasing

Fiven Group has lease contracts for various production related equipment, mainly forklifts, mining and quarry equipment, trucks and vehicles. The production related equipment generally have lease terms between 1 and 5 years. The obligations under its leases are secured by the lessor's title to the leased assets. Generally, Fiven Group is restricted from assigning and subleasing the leased assets.

Fiven group has some leases of equipment with leases terms of 12 months or less and leases of office equipment with low value. For these leases Fiven Group applies the "short-term lease" and the "lease of low-value assets recognition exemptions.

Set out below are the carrying amount of right-of-use assets recognized and the amount during the period:

RIGHT-OF-USE ASSETS

Amounts in EUR thousand	Plant and equipment	Total right of use assets
Balance as of 05.02.2019	-	-
Business combinations (note 4)	4 540	4 540
Additions	626	626
Depreciation	-1 018	-1 018
Adjustments	0	0
Termination	0	0
Currency translation difference	-104	-104
Balance as of 31.12.19	**4 044**	**4 044**

Total lease liabilities as of 01.05.2019	**-**
Business combinations (note 4)	4 549
Addition	626
Accretion of interest	71
Lease payments	-1 067
currency effect	-71
Total lease liabilities as of 31.12.2019	**4 108**

Amounts recognised in the cash flow statement	**05.02-31.12.19**
Payment of principal portion of lease liabilities	-996
Payment of interest	-71
Total lease payments	-1 067

Maturity analysis - contractual undiscounted cash flows	**Amount**
Within one year	1 694
After one year but not more than five	4 514
More than five years	64
Total undiscounted lease liabilities at 31 December 2019	**6 273**

Amounts recognized in the statement of profit or loss	**05.02-31.12.19**
Depreciation charge of right-of use assets	-1 018
Interest expense(included in finance cost)	-71
Expense relating to short term leases (included in other operating cost)	-207
Expense relating to leases of low-value assets (included in other operating cost)	-14
Expense relating to variable lease payments not included in lease liabilities	-
Total amount recognized in statement of income	**-1 310**

Note 13 Finance income and expenses

Amounts in EUR thousand	01.05-31.12.19
Finance income	
Gain on financial instruments	0
Other interest income	13
Foreign exchange gains	56
Other financial income	2
Total finance income	**70**
Finance expenses	
Interest on debts and borrowings	5 459
IFRS 16 interest expenses	70
Interest expense factoring	148
Foreign exchange losses	369
Other financial expenses	230
Total finance expenses	**6 276**
Net Finance income (expenses)	**-6 206**

Note 14 Taxes

Amounts in EUR thousand	01.05-31.12.19
Tax payable	-1 600
Withholding tax	-149
Changes in deferred tax	109
Income tax (expense) benefit	**-1 641**

The Group's parent company is domiciled in Norway, where the applicable tax rate is 22%. The reconciliation of the expected to the actual income tax expense is based on the applicable tax rate in Norway.

RECONCILIATION OF TAX (EXPENSE) BENEFIT TO NOMINAL STATUTORY TAX RATE

Amounts in EUR thousand	01.05-31.12.19
Net income (loss) before income taxes	**-3 332**
Tax expense (-) benefit at applicable tax rate	733
Effect of different tax rates applied by subsidiaries	-296
Tax effect of permanent differences exempted for tax	89
Tax effect of not tax deductable transaction costs	-436
Tax effect of other permanent differences not tax deductible	-300
Change in unrecognized deferred tax assets	-1 284
Other taxes, withholding tax	-149
Income tax expense	**-1 641**
Effective tax rate	-49%

DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITY

Amounts in EUR thousand	31.12.19
Receivable	600
Other current liabilities	605
Tax losses carried forward	266
Other non current / Interest cost subject to limitations	1 018
Deferred tax assets	**2 489**
Unrecognized deferred tax asset, losses carried forward	-266
Unrecognized deferred tax asset, interest cost subject to limitations	-1 018
Deferred tax assets recognized	**1 205**
Netting	-598
Net Deferred tax assets recognized	**607**
Tangible and intangible fixed assets	3 470
Inventory	535
Deferred tax liabilities	**4 005**
Netting	-598
Net deferred tax liabilities	**3 407**
Net deferred tax (liabilities) / assets	**-2 800**

CHANGE IN DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES

Amounts in EUR thousand	2019
Opening balance as of 05.02.2019	-
Business combination, note 4	-2 908
Change in deferred tax in statement of income	109
Net Deferred tax assets/(liabilities) 31.12.19	**-2 800**

THE GROUP HAS TOTAL TAX LOSS CARRY FORWARD OF WHICH EXPIRES AS FOLLOW:

Amounts in EUR thousand	Tax base amount	Tax amount
Unlimited (Brazil)	-348	-118
Unlimited (Norway)	-673	-148
Total tax loss carry forward 31.12.19	**-1 020**	**-266**

DEFERRED TAX ASSETS RELATED TO INTEREST EXPENSES SUBJECTED TO LIMITATIONS, EXPIRES AS FOLLOW:

Amounts in EUR thousand	Tax base amount	Tax amount
10 years (Norway)	-4 628	-1 018
Total tax loss carry forward 31.12.19	**-4 628**	**-1 018**

Note 15 Property, plant and equipment

Amounts in EUR thousand	Land	Buildings	Plant and equipment	Right of use assets	Assets under construction [1]	Total
Accumulated cost 05.02.2019		-	-	-	-	-
Business combinations (note 4)	383	12 286	14 549	4 540	4 778	36 536
Additions	0	271	1 018	626	1 665	3 581
Transferred from asset under constructions	0	119	1 149	0	-1 268	0
Disposals	0	-8	-24	0	-267	-298
Exchange differences	-7	-271	-268	-105	-117	-768
Closing balance	**376**	**12 398**	**16 425**	**5 061**	**4 791**	**39 051**
Accumulated depreciation 05.02.2019		-	-	-	-	-
Depreciation		375	1 886	1 018	-	3 279
Disposals		0	-4	0	0	-4
Exchange differences		0	1	(0)	-	1
Closing balance	**-**	**375**	**1 883**	**1 018**	**-**	**3 276**
Net book value 31.12.2019	**376**	**12 022**	**14 542**	**4 044**	**4 791**	**35 775**
Estimated useful life		10-30 Years	5-10 years	1-5 years		
Depreciation plan		Straight-line	Straight-line	Straight-line		

Depreciation starts when the asset i ready for its intended use. Land is not depreciated. Total addition of assets under construction is reduced with TEUR 571 related to Grants (note 7).

Note 16 Other Intangible assets and goodwill

Amounts in EUR thousand	Goodwill	Trademark	Technology	Customer relationships
Accumulated cost 05.02.2019	**-**	**-**	**-**	**-**
Business combinations (note 4)	2 391	6 795	6 058	450
Additions	-	-	-	-
Disposals	-	-	-	-
Exchange differences	-	-	-	-
Closing balance	**2 391**	**6 795**	**6 058**	**450**
Accumulated amortization 05.02.2019	**-**	**-**	**-**	**-**
Amortization	-	-	497	40
Disposals	-	-	-	-
Exchange differences	-	-	-	-
Closing balance	**0**	**0**	**497**	**40**
Net book value 31.12.2019	**2 391**	**6 795**	**5 561**	**411**

Note 17 Impairment assessments

Fiven group has material non-current assets in the form of both tangible (property, plant and equipment) and intangible assets. The assets are routinely monitored and if there are indications that the value of an asset is no longer recoverable, an impairment test is carried out.

Goodwill and intangible assets with an indefinite useful life are not amortized on a regular

basis. These assets are therefore tested at least annually for impairment. Through the acquisition from Saint-Gobain Group in May 2019 Fiven group acquired the following intangible assets with an indefinite useful life: Trademark 6 795 TEUR.

Goodwill resulting from the acquisition amounted to 2 391 TEUR. Goodwill and intangible assets were valued as part of the preliminary purchase price allocation (PPA) in May 2019.

The final consideration for the acquisition is contingent on the outcome of the negotiations with Saint-Gobain Group (see further description in note 31 Contingent Liabilities). Due to the on-going process Fiven has not made a final allocation of the intangible assets and goodwill to the Cash Generating Units (CGU). The first impairment testing will be conducted in Q2 2020 and will thereafter be tested during Q4 on an annual basis.

The test process involves identifying expected cash flows relating to the assets and discounting the cash flows to arrive at an estimated value. Future cash flows are based on specific assumptions and plans adopted by the company. If the discounted cash flow is lower than the capital employed, the assets are written down to the recoverable amount.

Note 18 Other receivables

Amounts in EUR thousand	Non-current 31.12.19	Current 31.12.19
Pension assets	-	231
Grants receivable (note 7)	-	1 303
VAT receivables	-	1 404
Other receivables	-	773
Other assets	-	268
Total other receivables	**-**	**3 979**

Note 19 Inventories

	31.12.19		
Amounts in EUR thousand	Cost price	Provision	Book value
Raw materials	11 046	0	11 046
Semi-finished goods	9 945	0	9 945
Finished goods	12 125	-707	11 419
Total inventories	**33 116**	**-707**	**32 410**

Amounts in EUR thousand	05.02-31.12.19
Cost of materials	-49 809
Changes in work-in progress and finished goods	6 014
Change in provision	-50
Government Grants (note 7)	868
Total cost of goods	**-42 978**

Note 20 Trade receivables

	31.12.19		
Amounts in EUR thousand	Gross	Provision	Carrying value
Not due	13 479		13 479
1 - 30 days	2 289		2 289
31 - 60 days	307		307
61- 90 days	25		25
More than 90 days	483	-483	0
Total trade receivables	**16 584**	**-483**	**16 101**

Fiven has entered into a non- recourse factoring agreement currently covering Fiven Norge AS and Fiven Belgium with FACTOFRANCE being the factoring company. The total maximum financing amount under this agreement is 13 MEUR.

The agreement permits Fiven companies to sell receivables and receive funding for up to 90% of the sold receivables to FACTOFRANCE. There are several criteria that must be met to qualify for status 'eligible receivable' enabling Fiven to sell the receivable. Under the factoring agreement Fiven is obliged to insure all relevant transferred receivables.

In the agreement the factor agrees to bear the credit risk for approved receivables. As a result, the factor shall not be entitled to exercise any recourse against the Fiven entities by reason of a payment default of a Fiven customer for which a receivable has been sold to the factor.

There are still some exceptions applying where the non-recourse principal will not apply. These circumstances include receivables being approved, but where they prove not to be fundable, and instances linked to credit insurance where Fiven has certain obligations to fulfill. The non-recourse will not apply if it proves that Fiven has made faulty deliveries. Still, the overriding principal is that receivables are sold without recourse. So far no event of factor sending back receivables to Fiven for any default to non-recourse requirement has occurred.

The receivables are derecognized from Fiven statement of financial position when the customer has paid to Facto France. The below tables gives an overview of Fiven Group trade receivables at 31.12.19.

Amounts in EUR thousand	31.12.2019
Total gross trade receivables	**16 584**
Transferred to Facto France	8 103
Fiven Brazil trade receivables	8 103
Other receivables not transferred to Facto France	378
Total trade receivables	**16 584**

5 527 TEUR of the 8 103 TEUR transferred to Facto France was funded at 31 December 2019.

Note 21 Cash and cash equivalents

Amounts in EUR thousand	31.12.2019
Cash and bank deposits (unrestricted)	13 845
Restricted cash and bank deposits	927
	14 771

Restricted cash relates to factoring liabilities, bank deposits in favor of the Norwegian Government Environment Agency and employee withholding tax.

Note 22 Interest bearing liabilities

Amounts in EUR thousand	Interest rate	Maturity date	Carrying amount 31.12.19
Secured			
Senior secured floating rate bond	EURIBOR 3M+7.75%	5-Apr-2022	54 967
Factoring financing	3%	-	5 526
Obligations under leases (IFRS 16)		-	4 081
Total secured interest- bearing liabilities			**64 575**
Unsecured			
Shareholder loan	EURIBOR 3M+8.10%	6-Apr-2022	33 786
Total unsecured interest- bearing liabilities			**33 786**
Total long-term debt			98 360
1st year's principal repayments			-7 021
Total interest bearing-liabilities excluding the 1st year's principal repayments			**91 339**

Senior secured floating rate bond loan

On 5 April 2019 Fiven AS completed a Euro 100 million Senior Secured Floating Rate Bond. The bonds carry an interest of EURIBOR + 7,75%. The interest is settled on a quarterly basis. The initial nominal amount of each initial bond is EUR 1,000. The maximum total nominal amount of the initial bonds is EUR 56,500,000. Transaction costs 1 978 TEUR, are amortized over the expected lifetime of the loan, using the effective interest method.

Provided that the incurrence test is met, the issuer may, at one or several occasions, issue subsequent bonds. During the term of the bond Fiven shall comply with a financial maintenance covenant prescribing a maximum leverage ratio of 4.5. (Leverage ratio is the ratio of net interest bearing debt to EBITDA. The descriptions of elements being included and excluded from the traditional EBITDA and net interest bearing debt for covenant calculation is described in the bond agreement.)

The Issuer and any Group company may at any time, subject to applicable law, and at any price, purchase bonds. bonds held by the issuer or any Group Company may at the issuer's or such Group Company's discretion be retained or sold, but not cancelled.

The issuer may redeem all, but not only some, of the outstanding bonds in full:

(i) any time from and including the first issue date to, but excluding, the first call date at an amount per bond equal to 103.875 per cent of the nominal amount plus the remaining interest payments up to, but excluding, the first call date, up to and including the first call date together with accrued but unpaid Interest;

(ii) any time from and including the first call date to, but excluding, the first Business Day falling 24 months after the first issue date at an amount per bond equal to 103.875 per cent of the nominal amount, together with accrued but unpaid Interest;

(iii) any time from and including the first business day falling 24 months after the first issue date to, but excluding, the first business day falling 30 months after the first issue date at an amount per bond equal to 102.325 per cent of the nominal amount, together with accrued but unpaid Interest;

(iv) any time from and including the first business day falling 30 months after the first issue date to, but excluding, the first business day falling 33 months after the first issue date at an amount per bond equal to 100.775 per cent of the nominal amount, together with accrued but unpaid interest; and

(v) any time from and including the first business day falling 33 months after the first issue date to, but excluding, the final maturity date at an amount per bond equal to 100.00 per cent of the nominal amount, together with accrued but unpaid interest.

The Issuer may redeem the bonds on one occasion per calendar year (without carry-back or carry forward) in a maximum aggregate amount not exceeding 5 per cent of the total initial nominal amount.

The issuer may on one occasion, in connection with an equity listing event, repay up to 30 per cent of the aggregate nominal amount of the bonds outstanding from time to time, in which case all outstanding Bonds shall be partially repaid by way of reducing the nominal amount of each bond pro rata.

Upon the occurrence of a change of control event or a delisting event, each bondholder shall have the right to request that all, or some only, of its bonds be repurchased at a price per bond equal to 101 per cent of the nominal amount together with accrued but unpaid Interest.

The bond loan agreement is based on a negative pledge and the group can only to a limited extent pledge its assets to secure its other liabilities.

The bond loan agreement is available at: https://www.fiven.com/company-information/investor-relations/reports/

Un-secured shareholder loan

On 6 April 2019 Fiven AS completed a loan agreement with its shareholder Tosca Intermediate Holdings SARL. The lender makes available to Fiven ASA a loan in the amount of EUR 32,130,000 payable in whole or in part to the lender on its demand. The loan plus accrued and capitalized interest shall be repaid by the borrower on the termination date of the Loan, 6 April 2022, or on demand by the lender.

All payment obligations of Fiven ASA shall be postponed and subordinated the senior secured floating rate bond loan in accordance with a subordination agreement between Tosca Intermediate Holding Sarl (the shareholder) and the Nordic Trustee & Agency AB, acting as agent on behalf of the bondholders.

Subject to the subordination agreement, Fiven ASA may prepay the whole or any part of the Loan (together with all interest accrued thereon) at any time.

The subordination agreement precludes any prepayment or repayment in the subordination period, on demand or otherwise, that is not made by advance consent by the agent acting as representative of the bondholders.

Factoring financing

On 5 June 2019 Fiven entered into a master non-recourse factoring agreement with FACTOFRANCE. Each seller (Fiven Belgium and Fiven Norge) has entered into a credit insurance amendment agreement under which the factor benefits from the relevant credit insurance policy in respect of the relevant transferred receivables.

At any time during the purchase period the factor agrees to purchase eligible receivables owned by the debtor up to a maximum amount determined by an approval limit relevant to Fiven Belgium and Fiven Norge, respectively.

Leasing liabilities

Lease liabilities are effectively secured as the rights to the leased assets recognized in the financial statements revert to the lessor in the event of default.

MATURITY OF INTEREST-BEARING LIABILITIES AS AT 31 DECEMBER 2019

Amounts in EUR thousand	2020	2021	2022	2023	2024	2025+	Total
Senior secured floating rate bond			56 500				56 500
Shareholder loan			33 786				33 786
Factoring financing	5 526						5 526
Total interest- bearing liabilities	**5 526**	**0**	**90 286**	**0**	**0**	**0**	**95 812**

For lease liability, see note 12

Note 23 Financial assets and liabilities

31.12.19	Categories: Financial instruments at fair value through profit or loss	Categories: Financial instruments at fair value through OCI	Categories: Financial instruments at amortised cost	Total	Fair value measurement using: Quoted prices in active markets (Level 1)	Fair value measurement using: Significant observable inputs (Level 2)	Fair value measurement using: Significant un-observable inputs (Level 3)	Total instruments measured at fair value
Assets								
Derivatives								
Foreign exchange forward contracts	161			161		161		161
Interest rate swaps				0				0
Other				0				0
Equity instruments								
Non-listed equity instruments				0				0
Debt instruments								
Loans				0				0
Accounts receivable			16 101	16 101				-
Cash and cash equivalents			14 771	14 771				-
Total Financial assets	**161**		**30 873**	**31 033**		**161**		**161**
Liabilities								
Interest bearing loans								
Bond loan			54 967	54 967				-
Shareholder loan			33 786	33 786				-
Other interest bearing loans			5 526	5 526				-
Derivatives								-
Foreign exchange forward contracts				0				-
Interest rate swaps				0				-
Other financial liabilities								-
Trade and other payables			11 909	11 909				-
IFRS 16 Leasing liabilities			4 081	4 081				-
Total financial liabilities			**110 270**	**110 270**				**-**

Fiven`s financial assets and liabilities are classified as financial instruments at amortized cost, with the exception of foreign exchange forward contracts in Brazil. The contracts are used as hedging instruments for revenues in USD and EURO. The forward contracts are measured at fair value, while all other financial assets and liabilities are carried at amortized cost.

Fair value of financial assets and financial liabilities are measured using different levels of input.

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability

DETAILS OF CURRENCY EXCHANGE CONTRACTS 31 DECEMBER 2019

Purchase currency	Purchase thousand	Sale currency	Sale thousand	Type of instrument	Currency deal rate	Due date	Fair value TEUR	Notional amount TEUR 1)
BRL	1 660	USD	400	Non Deliverable Forward	4.15	10.01.2020	12	357
BRL	799	USD	200	Non Deliverable Forward	4.00	13.01.2020	-1	179
BRL	1 209	USD	300	Non Deliverable Forward	4.03	21.01.2020	1	268
BRL	1 630	USD	400	Non Deliverable Forward	4.08	28.01.2020	5	357
BRL	1 649	USD	400	Non Deliverable Forward	4.12	14.02.2020	9	357
BRL	1 664	USD	400	Non Deliverable Forward	4.16	18.02.2020	12	357
BRL	1 662	USD	400	Non Deliverable Forward	4.15	25.02.2020	11	357
BRL	1 254	USD	300	Non Deliverable Forward	4.18	23.03.2020	10	268
BRL	1 244	USD	300	Non Deliverable Forward	4.15	23.03.2020	8	268
BRL	2 480	USD	600	Non Deliverable Forward	4.13	13.04.2020	13	536
BRL	1 681	USD	400	Non Deliverable Forward	4.20	18.05.2020	14	357
BRL	1 281	USD	300	Non Deliverable Forward	4.27	21.05.2020	15	268
BRL	1 358	EUR	300	Non Deliverable Forward	4.53	13.01.2020	1	301
BRL	905	EUR	200	Non Deliverable Forward	4.52	21.01.2020	0	201
BRL	1 366	EUR	300	Non Deliverable Forward	4.55	28.01.2020	2	301
BRL	1 861	EUR	400	Non Deliverable Forward	4.65	14.02.2020	11	401
BRL	1 396	EUR	300	Non Deliverable Forward	4.65	18.02.2020	8	301
BRL	1 395	EUR	300	Non Deliverable Forward	4.65	23.03.2020	7	301
BRL	2 311	EUR	500	Non Deliverable Forward	4.62	23.03.2020	9	502
BRL	1 381	EUR	300	Non Deliverable Forward	4.60	13.04.2020	3	301
BRL	1 427	EUR	300	Non Deliverable Forward	4.76	21.05.2020	12	301
	31 612						**161**	**6 837**

Note 24 Provisions

PROVISIONS

Amounts in EUR thousand	Re-structuring	Site renovation	Environmental obligations	Other accruals / provisions	Total provisions
Opening balance 05.02.19	**0**	**0**	**0**	**0**	**0**
Addition through business combination	37	261	1 000	366	1 664
Additional provisions recognised	0	0	0	0	0
Used during the year	-37	0	0	-366	-403
Provisions reversed	0	0	0	0	0
Exchange rate differences	0	-6	-22	0	-28
Closing balance	**0**	**255**	**978**	**0**	**1 233**
Non-current liability	0	255	978	0	1 233
Current liability	0	0	0	0	0
Closing balance	**0**	**255**	**978**	**0**	**1 233**

The provisions for environmental obligations refers to estimated cost incurred to comply with government regulations requiring a reduction of emissions and other environmental impacts from the production facilities in Norway 490 TEUR and in Brazil 488 TEUR.

The site renovation provision 255 TEUR refers to estimated future expenses to recover the land impacted by the sand mine in Brazil.

OTHER PAYABLES

Amounts in EUR thousand	31.12.19
Other accounts payable	636
Accrued personnel and social expenses	3 783
Tax payable (other than income tax)	200
Accrued interest payable	1 119
Total other payables	**5 739**

Note 25 Financial risk

Fiven operates in an international and cyclical industry which exposes the business to a variety of financial risks. The financial risks are related to (1) market risk consisting of risk factors to currency, price and interest rates, (2) counterpart credit risk related to the financial ability of customers and lastly, (3) liquidity risk related to the risk that Fiven will encounter difficulties in meeting financial obligations.

1 Market Risks

1.1 Currency Risks

Fiven has revenues and operating costs denominated in various currencies. The largest trading currencies are EUR and USD, but also BRL, GBP and JPY are currencies in which Fiven trade. Fiven is using natural hedge to the extent possible by matching inflows and raw materials purchases to be denominated in the same currencies as well as entering into forward foreign exchange contracts to cover surplus currency risks.

Fiven Norway has virtually no sales in local currency, and USD and EUR are the dominant ones. Raw material contracts like pet coke, sand and energy accounting for the majority of costs of goods sold, are signed in corresponding currencies to reduce impact on risk from currency inflows. Fiven Belgium external sales are in EUR. Import of crude silicon carbide from Fiven Venezuela is USD based. Through a barter trade agreement Fiven Belgium is also paying all USD denominated purchases (mainly pet coke) on behalf of Fiven Venezuela offsetting currency risk on the crude. The parent company Fiven ASA has EUR as functional currency.

Currency exposure affecting the consolidated statement of income:

The table below shows assets and liabilities denominated in foreign currencies different from the entities functional currency, where changes in currency rates will affect profit and loss. The table includes notional amount of foreign exchange contracts.

Amounts in EUR thousand	USD	EUR	BRL	NOK	Other	Total
Other non current (financial) assets	0	0	0	7 745	0	7 745
Receivables	19 756	5 293	114	2 351	21	27 535
Other current (financial) assets	0	0	0	0	0	0
Cash and cash equivalents	1 943	1 686	176	958	39	4 802
Total monetary assets	**21 699**	**6 979**	**290**	**11 054**	**60**	**40 082**
Interest bearing liabilities	0	0	0	0	0	0
Other liabilities	0	0	0	0	0	0
Trade payables	11 817	1 658	0	46	80	13 601
Total monetary liabilities	**11 817**	**1 658**	**0**	**46**	**80**	**13 601**
Derivatives notional value	3 927	2 910				6 837
Net currency exposure financial position	**5 955**	**2 411**	**290**	**11 009**	**-20**	**19 644**
Sensitivity:						
10% appreciation	595	241	29	1 101	-3	1 964
10% depreciation	-595	-241	-29	-1 101	3	-1 964

The sensitivity related to financial assets and liabilities potential impact on Fiven's profit or loss, is based on a strengthening / weakening of main currencies by 10% against the functional currencies of the subsidiaries. If all the main currencies weakened against the functional currencies, the profit before tax would decrease by euro 1 947 thousand.

1.2 Price Risk

Fiven is exposed to fluctuation in the market prices in the operating business related to individual contracts and products. The way Fiven mitigates the price risk is through innovation, product differentiation and through improved cost competitiveness.

1.3 Commodity prices

Sand, electricity and pet coke are the main raw materials in the manufacturing of Silicon Carbide and account for a significant portion of the total production costs. Whilst there is a forward marked for energy enabling Fiven to secure future needs with contracts signed today, pet coke and sand are purchased in the spot markets as no forward market exists. This means Fiven is exposed to fluctuation in the commodity markets for these raw materials. Fiven tries to keep multiple source options to avoid being overly depended on any particular supplier.

1.4 Interest rate risk

Fiven's interest risks arises from interest bearing liabilities granted by external financial institutions and owners. Fiven liabilities are drawn in EUR.

Fiven financing have three pillars; a bond, a shareholder loan and a factoring facility. All three facilities have in common that they have floating interest, and hence are exposed to fluctuating interest rates. With floating interest rates the group will normally be in a position to benefit from lower interest rates in an economic downturn, but a floating rate policy will also leave the group exposed to higher future interest rates. An increase of interest rates by 0.5 points per annum would impact the Group's financials expenses negatively by 492 TEUR. A reduction of interest rates would have limited impact. If relevant base interest rates are negative as is currently the case, the bases rates will be deemed to be zero.

2 Trading partner risk

Credit risk is the risk of financial losses to the group if a customer or counterparty fails to meet contractual obligations. For Fiven this arises mainly to trade receivables. Trade receivables are generally secured by credit insurance from a reputable credit insurance company. Credit limits for each customer and overdue receivables are monitored and built into the ERP systems and for customers where credit insurance cannot be obtained, other methods are generally used to secure the sales proceeds, such as prepayment or documentary credit. During the second half of 2019, a non-recourse factoring agreement for Fiven Norge and Fiven Belgium was implemented, enabling the two entities to sell up to 90% of the total 'allowable receivables' to the FACTOFRANCE.

3 Liquidity Risk

Liquidity risk is the risk that the group will encounter difficulty in meeting the obligations associated with its financial liabilities. Fiven is exposed to liquidity risk related to its operations and financing. Fiven's cash flow will fluctuate due to economic conditions and financial performance. In order to assess its future operational liquidity risk, short-term and long-term cash flow forecasts are provided. The short-term forecast is updated each week, and the long-term cash flow projection is updated as part of the planning cycles.

Fiven has a non-recourse factoring facility which allows a funding of up to 90% of the total receivables transferred to the factoring company for a total amount not exceeding 13 MEUR for entities in Fiven Norge and Fiven Belgium. As per 31 December 2019, the utilization of the factoring facility was 5.5 MEUR.

The un-secured bond loan has maturity date 5 April 2022 and the shareholder loan, 6 April 2022. Trade payables are payable in 2020. The factoring liabilities at 31 December 2019 matures in Q1 2020.

The un-secured bond loan contains financial covenants further described in note 22 Interest Bearing liabilities. The group is in compliance with all covenants as of the reporting date.

Note 26 Capital management

Fiven is managing its financing and liquidity position to support Fiven's growth strategy. Furthermore, the capital management objectives also include reduction of liquidity risk and to ensure that the company can meet its financial obligations at all times and to optimize the capital structure to reduce cost of capital.

To support the company's growth strategy, it is a target to utilize the bond market further, and the current bond structure allows a total maximum nominal amount of 100 MEUR. The requirement from the initial bonds is to list the existing bond facility on a new regulated market within 12 months from April 5 2019. The bonds are currently listed on the open market of the Frankfurt Stock Exchange.

Bondholders under the initial bonds are senior ranked and there will be no dividend paid to Fiven shareholders or servicing of any loan, including shareholder loan, prior to the final maturity date of the initial bond.

The bond agreement includes covenants prescribing a maximum net interest bearing debt to EBITDA ratio should not exceed 4.5. The descriptions of elements being included and excluded from the traditional EBITDA and net interest bearing debt for covenant calculation is described in the bond agreement. The financial flexibility is also maintained through the existing factoring facility. In times of growing business the potential for increasing the utilization as more customer invoices can be sold.

Note 27 Number of shares

	Number of shares	Nominal value per share	Share premium per share	Total share capital	Total share premium
		EUR	NOK	EUR	EUR
As of 05.02.19	1000	3.1	30	3 100	1026
Capital increase 13.05.19	0	17.3	170	17 321	5 655 279
As of 31.12.19	**1 000**	**20.4**	**200**	**20 421**	**5 656 305**

The nominal value per share is 200 NOK after a bonus issue 13 May 2019.

Fiven AS was converted from a AS (limited company) to an ASA (public limited company) in February 2020.

100% of the shares are owned by Tosca Intermediate Holdings Sàrl, a company owned by OpenGate Capital, a private equity firm. There is one class of shares.

Note 28 Supplementary information to the consolidated statement of cash flows

Liabilities from financing activities	05.02.19	Cash flows in	Cash flows out	Non-cash effects: Business combination	Non-cash effects: Foreign exchange movement	Non-cash effects: New leases	Accruals	31.12.19
Bond loan	-	56 500	-4 431	-	-	-	2 898	54 967
Shareholders loan	-	32 130	-	-	-	-	1 656	33 786
Other interest-bearing liabilities	-	5 509	-	-	17	-	-	5 526
Lease liabilities	-	-	-1 067	4 549	-97	626	71	4 081
Short term loan (part of acquisition transaction)	-	-	-10 137	10 137	-	-	-	-
Total liabilities from financing activities	**-**	**94 139**	**-5 498**	**14 686**	**-80**	**626**	**4 625**	**108 498**

Note 29 Transactions and balances with related parties

	05.02-31.12.2019				31.12.2019			
Amounts in EUR thousand	Trade sales	Trade purchases	Sale of services	Purchase of services	Interest income	Interest expense	Receivables from	Payables to
Fiven Venezuelan entities	7 004	4 485	85	0	0	0	13 941	10 554
Open Gate Capital	0	0	0	583	0	0	0	0
Tosca Intermediate Holding Sarl	0	0	0	0	0	1 650	0	33 786
Total	**7 004**	**4 485**	**85**	**583**	**0**	**1 650**	**13 941**	**44 340**

Fiven ASA is owned 100% by Tosca Intermediate Holdings Sàrl which is controlled by Open Gate Capital Fund II. Transactions and balances between Fiven ASA and its consolidated subsidiaries have been eliminated in the consolidated financial statements.

Note 30 Pledge of assets and guarantees

The bond loan agreement is based on a negative pledge and the group can only to a limited extent pledge its assets to secure its other liabilities.

Note 31 Contingent liabilities

Fiven is in the process of concluding the discussion with Saint-Gobain Group regarding the final consideration for the acquisition of the shares and voting interests in SG Ceramic Materials AS (Norway), Matériaux Céramiques S.A (Belgium), Carbeto de Silicio SIKA Brazil Ltda (Brazil), SG Materiales Ceramicos CA (Venezuela) and Curburo del Caroni CA (Venezuela).

Saint-Gobain Group claims an additional consideration of 2 445 TEUR. Based on a review of the closing accounts made by Fiven and its advisors, Fiven contest the claim entirely and estimate the fair value of the claim to be zero.

As per the sales purchase agreement the parties have appointed an independent expert. The final assessment made by the expert is binding to the parties and is due 25 March 2020.

Note 32 Events after the reporting period

No events have occurred after the balance sheet date with material impact on the financial statements for 2019.

Fiven ASA financial statements

Consolidated statement of income

Amounts in EUR thousand	Note	2019
5 February to 31 December		
Revenue	13	2 237
Other gains	8	3 584
Total revenue and other gains		**5 821**
Employee benefit expenses	4,5	-282
Other operating expenses	6	-3 188
Total operating expenses		**-3 471**
Operating profit (loss)		**2 350**
Finance expense	8	-5 560
Net finance income (expense)		**-5 560**
Net income (loss) before income taxes		**-3 210**
Income tax (expense) benefit	9	-149
Net income (loss)		**-3 359**
Net income (loss) attributable to:		
Equity holders of the parent	3	-3 359
Non-controlling interests		0
Total net income (loss) attributed		**-3 359**

Consolidated statement of financial position

Amounts in EUR thousand	Note	31.12.2019
ASSETS		
Non-current assets		
Shares in subsidiaries	7	82 044
Other financial assets	11,13	7 745
Total non-current assets		**89 789**
Current assets		
Trade receivables	13	512
Other receivables	13	1 964
Prepayments		33
Cash and cash equivalents	10	2 723
Total current assets		**5 232**
TOTAL ASSETS		**95 022**

Amounts in EUR thousand	Note	31.12.2019
EQUITY AND LIABILITIES		
Equity		
Share capital	3	20
Other paid in capital	3	2 297
Total equity		**2 318**
Non-current liabilities		
Bond loan	11	54 967
Interest bearing liabilities	11	33 786
Other liabilities and provision	13	1 541
Total non-current liabilities		**90 294**
Current liabilities		
Trade payables	13	1 154
Other payables		1 256
Total current liabilities		**2 410**
Total liabilities		**92 704**
TOTAL EQUITY AND LIABILITIES		**95 022**

The Board of Directors of Fiven ASA - Lillesand, 12 March 2020

Falk Ast
Chairman of the Board

Betty Lunøe Åsheim
Director

Pål Einar Runde
Director

Stein Erik Ommundsen
General Manager

Consolidated statement of cash flows

Amounts in EUR thousand	Note	2019
5 February to 31 December		
Net income (loss) before income taxes		**-3 210**
Adjustments to reconcile net income (loss) before income tax to net cash flows		
Net interest expense	8	5 492
Change in inventory, trade receivables and trade payables		493
Change in other receivables, prepayments, and other payables		-1 866
Cash flows from operating activities		**909**
Acquisitions of subsidiary	7	-82 044
Repayment of loan to related parties	13	2 198
Loan to related parties	13	-9 933
Cash flows from investing activities		**-89 779**
Proceeds from issues of bonds	11	56 500
Proceeds from shareholders loan	11	32 130
Proceeds from other interest bearing liablities	11	1 500
Interest and placement fee paid		-4 211
Proceeds from issues of shares	3	5 670
Cash flows from financing activities		**91 589**
Net increase in cash and cash equivalents		2 719
Cash and cash equivalents as of 5 February		4
Cash and cash equivalents as of 31 December		**2 723**

Notes to Fiven ASA financial statements

Note 1 General information and basis of preparation

Fiven ASA ("the Company") formerly known as Fiven AS, was incorporated 5 February 2019 and is the parent company in the Fiven Group, with registered offices in Oslo, Norway. On 14 May 2019, the Company completed the acquisition of 100% of the shares and voting interests in its operating subsidiaries from Saint-Gobain. As such, these are the first set of financial statements of Fiven ASA for the period from its incorporation date, 5 February 2019 to 31 December 2019.

The financial statements for Fiven ASA (hereafter Fiven), including notes, for the period 5 February 2019 to 31 December 2019 were approved by the Board of Directors of Fiven ASA on 12 March 2020.

Fiven is a global leader in silicon carbide ("Sic"), a material used in a variety of industrial applications. Sic is recognized for superior hardness and thermal conductivity, making it the preferred material for demanding applications: abrasive, metallurgy, filtration, technical ceramics and other uses. The Fiven Group is headquartered in Oslo (Norway). There are manufacturing entities in Arundel and Lille sand (Norway), Hoody (Belgium), Barbican (Brazil) and Puerto Ordos (Venezuela). Fiven GmbH located in Cologne (Germany) is a management office. There are also sales representation offices in Shanghai (China) and in Worcester (USA).

Note 2 Significant accounting policies

Functional currency

The financial statements have been prepared in accordance with the Norwegian Accounting Act and generally accepted accounting principles in Norway. The accounts are prepared based on a going concern assumption. The corona virus adds uncertainty to future financial performance. Still even with a modest equity, the maturity dates for the vast majority of Fiven debt fall due only in 2022. Furthermore, recent quarters demonstrate that there is sufficient headroom to the bond covenant restrictions for maintaining financial flexibility to meet near term requirements. Fiven is also taking measures to lower the risk of the virus in line with external recommendations and according to own initiatives.

The functional currency of Fiven ASA is Euro.

Use of estimates

The preparation of financial statements in compliance with the Accounting Act requires the use of estimates. The application of the company's accounting principles also require management to apply assessments. Areas which to a great extent contain such assessments, a high degree of complexity, or areas in which assumptions and estimates are significant for the financial statements, are described in the notes.

Revenues

Income from sale of services are recognized at fair value of the consideration, net after deduction of VAT, returns, discounts and reductions. Sales are taken to income when the company has delivered its services to the customer and there are no unsatisfied commitments which may influence the customer's acceptance of the service.

Classification of balance sheet items

Assets intended for long term ownership or use have been classified as fixed assets. Assets relating to the trading cycle have been classified as current assets. Other receivables are classified as current assets if they are to be repaid within one year after the transaction date. Similar criteria apply to liabilities. First year's instalment on long term liabilities and long term receivables are, however, not classified as short term liabilities and current assets.

Purchase costs

The purchase cost of assets includes the cost price for the asset, adjusted for bonuses, discounts and other rebates received, and purchase costs (freight, customs fees, public fees which are non-refundable and any other direct purchase costs). Purchases in foreign currencies are reflected in the balance sheet at the exchange rate at the transaction date.

For fixed assets and intangible assets purchase cost also includes direct expenses to prepare the asset for use, such as expenses for testing of the asset.

Investments in other companies

Except for short term investments in listed shares, the cost method is applied to investments in other companies. The cost price is increased when funds are added through capital increases or when group contributions are made to subsidiaries. Dividends received are initially taken to income. Dividends exceeding the portion of retained equity after the purchase are reflected as a reduction in purchase cost. Dividend/group contribution from subsidiaries are reflected in the same year as the subsidiary makes a provision for the amount. Dividend from other companies are reflected as financial income when it has been approved.

Asset impairments

Impairment tests are carried out if there is indication that the carrying amount of an asset exceeds the estimated recoverable amount. The test is performed on the lowest level of fixed assets at which independent cash flows can be identified. If the carrying amount is higher than both the fair value less cost to sell and recoverable amount (net present value of future use/ownership), the asset is written down to the highest of fair value less cost to sell and the recoverable amount.

Debtors

Trade debtors are recognized in the balance sheet after provision for bad debts. The bad debts provision is made on basis of an individual assessment of each debtor and an additional provision is made for other debtors to cover expected losses. Significant financial problems at the customers, the likelihood that the customer will become bankrupt or experience financial restructuring and postponements and insufficient payments, are considered indicators that the debtors should be written down.

Other debtors, both current and long term, are recognized at the lower of nominal and net realizable value. Net realizable value is the present value of estimated future payments. When the effect of a write down is insignificant for accounting purposes this is, however, not carried out. Provisions for bad debts are valued the same way as for trade debtors.

Assets and liabilities in foreign currencies are valued at the exchange rate on the balance sheet date. Exchange gains and losses relating to sales and purchases in foreign currencies are recognized as operating income and cost of goods sold.

Liabilities

Interest-bearing borrowings are initially recognized at cost. After initial recognition, such financial

liabilities are measured at amortized costs using the effective interest method. Transaction costs are taken into account when calculating amortized cost. Trade payables are carried at cost.

Pensions

The company has a defined contribution plan.

With a defined contribution plan the company pays contributions to an insurance company. After the contribution has been made the company has no further commitment to pay. The contribution is recognized as payroll expenses. Prepaid contributions are reflected as an asset (pension fund) to the degree the contribution can be refunded or will reduce future payments.

Taxes

The tax charge in the income statement includes both payable taxes for the period and changes in deferred tax. Deferred tax is calculated at relevant tax rates on the basis of the temporary differences which exist between accounting and tax values, and any carryforward losses for tax purposes at the year-end. Tax enhancing or tax reducing temporary differences, which are reversed or may be reversed in the same period, have been eliminated. The disclosure of deferred tax benefits on net tax reducing differences which have not been eliminated, and carryforward losses, is based on estimated future earnings. Deferred tax and tax benefits which may be shown in the balance sheet are presented net.

Tax reduction on group contributions given and tax on group contribution received, booked as a reduction of cost price or taken directly to equity, are booked directly against tax in the balance sheet (offset against payable taxes if the group contribution has affected payable taxes, and offset against deferred taxes if the group contribution has affected deferred taxes).

Deferred tax is reflected at nominal value.

Note 3 Share capital and statement of changes in equity

The company has one class of shares. All shares come with full voting rights. The share capital is nominated in NOK. The nominal value per share is 200 NOK after a bonus issue 13 May 2019.

Fiven AS was converted from a private limited liability company (AS) to a public liability limited company (ASA) in February 2020.

Amounts in EUR thousand	Share capital	Share premium reserve	Retained Earnings (accumulated deficit)	Total Equity
Date of incorporation, 5 February 2019	3	1		4
Net loss		-3 359	0	-3 359
Contribution of equity	17	5 655		5 673
As of 31 December 2019	**20**	**2 297**	**0**	**2 318**

Share capital	Number of shares	Nominal value	Book value
Ordinary shares	1 000	0.2	20

Shareholders	Location	Number of shares	Ownership
Tosca Intermediate Holdings Sàrl	Luxembourg	1 000	100%

Note 4 Employee benefit expenses

Amounts in EUR thousand	05.02 - 31.12.19
Salaries incl. bonuses	143
Social security cost	19
Defined-contribution pension cost (Note 5)	4
Other personnel related cost	116
Total employee benefit expenses	**282**

Specification	05.02 - 31.12.19
Occupational injuries insurance	2
Recruitment and hiring costs	115
Total	**116**

Note 5 Employee benefit obligations (pensions)

Defined contribution plans

Defined contribution plans are the main pensions plan for Fiven ASA, where the contribution to each individual pension plan is 8% between 7.1 and 12 G. 1G refers to the Norwegian national insurance scheme's basic amount, which was NOK 99,858 as at 1 May 2019.

The defined contribution plan covers all full-time employees. 31 December 2019 there were 3 members in the plan. Contribution expensed amounted to 4 TEUR in 2019.

Note 6 Other operating expenses

Amounts in EUR thousand	05.02. - 31.12.19
Other operating expenses	
Rent and and leasing expenses	36
Travel expenses	32
Consultancy fees and external personnel	2 169
Auditor`s fee	28
Management fee (Intercompany)	900
Other operating cost	23
Total other operating expenses	**3 188**

Amounts in EUR thousand	05.02 - 31.12.19
Specification auditor's fee	
Statutory audit	28
Total	**28**

Capitalized transactions cost related to acquisition of Fiven Group contains fee for services rendered from PWC amounting to 139 TEUR.

Note 7 Shares in subsidiaries

Company Amounts in EUR thousand	Location	Ownership interest in %	Total equity	Value in the balance sheet
Fiven Norge AS	Norway	100%	18 451	36 392
Fiven GmbH	Germany	100%	61	29
Materiaux Ceramiques SA	Belgium	100%	14 990	21 079
Carbeto de Silício Sika Brasil Ltda	Brazil	100%	32 956	24 544
Total				**82 044**

Note 8 Finance income and expenses

Amounts in EUR thousand	05.02. - 31.12.19
Other Gains	
Interest income Intercompany	468
Dividend	3 115
Total financial income	**3 584**

Amounts in EUR thousand	05.02. - 31.12.19
Finance expenses	
Interest on debts and borrowings	5 474
Interest expense Intercompany	41
Foreign exchange losses	45
Total financial expenses	**5 560**

Note 9 Taxes

Amounts in EUR thousand	05.02. - 31.12.19
Withholding tax	-149
Changes in deferred tax	-
Income tax (expense) benefit	**-149**

RECONCILIATION OF TAX (EXPENSE) BENEFIT TO NOMINAL STATUTORY TAX RATE OF 22%

Amounts in EUR thousand	05.02. - 31.12.19
Net income (loss) before income taxes	-3 210
Tax expense (-) benefit at applicable tax rate	706
Tax effect on dividend exempted from tax	685
Tax effect on currency translation differences	-213
Changes in unrecognized deferred tax asset	-1 166
Tax effect of other permanent differences not tax deductible	-13
Withholding tax	-149
Income tax (expense) benefit for the year	**-149**

DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITY

Amounts in EUR thousand	05.02. - 31.12.19
Tax losses carried forward	148
Other non current / Interest cost subject to limitations	1 018
Net Deferred tax assets/(liabilities)	1 166
Unrecognized deferred tax asset, losses carried forward	-148
Unrecognized deferred tax asset, interest cost subject to limitations	-1 018
Net Deferred tax assets/(liabilities) 31.12.19	**0**

Deferred tax assets of 1 018 TEUR relate to Norwegian limitations to interest deductions on net interest expenses, carry forward due to restrictions. The interest subject to limitations must be utilized within ten years. Deferred tax assets amounted to 148 TEUR relate to tax loss and can be carried forward indefinitely. Total deferred tax assets of 1 166 TEUR is not recognized as deferred tax assets at 31 December 2019.

Note 10 Cash and cash equivalents

Amounts in EUR thousand	05.02. - 31.12.19
Cash and bank deposits (unrestricted)	2 700
Restricted bank deposits [1]	23
Total cash and bank deposits	**2 723**

1) Restricted cash is restricted funds deposited in the tax employee withholding account.

Note 11 Interest bearing liabilities

Amounts in EUR thousand	Termination	Rate	Interest	Total
Loan Fiven Norge AS (subs.)	Apr 6. 2022	EURIBOR+8.1%	452	7 735
Total non-current assets				**7 735**
Loan Open Gate Capital net. (Bond loan)	Apr 5. 2022	EURIBOR+7.75%	3 800	54 967
Loan Tosca Intermediate Holdings Sàrl	Apr 6. 2022	EURIBOR+8.1%	1 650	33 786
Loan Matreaux Ceramiques (subs.)	Apr 6. 2022	EURIBOR+8.1%	41	1 541
Total non-current liabilities				**90 294**

Senior secured floating rate bond loan

On 5 April 2019 Fiven AS completed a EUR 100 million Senior Secured Floating Rate Bond. The bonds carry an interest of EURIBOR + 7,75%. The interest is settled on a quarterly basis. The initial nominal amount of each initial bond is EUR 1,000. The maximum total nominal amount of the initial bonds is 56,500,000 EUR. Provided that the incurrence test is met, the issuer may, at one or several occasions, issue subsequent bonds. During the term of the bond Fiven shall comply with a financial maintenance covenant prescribing a maximum leverage ratio of 4.5. (Leverage ratio is the ratio of net interest bearing debt to EBITDA. The descriptions of elements being included and excluded from the traditional EBITDA and net interest bearing debt for covenant calculation is described in the bond agreement.)

The Issuer and any Group company may at any time, subject to applicable law, and at

any price, purchase bonds. bonds held by the issuer or any Group Company may at the

issuer's or such Group Company's discretion be retained or sold, but not cancelled.

The issuer may redeem all, but not only some, of the outstanding bonds in full:

(i) any time from and including the first issue date to, but excluding, the first call date at an amount per bond equal to 103.875 per cent of the nominal amount plus the remaining interest payments up to, but excluding, the first call date, up to and including the first call date together with accrued but unpaid Interest;
(ii) any time from and including the first call date to, but excluding, the first Business Day falling 24 months after the first issue date at an amount per bond equal to 103.875 per cent of the nominal amount, together with accrued but unpaid Interest;
(iii) any time from and including the first business day falling 24 months after the first issue date to, but excluding, the first business day falling 30 months after the first issue date at an amount per bond equal to 102.325 per cent of the nominal amount, together with accrued but unpaid Interest;
(iv) any time from and including the first business day falling 30 months after the first issue date to, but excluding, the first business day falling 33 months after the first issue date at an amount per bond equal to 100.775 per cent of the nominal amount, together with accrued but unpaid interest; and
(v) any time from and including the first business day falling 33 months after the first issue date to, but excluding, the final maturity date at an amount per bond equal to 100.00 per cent of the nominal amount, together with accrued but unpaid interest.

The Issuer may redeem the bonds on one occasion per calendar year (without carry-back or carry forward) in a maximum aggregate amount not exceeding 5 per cent of the total initial nominal amount.

The issuer may on one occasion, in connection with an equity listing event, repay up to 30 per cent of the aggregate nominal amount of the bonds outstanding from time to time, in which case all outstanding Bonds shall be partially repaid by way of reducing the nominal amount of each bond pro rata.

Upon the occurrence of a change of control event or a delisting event, each bondholder shall have the right to request that all, or some only, of its bonds be repurchased at a price per bond equal to 101 per cent of the nominal amount together with accrued but unpaid Interest.

The bond loan agreement is based on a negative pledge and the group can only to a limited extent pledge its assets to secure its other liabilities.

Un-secured shareholder loan

On 6 April 2019 Fiven AS completed a loan agreement with its shareholder Tosca Intermediate Holdings SARL. The lender makes available to Fiven ASA a loan in the amount of EUR 32,130,000

payable in whole or in part to the lender on its demand. The loan plus accrued and capitalized interest shall be repaid by the borrower on the termination date of the Loan, 6 April 2022, or on demand by the lender.

All payment obligations of Fiven ASA shall be postponed and subordinated the senior secured floating rate bond loan in accordance with a subordination agreement between Tosca Intermediate Holding Sarl (the shareholder) and the Nordic Trustee & Agency AB, acting as agent on behalf of the bondholders.

Subject to the subordination agreement, Fiven ASA may prepay the whole or any part of the Loan (together with all interest accrued thereon) at any time.

The subordination agreement precludes any prepayment or repayment in the subordination period, on demand or otherwise, that is not made by advance consent by the agent acting as representative of the bondholders.

Note 12 Financial risk

Currency exposure affecting statement of income

The table below shows assets and liabilities denominated in foreign currencies different from the entities functional currency, where changes in currency rates will affect profit or loss. Note that group intercompany amounts should be included (if different from functional currency of the reporting entity)

Amounts in functional currency (normally the local currency of the reporting entity)

Amounts in EUR thousand	05.02. - 31.12.19
Other non current (financial) assets	7 745
Receivables	2 355
Other current (financial) assets	33
Cash and cash equivalents	958
Total monetary assets	**11 092**
Interest bearing liabilities	
Other liabilities	
Trade payables	777
Total monetary liabilities	**777**
Net currency exposure financial position	**10 315**
31.12.19 currency rate	9.8638

Note 13 Intercompany items

Amounts in EUR thousand	Fiven Norge AS	Fiven GmbH	Materiaux Ceramiques SA	Carbeto de Silício Sika Brasil Ltda	Total
Non current receivables	7 735				7 735
Trade receivables	384		43		427
Other receivables	1 926				1 926
Total	**10 045**	**0**	**43**	**0**	**10 088**
Non current liabilities			1 541		1 541
Trade payables		113			113
Total	**0**	**113**	**1 541**	**0**	**1 654**
Revenue	864		498	875	2 237
Management fee expense		-900			-900
Financial income	2 348			1 235	3 584
Financial expense			-41		-41
Total	**2 348**	**-900**	**-41**	**1 235**	**2 643**

Note 14 Contingent liabilities

Fiven is in the process of concluding the discussion with Saint-Gobain Group regarding the final consideration for the acquisition of the shares and voting interests in SG Ceramic Materials AS (Norway), Matériaux Céramiques S.A (Belgium), Carbeto de Silicio SIKA Brazil Ltda (Brazil), SG Materiales Ceramicos CA (Venezuela) and Curburo del Caroni CA (Venezuela).

Saint-Gobain Group claims an additional consideration of 2 445 TEUR. Based on a review of the closing accounts made by Fiven and its advisors, Fiven contest the claim entirely and estimate the fair value of the claim to be zero.

As per the sales purchase agreement the parties have appointed an independent expert. The final assessment made by the expert is binding to the parties and is due 25 March 2020.

Note 15 Events after the reporting period

No events have occurred after the balance sheet date with material impact on the financial statements for 2019.

Appendix to Fiven 2019 Annual report - Alternative Performance Measures (APMs)

An APM is defined as a financial measure of historical or future financial performance, financial position, or cash flows, other than a financial measure defined or specified in the applicable financial reporting framework (IFRS). Fiven uses EBITDA and Adjusted EBITDA (EBITDA Adj.) to measure operating performance at the group and segment level.

In particularly management regards EBITDA and Adjusted EBITDA as relevant performance measures at segment level because intangible assets, income tax and finance expenses/finance income, are managed on a group basis.

The APMs presented herein are not measurements of performance under IFRS or other generally accepted accounting principles and should not be considered as a substitute for measures of performance in accordance with IFRS. Because companies calculate the APMs presented herein differently, Fiven's presentation of these APMs may not be comparable to similarly titled measures used by other companies.

Fiven`s financial APMs defined:

EBITDA

Earnings Before Interest, Tax, Depreciation and Amortization. EBITDA is a measure of the Group`s operating profit before depreciation and amortization.

EBITDA (Adj).

EBITDA (adj.) shows the Group's EBITDA before items that require special explanation, and is defined as reported EBITDA before "Other income and expenses" (OIE).

OIE include one-off and non-recurring operating expenses and P&L arising from the acquisition of the Fiven group.

The adjusted EBITDA is the Group`s key financial figure, internally and externally. The figure is used to identify and analyze the Group's operating profitability from normal operations and operating activities, excluding the effects from depreciation and amortization.

APM TABLE:

Amounts in EUR thousand	Fiven Norway	Fiven Brazil	Fiven Belgium	Other	Total segment reporting
Operating profit/(loss)	**3 716**	**2 367**	**1 568**	**-4 777**	**2 874**
Depreciation and amortization	1 630	1 569	211	537	3 946
EBITDA	**5 346**	**3 936**	**1 779**	**-4 240**	**6 820**
Transactions costs				2 393	2 393
Other non-recurring costs	316	323	207	1 126	1 972
PPA Inventory effect				1 000	1 000
Management fees				583	583
EBITDA ADJ.	**5 662**	**4 259**	**1 986**	**862**	**12 768**

Definitions of financial covenants terms (summarized by Fiven):

EBITDA as defined in the Bond Loan Agreement

EBITDA is to be adjusted for the following costs / items:

1. Transaction costs, meaning all fees incurred by Fiven in connection with the acquisition of the Target Group and Bond issuance costs listing.
2. Any non- recurring items which are not in line with the ordinary course of business, provided that the aggregated amount does not exceed 10% of the EBITDA.
3. The effect of the implementation of IFRS16 Leasing and one-off IFRS3 Business Combinations

Net Interest Bearing Debt as defined in the bond loan

All interest bearing liabilities, excluding shareholder loans, IFRS 16 leasing impact and factoring liabilities.

Auditor's report

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To the General Meeting of Fiven ASA

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Fiven ASA, which comprise:

- The financial statements of the parent company Fiven ASA (the Company), which comprise the statement of financial position as at 31 December 2019, the statement of income and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- The consolidated financial statements of Fiven ASA and its subsidiaries (the Group), which comprise the statement of financial position as at 31 December 2019, the statement of income, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- The financial statements are prepared in accordance with the law and regulations.
- The accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2019, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.
- The accompanying consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Basis for Opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company and the Group as required by laws and regulations, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

PricewaterhouseCoopers AS, Dronning Eufemias gate 71, Postboks 748 Sentrum, NO-0106 Oslo
T: 02316, org. no.: 987 009 713 VAT, www.pwc.no
State authorised public accountants, members of The Norwegian Institute of Public Accountants, and authorised accounting firm

Independent Auditor's Report - Fiven ASA

Other information

Management is responsible for the other information. The other information comprises information in the annual report, except the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the General Manager for the Financial Statements

The Board of Directors and the General Manager (Management) are responsible for the preparation in accordance with law and regulations, including fair presentation of the financial statements of the Company in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for the preparation and fair presentation of the consolidated financial statements of the Group in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements of the Company use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations. The consolidated financial statements of the Group use the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

For further description of Auditor's Responsibilities for the Audit of the Financial Statements reference is made to https://revisorforeningen.no/revisjonsberetninger

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Independent Auditor's Report - Fiven ASA

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Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report and in the statements on Corporate Social Responsibility concerning the financial statements, the going concern assumption and the proposed allocation of the result is consistent with the financial statements and complies with the law and regulations.

Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements *(ISAE) 3000, Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the Company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Oslo, 17 March 2020
PricewaterhouseCoopers AS

Anders Ellefsen
Anders Ellefsen
State Authorised Public Accountant

(3)

Design and production: Artbox AS