

Interim report for Q1 2020

Oslo, 28 May 2020



Challenging market environment due to pandemic

GDP Growth: **Emerging Asia is projected to be the only region with a growth rate in 2020**

Region	2019	2020
Eurozone	+1.2%	-7.5%
US	+2.3%	-6.1%
Latin America	+0.1%	-5.2%
- Brazil	+1.1%	-5.3%
- Mexico	-0.1%	-6.6%
China	+6.1%	+1.2%
India	+4.2%	+1.9%

IMF World Economic Outlook April 2020

The global silicon carbide market is diversified and trends vary by region and end market. However, **this pandemic affects all end markets and regions alike.**

Fiven's main end markets (automotive & construction) show a strong decrease in sales, due to the measures to fight the pandemic and the economic uncertainties.



Automotive

EU-wide production losses due to factory shutdowns amount to at least 2,4 million motor vehicles



Construction

75% of the European construction projects were halted in March and April 2020.

The uncertainty is high and what is clear is that the recovery may take time.

Nobody in the automotive and construction markets is providing concrete forecasts.

Fiven working on mitigating the losses by focus on less impacted end-markets (medical, energy generation, semi-conductor).

FIVEN Group has taken all appropriate measures to produce safely and to adapt its production and organization level to the effective level of customers' demand. This includes calibrated cost reduction measures of which adapted decrease in production and administrative workforce.

Headlines Q1-2020

Fiven total revenues

EUR 32.1m
Q1-2019



EUR 32.2m
Q1-2020

Region	vs '19	Comments
Europe	-3%	<ul style="list-style-type: none"> Downward trend in automotive and construction affecting Metallurgy & Abrasive products (EUR -0.2m) Co-development in defense and energy generation markets to mitigate those adverse effects
North America	-20%	<ul style="list-style-type: none"> Decline due to a key account moving their production to Eastern Europe Co-development projects are underway to explore untamed market shares.
South America	+2%	<ul style="list-style-type: none"> Fierce competition from ferrosilicon producers and a negative currency effect related mainly to the depreciation of the Brazilian Real Growth driven by strong demand from the foundries and steel industries
Asia	+66%	<ul style="list-style-type: none"> Growth driven by Japanese customers

Segment	Q1'19	Q1'20	
Specialties	EUR 9.6m	EUR 10.8m	+13%
Standards	EUR 22.6m	EUR 21.4 m	-4.8%

The sales of **customized products** grew due to ongoing co-development projects resulting in **higher market share** and enhancement of customer intimacy.

The sales of **standards products** dropped as a result of **disruptions related to the coronavirus** pandemic, with different situations from one country to the next.

EBITDA ended at EUR 3.1m (of which EUR +0.3m impact of IFRS16) including EUR 1.1m of non-recurring costs.

- Normalized for non-recurring items Q1 **adjusted EBITDA came in at EUR 3.8m** versus EUR 3.7m for quarter 1 2019, an improvement of 2.5%.
- Excluding non-recurring items (transactions costs, transition and carve-out costs), **SG&A ended EUR 1.2m** lower than last year's quarter 1, representing **-32% cost reduction**.
- The number of full-time equivalents (**FTEs**) at quarter end was **637, a reduction of 46** from March end 2019 of which 37 were direct labor.

Net loss of the quarter EUR -2.0m compared to a net gain of EUR 4.4m in Q1 2019.

The difference is mainly coming from:

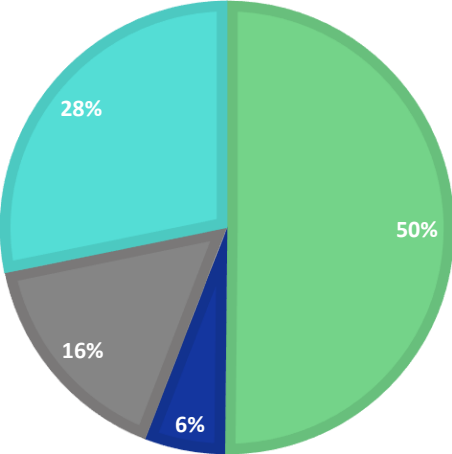
- increase of non-recurring costs (EUR -1.0m),
- increased depreciation and amortization (EUR -0.4m),
- higher net financing expenses (EUR -1.6m),
- realized and unrealized exchange losses (EUR -0.8m),
- Q1-2019 sales of shares in Saint-Gobain subsidiaries (EUR -2.4m) and higher income taxes (EUR -0.2m).

Revenue Share by Geographical Region

Split of revenue by geography - Full Year 2019 and Q1 2020

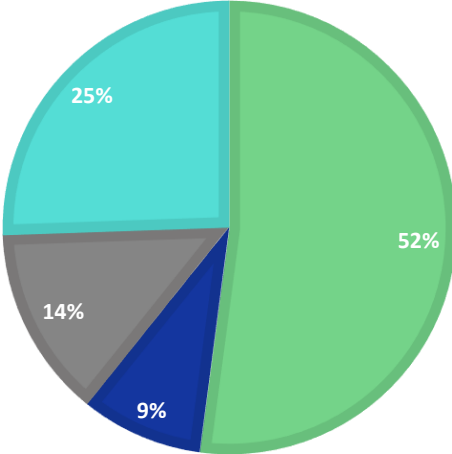
2019

■ Europe ■ Asia ■ N.-America ■ S.-America



Q1 2020

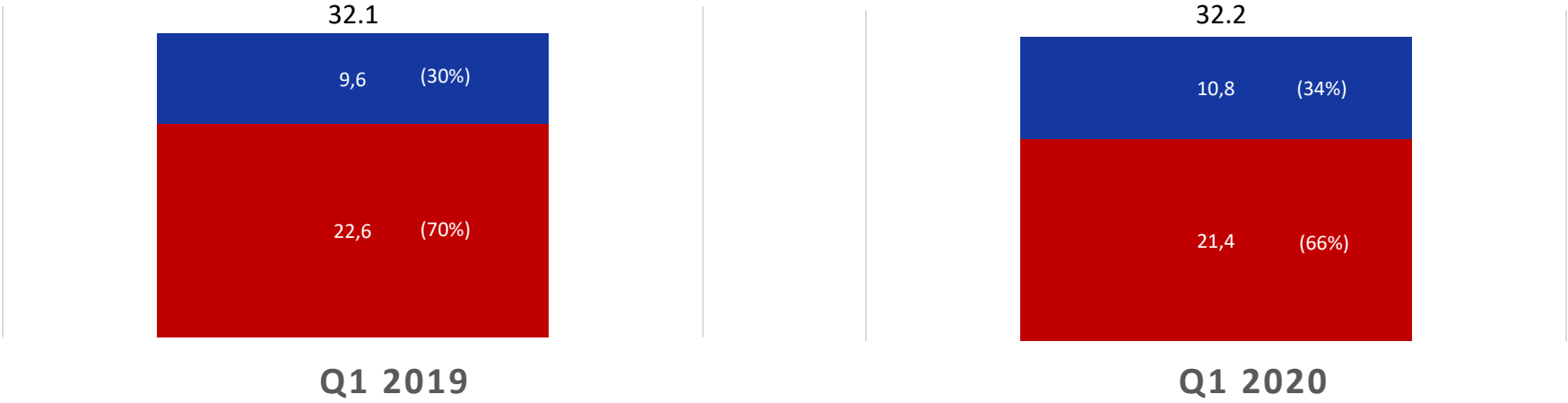
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Revenues by Main Product Category



In MEUR



Income Statement

Amounts in EUR thousand	Note	First quarter				Year to date		FY 2019 (2)		Proforma (1)	
		2020		2019		2020		2019		Q1	YEAR
		2020	2019	2020	2019	2019	2019	2 019	2019		
Revenue	2, 3	32 205	-	32 205	-	77 234			32 139	118 453	
Other Income		30	-	30	-	355			168	621	
Total revenue and other income		32 234	0	32 234	0	77 589			32 306	119 074	
Cost of goods		-18 051	-	-18 051	-	-42 978			-17 481	-64 756	
Employee benefit expenses		-6 510	-	-6 510	-	-16 896			-7 116	-26 024	
Depreciation and amortization		-1 344	-	-1 344	-	-3 946			-872	-5 477	
Other operating expenses	4	-4 601	-	-4 601	-	-10 896			-3 959	-15 763	
Total operating expenses		-30 506	0	-30 506	0	-74 715			-29 428	-112 020	
Operating profit (loss)		1 729	0	1 729	0	2 874			2 879	7 054	
Finance income	5	24	-	24	-	70			2 752	4 530	
Finance expense	5	-3 076	-	-3 076	-	-6 275			-762	-7 224	
Net finance income (expense)		-3 052	0	-3 052	0	-6 206			1 990	-2 695	
Net income (loss) before income taxes		-1 323	0	-1 323	0	-3 332			4 869	4 359	
Income tax expense		-719	-	-719	-	-1 641			-502	-2 329	
Net income (loss)		-2 043	0	-2 043	0	-4 973			4 366	2 030	
Net income (loss) attributable to:											
Shareholders of the parent		-2 043	0	-2 043	-	-4 973			4 366	2 030	
Total net income (loss) attributed to shareholders		-2 043	0	-2 043	0	-4 973			4 366	2 030	

(1) Fiven Group was established 14.05.2019, Parent company was incorporated February 5, 2019

(2) Financial statement for Fiven Group for 2019, including profit and loss from the acquired companies from May 1, 2019

Financial Statement by Operating Segment

First quarter 2020	Fiven Norway	Fiven Brazil	Fiven Belgium	Other	Total segment reporting
Revenue from contracts with customers	14 203	11 797	6 205	-	32 205
Other income	-	19	9	2	30
Total revenue and other income from external customers	14 203	11 816	6 214	2	32 234
Revenue from other group segments	89	1 048	1 002	-2 139	0
Total revenue and other income	14 292	12 864	7 216	-2 137	32 235
Operating expenses (excluding depr. and amort.)	-12 283	-11 183	-6 815	1 120	-29 161
EBITDA	2 009	1 681	401	-1 017	3 073
Non-recurring & other non-financial items	67	-89	54	685	717
EBITDA ADJ.	2 076	1 592	455	-333	3 790

First quarter 2019 (pro forma)	Fiven Norway	Fiven Brazil	Fiven Belgium	Other	Total segment reporting
Revenue from contracts with customers	13 508	11 735	6 895	-	32 139
Other income	44	103	20	-	168
Total revenue and other income from external customers	13 552	11 839	6 915	-	32 306
Revenue from other group segments	82	1 414	215	-1 711	0
Total revenue and other income	13 634	13 253	7 130	-1 711	32 306
Operating expenses (excluding depr. and amort.)	-12 346	-12 161	-5 759	1 711	-28 555
EBITDA	1 288	1 091	1 371	0	3 751
Non-recurring & other non-financial items	435	(241)	(23)	(225)	(54)
EBITDA ADJ.	1 723	850	1 348	-225	3 696

STATEMENT OF FINANCIAL POSITION

<i>Amounts in EUR thousand</i>	31 March 2020	31 March 2019	31 December 2019	<i>Amounts in EUR thousand</i>	31 March 2020	31 March 2019	31 December 2019
ASSETS				EQUITY AND LIABILITIES			
Buildings and land	8 255		12 398	Share capital	101	3	20
Plant and equipment	18 918		19 333	Other paid in capital	5 576	1	5 656
Right-of-use-assets	3 267		4 044	Retained earnings	-7 017		-4 973
Other Intangible assets	13 038		13 341	Foreign currency translation reserve	-10 581		-1 285
Goodwill	3 069		2 391	Total equity	-11 920	4	-581
Other non-current financial assets	184		160	Bond loan	55 122		54 967
Deferred tax assets	5		607	Non-current interest-bearing liabilities	34 429		33 786
Total non-current assets	46 736	0	52 273	Non-current lease liabilities	2 775		2 586
Inventories	26 170		32 410	Deferred tax liabilities	2 581		3 407
Trade receivables	19 728		16 101	Employee benefit obligations	354		413
Other receivables	2 680		3 979	Provisions	1 019		1 233
Prepayments	560		796	Total non-current liabilities	96 279	0	96 392
Other current financial assets	1		161	Trade payables	15 068		11 909
Cash and cash equivalents	23 871	4	14 771	Other payables	4 637		5 739
Total current assets	73 010	4	68 218	Current interest-bearing liabilities	13 401		5 526
TOTAL ASSETS	119 746	4	120 493	Current lease liabilities	634		1 495
				Income tax payable	973		13
				Total current liabilities	35 388	0	24 682
				Total liabilities	131 667	0	121 074
				TOTAL EQUITY AND LIABILITIES	119 746	4	120 493

The reported equity at first quarter end was EUR -11.9m which is a reduction of EUR -11.3m since year end 2019 reflecting the net loss of the period of EUR -2m and an increase in the reserve for foreign currency translation of EUR -9.3m. This is due to the lower market equity contribution of businesses located in Norway and Brazil resulting from decreasing local currencies against Euro.

CASH FLOW STATEMENT

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS

Amounts in EUR thousand	First quarter		Year to date		FY 2019
	2020	2019	2020	2019	
Net income (loss) before income taxes	-1 323	0	-1 323	0	-3 332
Adjustments to reconcile net income (loss) before income tax to net cash flows:					
Corporate income tax paid	-437		-437		-1 358
Depreciation and amortization	1 344		1 344		3 946
Loss on disposal of buildings, plant and equipment	0		0		305
Net interest expense	2 370		2 370		5 677
Change in inventory, trade receivables and trade payables	1 759		1 759		4 111
Change in other receivables, prepayments, and other payables	347		347		-2 334
Other changes	-560		-560		-449
Cash flows from operating activities	3 500	0	3 500	0	6 566
Payments for buildings, plant and equipment, and intangible assets	-874		-874		-3 004
Payment for acquisition of subsidiary, net of cash acquired	0		0		-73 116
Cash flows from investing activities	-874	0	-874	0	-76 120
Proceeds from issues of bonds	0		0		56 500
Proceeds from shareholders loan	0		0		32 130
Proceeds from other interest bearing liabilities	10 037		10 037		4 735
Repayment of short term loan	-499		-499		-10 137
Interest and placement fee paid	-1 420		-1 420		-4 431
Payment of principal portion of lease liabilities	-371		-371		-996
Proceeds from issues of shares	0	4	0	4	5 670
Cash flows from financing activities	7 747	4	7 747	4	83 471
Net increase in cash and cash equivalents	10 374	4	10 374	4	13 916
Net foreign exchange differences	-1 274		-1 274		-75
Cash and cash equivalents from opening balance	14 771	0	14 771		4
Cash and cash equivalents at closing balance	23 871	4	23 871	4	13 845
Changes in restricted cash					926
Total cash and cash equivalents including restricted cash closing balance	23 871	4	23 871	4	14 771

*) Fiven Group was established 01.05.2019, Parent company was incorporated February 5, 2019

The cash flow from operating activities during the quarter was EUR 3.5m.

The improvement came mainly from better utilization of working capital facilities and lower inventories.

The cash flow investment activities were EUR - 0.9m.

The periodic cash flow from financing activities were EUR 7.8m including the launch of a Brazilian export financing scheme (ACC) of EUR 6.0m.

During quarter 1 the total cash balance increased from EUR 14.8m to EUR 23.9m.