INTERIM REPORT FOR

Q3

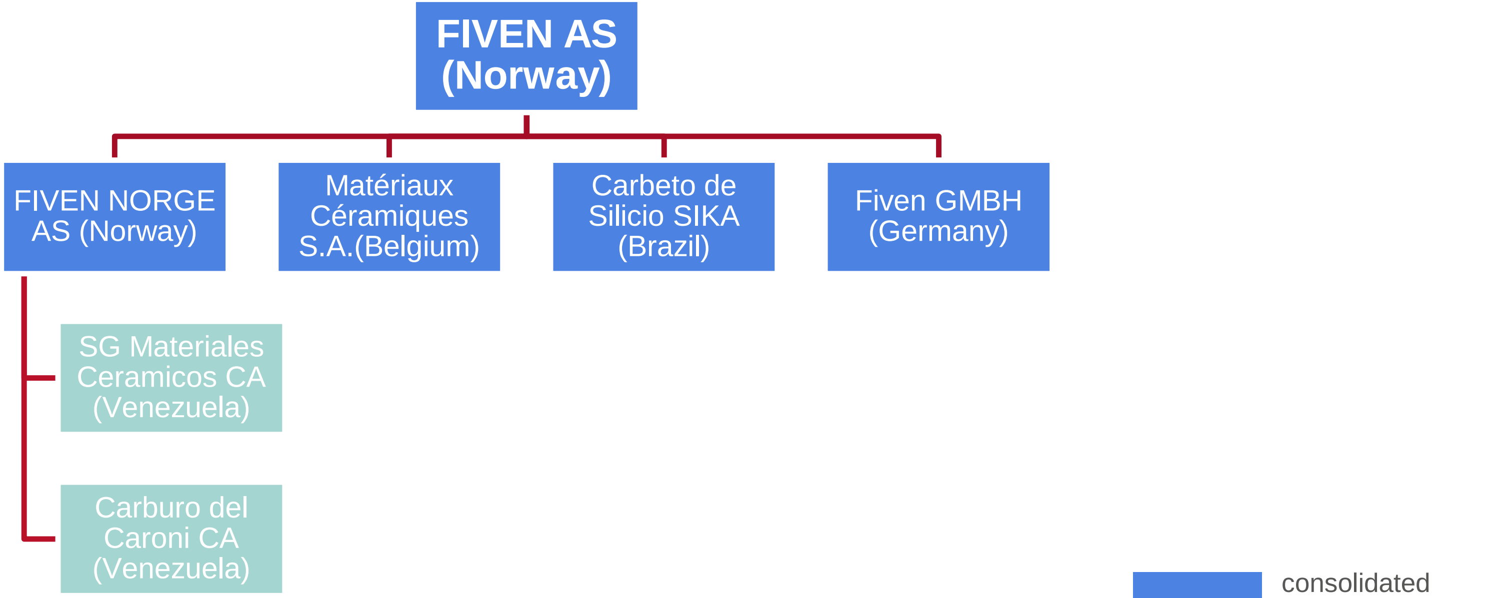
THE PERIOD ENDED SEPTEMBER 30TH 2019

Oslo, 28 November 2019

INTRODUCTION / DISCLAIMER

- The silicon carbide division of Saint Gobain has been acquired by OpenGate Capital (a global private equity company) as of May 2019 and subsequently renamed Fiven Group (“**Fiven**” or the “**Group**”)
    - The acquisition was partly financed by way of a EUR 56.5 million senior secured bond issue.
- 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.
- FIVEN has over 600 employees and a global manufacturing footprint with five sites across two main geographies:
    - Europe (2 plants in Norway and 1 in Belgium; over 250 employees)
    - LatAm (1 plant in Brazil and 2 in Venezuela; over 350 employees)
    - The Group’s client base is global and spread across Europe, North America, South America and Asia.
- The financial information contained in this document is presented in EUR and comprises of unaudited financial statements prepared by management.
- The period from January until May 2019 corresponds to Saint Gobain’s legacy whereas the period from May to September 2019 corresponds to OpenGate Capital ownership.
- Due to the ongoing carve-out process and set up of a new HQ in Oslo with a new group finance team, some adjustments / corrections may be made to the financial statements, including balance sheet and cash flow statement, at a later stage. Also for the same reason the Q3 result includes some impact from prior period. As per the date of issue of report the PPA has not been finalised, and this will most likely also have an impact on the Goodwill calculation. It will be completed for Dec 2019 financial statements.
- Nevertheless, to the best of management’s knowledge, those adjustments are not likely to impact materially the Group’s revenues, EBITDA or net debt position as of 30 September 2019.
- September 30th 2019 figures do reflect the new legal structure of FIVEN Group, excluding the Venezuelan legal entities as their sole customer is the Fiven’s Belgian entity and under the business model act as a cost centre of Belgium.
- Since Q2 it has been decided that Fiven AS’ functional currency is supposed to be Euro. The conversion has been done retroactively, to the 1 May 2019. The main impact was on the financial items, where significant currency impacts related to revaluation of the EUR loans in Fiven AS have been recorded, which have now been reversed.
- PwC has been appointed as the Group’s auditor.

LEGAL STRUCTURE OF FIVEN GROUP AS OF SEPTEMBER 30 2019



- Fiven AS is the issuer of the bond
- There is an intragroup loan between Fiven AS and Fiven Norge AS

HEADLINES-Q3 2019

- The global economy is in a synchronized slowdown (according to IMF latest report), with growth for 2019 downgraded to 3%, its slowest pace since the global financial crisis. Eurozone GDP is expected to grow by 1.5%.US GDP is expected to grow by 2.4%. Developing and emerging economies' GDP is expected to grow by 3.9%, mainly driven by China and India; Brazil is set to continue to grow but a slower pace than in 2018, with growth however expected to pick up in 2020 (2.0%).

- The global market for silicon carbide is diversified and trends differ between regions and end-markets.

- In this context, Fiven's net sales in Q3 2019 decreased by 8.7%, from EUR 31.2m to 28.7m, compared to the same period in 2018, with the principal drivers of this development being:
  - Sales in Europe declining by 16,1%, impacted by the downward trend in the production of diesel cars in Europe and thus for diesel particulate filters, which affects Q3 2019
  - Sales in North America declining by 1% over the same period in 2018 impacted by a market slowdown at a key account in the USA.
  - Sales in South America growing by 27,2%, driven by higher demand for metallurgical briquettes and pellets, price recovery, and higher market share.

- Fiven's net sales in the nine months to September 30th 2019 decreased by 6.2%, from EUR 99.3m to 93.1m, compared to the same period in 2018, with the principal drivers of this development being:
  - Sales in Europe declining by 14%, driven exclusively by the current downward trend in the production of diesel cars in Europe and thus for diesel particulate filters, which impacts YTD figures negatively by EUR 8.8m compared to YTD Sep 2018.
  - Sales in North America growing by 10%, driven by refractory materials and co-development projects.
  - Sales in South America growing by 14%, driven by higher demand for metallurgical briquettes and pellets, price recovery, and higher market share.

  Fiven Group total sales excluding powders for diesel particular filters are growing by 3% Year on Year.

- LTM Q3 sales reached EUR 134.5m, compared to EUR 136.8m in Q2 2019.

FIVEN SIKA Silicon Carbide

HEADLINES-Q3 2019

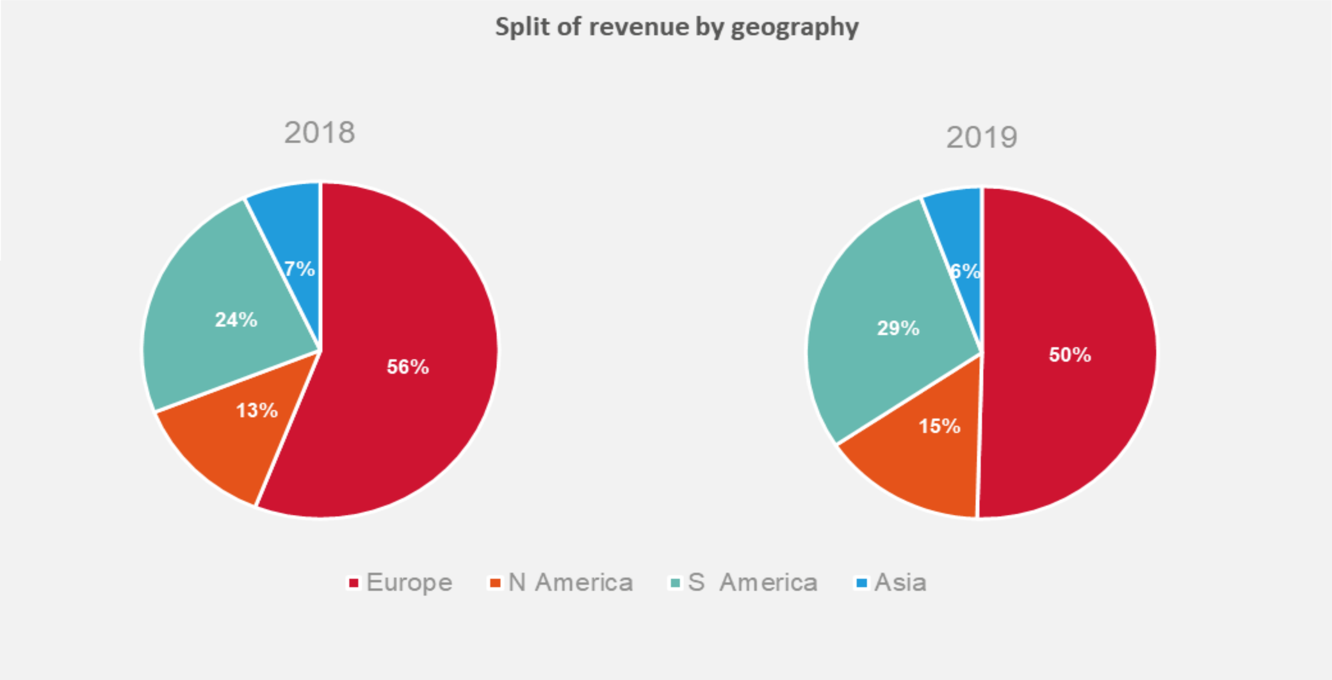
- Q3 reported EBITDA of EUR 3.2m includes EUR 2.4m non recurring and bond allowable costs related to transaction costs and one-off carve out costs.
- Normalized for non-recurring items Q3 adjusted EBITDA came in at EUR 5.7m, representing and increase of 23.4% on Q3 2018 and a decrease of 5,7% when excluding the IFRS 16 impact. This corresponds to a margin of 15.1%. Favourable exchange rate evolution and lower petcoke prices have to some extent offset negative impacts from lower sales volume.
- Q3 YTD reported EBITDA amounted to EUR 11.5m which includes EUR 3.3m of non-recurring items. Normalising for these, Q3 YTD adjusted EBITDA came in at EUR 14.8m representing a decrease of 4.2% compared to Q3 2018 YTD and a decrease of 12.4% when excluding the impact of IFRS 16 impact. The shortfall to 2018 performance is mainly driven by lower sales volume, unfavourable sales mix and a 4 month production stop in Venezuela.
- As for LTM Q3, the EBITDA was EUR 18.3 m compared to €18.4m in Q2 2019.
- Beginning on 1 January 2019, the Group follows IFRS 16 (Leases), which has impacted YTD EBITDA positively by EUR 1.3m. The entire amount was booked in Q3
- Excluding non-recurring items, the YTD SGA are broadly in line with 2018.
- Since January 2019, staff levels as measured by full-time equivalents (FTE) have been reduced by 9% to adapt to lower activity level.
- After the establishment of the Fiven Group in May 2019, a new group management team was put in place. The IT carve out project from Saint Gobain continues, and is expected to be completed by end Q1 2020.

FIVEN

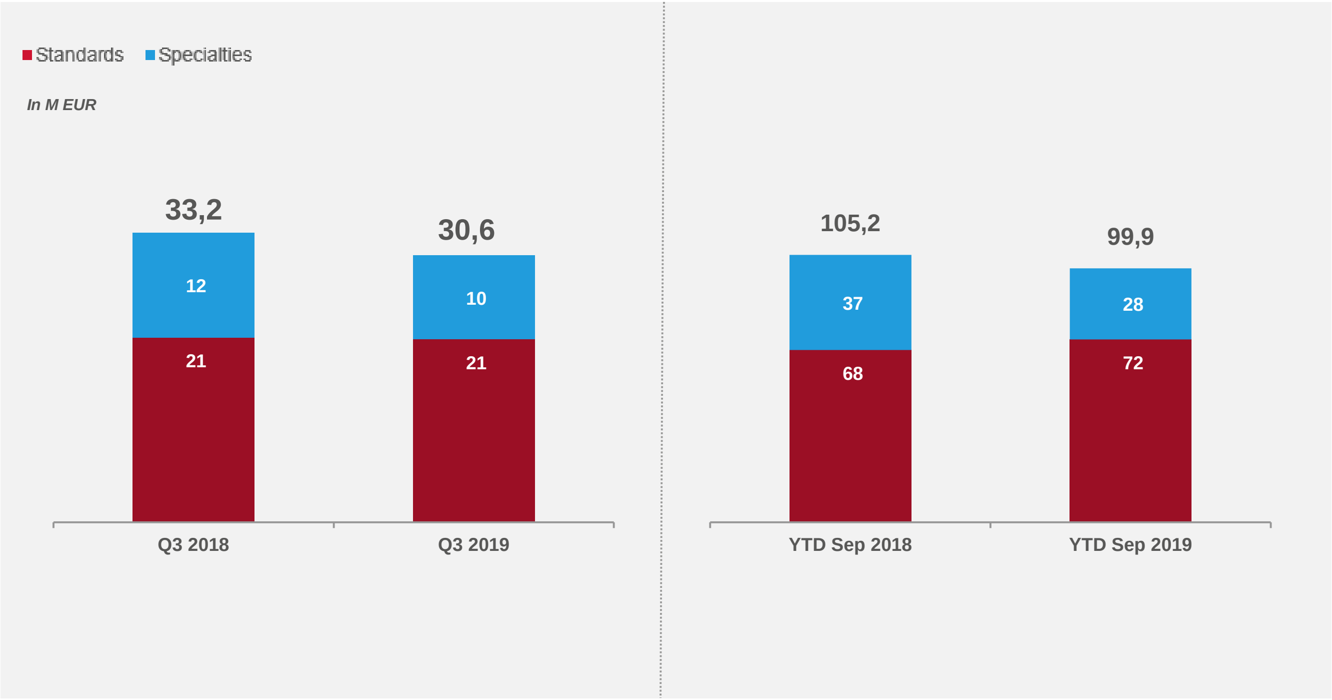
SIKA Silicon Carbide

HIGHER CONTRIBUTIONS FROM THE AMERICAS

Year to Date September 2019



GROSS SALES BY PRODUCT CATEGORY



P & L

Interim condensed consolidated statement of Profit or loss (unaudited)

	for the quarter end		YTD		pro forma YTD	
(EUR 1000)	30-sept-19	30-sept-18	01 May - 30 Sept 2019	01 May - 30 Sept 2018	30-sept-19	30-sept-18
Gross Revenue	30 663	33 110	53 066	56 121	99 919	105 234
Freight, rebates	(1 956)	(1 897)	(3 242)	(3 140)	(6 785)	(5 927)
Net Revenue	**28 707**	**31 213**	**49 824**	**52 981**	**93 133**	**99 307**
Total COGS	20 313	23 391	35 737	39 086	68 546	74 186
Gross Margin	**8 394**	**7 822**	**14 087**	**13 895**	**24 587**	**25 121**
Gross Margin %	*29,2%*	*25,1%*	*28,3%*	*26,2%*	*26,4%*	*25,3%*
Total SG&A	5 155	3 222	7 963	5 452	13 058	9 663
EBITDA	**3 239**	**4 600**	**6 124**	**8 444**	**11 530**	**15 458**
EBITDA Margin %	*11,3%*	*14,7%*	*12,3%*	*15,9%*	*12,4%*	*15,6%*
Non-Recurring Cost		-			-	
Adjusted EBITDA	**4 424**	**4 600**	**7 616**	**8 444**	**13 632**	**15 458**
Adjusted EBITDA Margin %	*15,4%*	*14,7%*	*15,3%*	*15,9%*	*14,6%*	*15,6%*
Depreciation & Amortization	1 943	884	2 428	1 460	3 398	2 648
EBIT	**1 297**	**3 717**	**3 696**	**6 984**	**8 132**	**12 810**
Interest and financial amortization	(3 458)	(453)	(3 483)	(729)	(4 267)	(1 432)
Other financial income/expense	(675)	280	(707)	(23)	(618)	171
Non-financial income/expense	14	613	198	607	4 269	603
Monitoring fees	(335)	-	(335)	-	(335)	-
EBT	**(3 158)**	**4 157**	**(630)**	**6 839**	**7 181**	**12 151**
Taxes	751	1 364	1 999	1 358	2 583	2 250
Net Income (Loss)	**(3 909)**	**2 793**	**(2 629)**	**5 481**	**4 598**	**9 901**
Net Income (Loss) %	*-13,6%*	*8,9%*	*-5,3%*	*10,3%*	*4,9%*	*10,0%*
Other comprehensive income						
Exchange differences on translation of foreign operations	-1 026	1)	-1 430		1)	1)
Net other comprehensive income that may be reclassified to P&L in subsequent periods	**-1 026**		**-1 430**			
Total comprehensive income, net of tax	**(4 935)**	**2 793**	**(4 059)**	**5 481**	**4 598**	**9 901**

- Please note that 2018 figures do not include the effect of implementation of IFRS 16. The impact is 1250 KEUR ytd 2019, for more information see note 2.2.1
- Q3 includes correction for previous months:
  - interest for Q3 amounts to 3458 KEUR. This includes 1578 KEUR which belongs to prior Q3. The quarterly interests costs amount to 1900 KEUR
  - IFRS 16 adjustments amount to 1339 KEUR, of which 950 KEUR relates to prior Q3.
- Non-financial income in the pro forma refers to the sale of shares in certain Saint Gobain companies as part of pre-closing reorganisations done by the vendor prior to Open Gate Capital acquisition.

ADJUSTED EBITDA

(EUR 1000)	for the quarter end 30-sept-19	30-sept-18	YTD 01 May - 30 Sept 2019	01 May - 30 Sept 2018	pro forma YTD 30-sept-19	30-sept-18
EBITDA	3 239	4 600	6 124	8 444	11 530	15 458
+ Transaction costs + Non-recurring items (max 10%)	2 523	-	2 742	-	3 352	-
- Reversal of IFRS16 impact	(1 339)	-	(1 250)	-	(1 250)	-
Adjusted EBITDA	**4 424**	**4 600**	**7 616**	**8 444**	**13 632**	**15 458**
Adjusted EBITDA Margin %	*15,4%*	*14,7%*	*15,3%*	*15,9%*	*14,6%*	*15,6%*

(EUR 1000)		pro forma YTD 30-sept-19
items	**costs**	**Added back**
Transaction costs	2 113	2 113
Non-recurring items (max 10%)	1 375	1 239
Management bonus	*452*	
IT carve out	*332*	
interim management	*268*	
Legal assistance + audit	*193*	
recruitment corporate	*105*	
other	*25*	
total items added back		**3 352**

According to the bond loan agreement the EBITDA is to be adjusted for the following costs / items :

1) Transaction costs, meaning all fees costs incurred by Fiven in connection with the acquisition of the Target Group.

2) any extra ordinary and any non recurring items which are not in line with the ordinary course of business, provided that the aggregated amount do not exceed 10% of the EBITDA.

3) Effect of implementation of IFRS 16.

Enclosed is a specification of the aggregated amount of the adjustment, YTD sept 2019.

BALANCE SHEET

interim Consolidated BALANCE SHEET (unaudited)

(EUR 1000)	30-Sep-19	1-May-19
ASSETS		
Non-Current Assets		
Property, plant & equipment, net	32,525	28,624
Goodwill	12,708	12,708
Identifiable intangible assets, net	615	933
Deferred tax asset	3,476	3,192
Other non-current assets	259	40
Total Non-Current Assets	**49,584**	**45,497**
Current Assets		
Cash and cash equivalents	9,221	9,293
Accounts receivable, net	22,427	31,405
Inventory, net	33,562	37,993
Prepaid expenses and other current assets	511	639
Other current assets	5,257	788
Total Current Assets	**70,979**	**80,117**
Total Assets	**120,563**	**125,614**

- The opening balance per 1 May 2019 has been restated since Q2. The opening balance now presents the establishment of the Fiven Group.
- Calculation of PPA is still work in progress, this will impact the Goodwill calculation.
- PPA calculation and allocation of goodwill will be performed in Q4 2019 for the purpose of audited IFRS financial statements.
- The balance sheet as of 30 Sept 2019 includes the effect of implementation of IFRS 16 (not yet done for the opening as of May 1st) – Leases
  - impact of a EUR 5.0 m increase in non-current assets and a corresponding lease liability.
- Since closing of the acquisition, Fiven has entered into a non-recourse receivables factoring arrangement to optimise working capital
- The properties, plant and equipment are located in Norway, Brazil and Belgium and comprise of production facilities for crude silicon carbide and subsequently SiC grains and powders.

BALANCE SHEET

interim Consolidated BALANCE SHEET (unaudited)

(EUR 1000)	30-Sep-19	01-May-19
EQUITY & LIABILITIES		
Share capital	20	20
Premium fund	5,657	5,657
Other equity/retained earnings	(4,251)	-
Total Equity	**1,426**	**5,677**
Long-term liabilities		
Capital lease	3,675	679
Deferred income taxes	1,059	(383)
Shareholder loan	33,135	32,130
Bondholder loan	54,817	54,523
Other non-current liabilities	670	1,358
Total Long-term Liabilities	**93,356**	**88,306**
Current Liabilities		
Current portion of long-term debt	1,178	-
Accounts payable	18,322	30,642
Income taxes payable	446	70
Other current liabilities	5,835	919
Total Current Liabilities	**25,781**	**31,631**
Total Liabilities	**119,137**	**119,937**
Total Equity & Liabilities	**120,563**	**125,614**

- At 30 September 2019, the ratio of net interest bearing debt to EBITDA stands at 2,49 compared to the maintenance covenant under the bond terms at 4.50x.
- Other current liabilities include the impact of the factoring agreement.
- The decline of AP (and AR page 10) is partly due to the netting of the Belgium receivables and payable from / to Venezuela.

CASH FLOW STATEMENT

CASH FLOW STATEMENT

(EUR 1000)	quarter end 30-Sep-19	01.05 - 30.09.2019
Cash flow from operating activities		
Net Income (Loss)	(3,909)	(2,629)
Depreciation, and amortization	1,943	2,428
Interest	1,902	3,652
Capitalized fees & expenses	3,647	-
Changes in working capital	(1,642)	1,821
Change in provision and other obligations	-	-
Total cash flow from operating activities	1,941	**5,272**
Cash flow from investing activities		
Additions to property, plant and equipment	(1,054)	(1,682)
Investing in companies	-	-
Other cash flow from investing	-	-
Total cash flow from investing activities	**(1,054)**	**(1,682)**
Cash flow from financing activities		
Repayment of debt	-	-
New debt	-	-
Interest paid	(1,095)	(1,095)
Capital Lease	(556)	(1,204)
Other cash flow from financing		
Total cash flow from financing activities	**(1,651)**	**(2,299)**
Effect of FX rates on cash and cash equivalents	(46)	(1,363)
Net change in cash	**(810)**	**(72)**
Cash and cash equivalents at beginning of period	10,031	9,293
Change in cash	(810)	(72)
Cash and cash equivalents at end of period	**9,221**	**9,221**

- The cash flow is based on the restated opening balance of 01 May 2019.

- Cash flow from investing does not yet reflect a potential adjustment to the purchase price owing to closing accounts with Saint Gobain.
- The maximum additional purchase price payable by Fiven is expected at less than EUR 3m.
- The effect of FX rates on the cash flow is due to translation of the NOK and Brazilian real (BRL) to EUR

CONSOLIDATED EQUITY

interim condensed consolidated statement of changes in equity

(EUR 1000)	Share capital	Other paid-in capital	Other Equity: Translation differences	Actuar gains and losses	Retained earnings	other equity	Total other equity	Total equity
	Attributable to equity holders of the parent company							
Equity as at 01.05.2019	**20**	**5,657**					-	**5,677**
Effect elimination of internal profit					(192)		(192)	**(192)**
Equity adjusted as at 01.05.2019	**20**	**5,657**	**-**	**-**	**(192)**	-	(192)	**5,485**
Profit for the period					(2,629)		(2,629)	**(2,629)**
Other Comprehensive Income			(1,430)				(1,430)	**(1,430)**
Total comprehensive income	-	-	(1,430)	-	(2,629)	-	(4,059)	**(4,059)**
Equity as at 30.09.2019	**20**	**5,657**	**(1,430)**	**-**	**(2,821)**	**-**	**(4,251)**	**1,426**

NOTES

1. Corporate information

Fiven AS is a public limited company, incorporated in Norway, headquartered in Oslo. The Group is principally engaged in production of silicon carbide powder and grains. Since Fiven Group was created in May 2019, by the OpenGate Capital acquisition of the Silicon carbide divison of Saint Gobain, no consolidated financial statements for Fiven AS are available yet. 2019 is the first year of operation.

2. Basis for preparation and main Group Accounting Policies

2.1 Basis for preparation

The interim condensed consolidated financial statement for the nine months ended 30 September 2019 have not been prepared in accordance with IAS 34 Interim Financial Reporting. The accounting principles applied will correspond to those described in the Annual report for the year 2019. This interim report does not contain all information and disclosure which will be available in the annual report. Since Fiven Group was created in May 2019, all comparable information is only based on pro forma figures.

2.2 Main Group Accounting policies

In preparing these interim financial statements, management has made judgements and estimates that effects the application and accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual result may differ from these estimates.

The consolidated financial statements are based on historical cost, with the exception of the following:

- Financial instruments at fair value through profit or loss and fair value through OCI

The consolidated financial statements have been prepared on the basis of uniform accounting principles for similar transactions and events under otherwise similar circumstances.

2.2.1 IFRS 16

The Group applies, for the first time, IFRS 16 Leases that requires restatement of previous financial statements. Since no previous financial statements have been issued previously. Based on the opening Balance the impact is as follows:

(EUR 1000)	30-Sep-19
Property, plant & equipment, net	5,036
Total Non-Current Assets	**5,036**
Other equity/retained earnings	(14)
Total Equity	**(14)**
Capital lease	3,675
Total Long-term Liabilities	**3,675**
Accounts payable	3
Other current liabilities	1,372
Total Current Liabilities	**1,375**
Total Liabilities	**5,050**

(EUR 1000)	YTD 30-Sep-19
Total COGS	(1,250)
EBITDA	**1,250**
Depreciation & Amortization	1,204
EBIT	**46**
Interest and financial amortization	46
EBT	-

2.2.2 Functional currency and presentation currency

2.2.2.1 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. Changes in the exchange rate are recognised continuously in the accounting period.

2.2.2.2 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 recognised in other comprehensive income (“OCI”).

2.2.3 Consolidation principles

The Group’s consolidated financial statements comprise the parent company and its subsidiaries as of September 30, 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, as well as options controlled by the Group and shareholder's agreement or other contractual agreements. 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. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.
Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group’s accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

2.2.4 Borrowing costs

Borrowing costs are recognised in the statement of comprehensive income when they arise. Borrowing costs are capitalised 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 capitalised. Borrowing costs are capitalised 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 recognised.

2.2.5 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. Pending the PPA the acquired assets and liabilities are accounted for by using historical costs in the opening group balance.
The initial accounting for a business combination will be changed when new information about the fair value at the acquisition date is present. The allocation can be amended within 12 months of the acquisition date [provided that the initial accounting at the acquisition date was determined provisionally].
Goodwill is recognised 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. In connection with this, goodwill is allocated to cash-generating units or groups of cash-generating units that are expected to benefit from synergies from the business combination.

2.2.6 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.