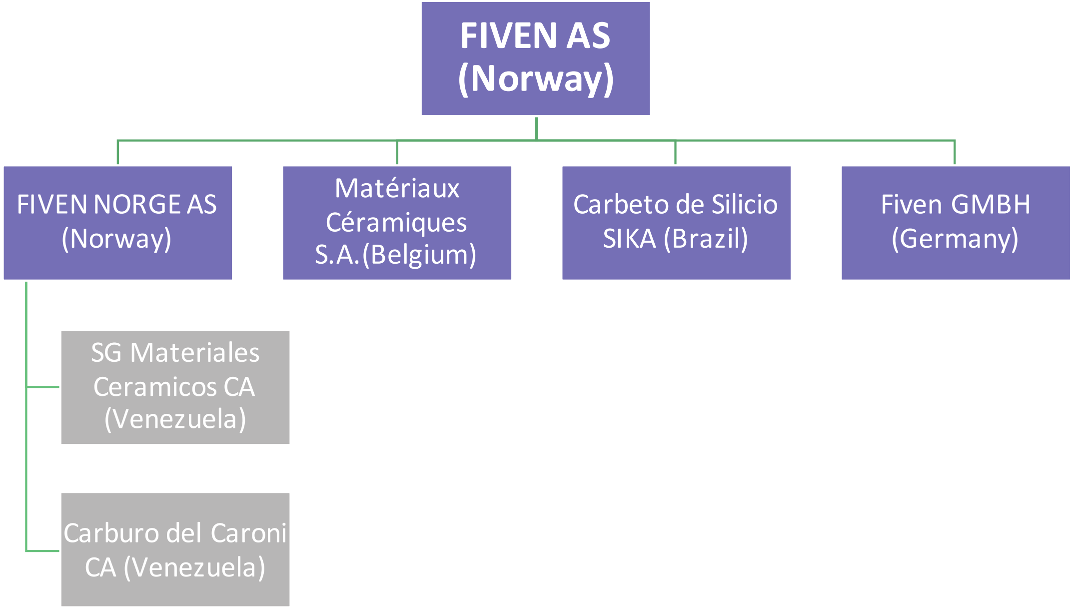
Interim report for Q4 2019

Oslo, 28 February 2020

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 six 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 the management.
- The period from January until May 2019 corresponds to Saint Gobain's legacy whereas the period from May to December 2019 corresponds to OpenGate Capital ownership.
- Compared to the previous reporting, this document contains the impact of the purchase price allocation (PPA) which has been reviewed by the auditors.
- December 31th 2019 figures do reflect the 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 and the impact of the Venezuelan entities is considered as not material when it comes to the contribution to consolidated revenues and total assets.
- 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.
- Fiven AS turned into a public limited company (ASA) in February 2020.
- PwC has been appointed as the Group's auditor

LEGAL STRUCTURE OF FIVEN GROUP as of 31st December 2019



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

consolidated Legal entity

Not consolidated Legal entity

Headlines - Q4 2019

- Trade policy uncertainty, geopolitical tensions, and unusual stress in key emerging market economies continued to weigh on global economic activity mainly in manufacturing and trade. According to the latest IMF world economic outlook released in January 2020:
  - Eurozone GDP is expected to pick up from 1.2% in 2019 to 1.3% in 2020.
  - US GDP is expected to grow from 2.3% in 2019 to 2% in 2020.
  - In Latin America, growth is expected to recover from an estimated 0.1% in 2019 to 1.6% in 2020. The downgrade of Mexico's growth prospects driven by continued weak investments is offset by an upward revision to the forecast of Brazil where the GDP is expected to grow to 2.2% vs 1.2% in 2019.
  - The growth in emerging and developing Asia is forecast to inch up slightly from 5.6% in 2019 to 5.8% in 2020.
  - Those forecasts did not take yet into account any impact of the Covid-19 crisis. Based on existing information as of 28 February 2020, the company is monitoring the situation on daily basis. Sales to China represent less than 1% of our total sales and FIVEN does not import critical materials for our activity from China. FIVEN does not anticipate at this stage any negative impact for the activity of the company
  - The global market for silicon carbide is diversified and trends differ between regions and end-markets.
- In this context, Fiven's Net Sales in the fiscal year 2019 decreased by 9.4%, from EUR 131.4m to 119.1m, compared to the same period in 2018, with the principal drivers of this development being:
  - Sales in Europe declining by 18%, driven exclusively by the current downward trend in the production of diesel cars in Europe and thus for diesel particulate filters, which impacts 2019 figures negatively by EUR 8.7m compared to 2018. 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.
  - Sales in North America growing by 10%, driven by refractory materials and co-development projects.
  - Sales in South America growing by 11% 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.

Headlines - Q4 2019

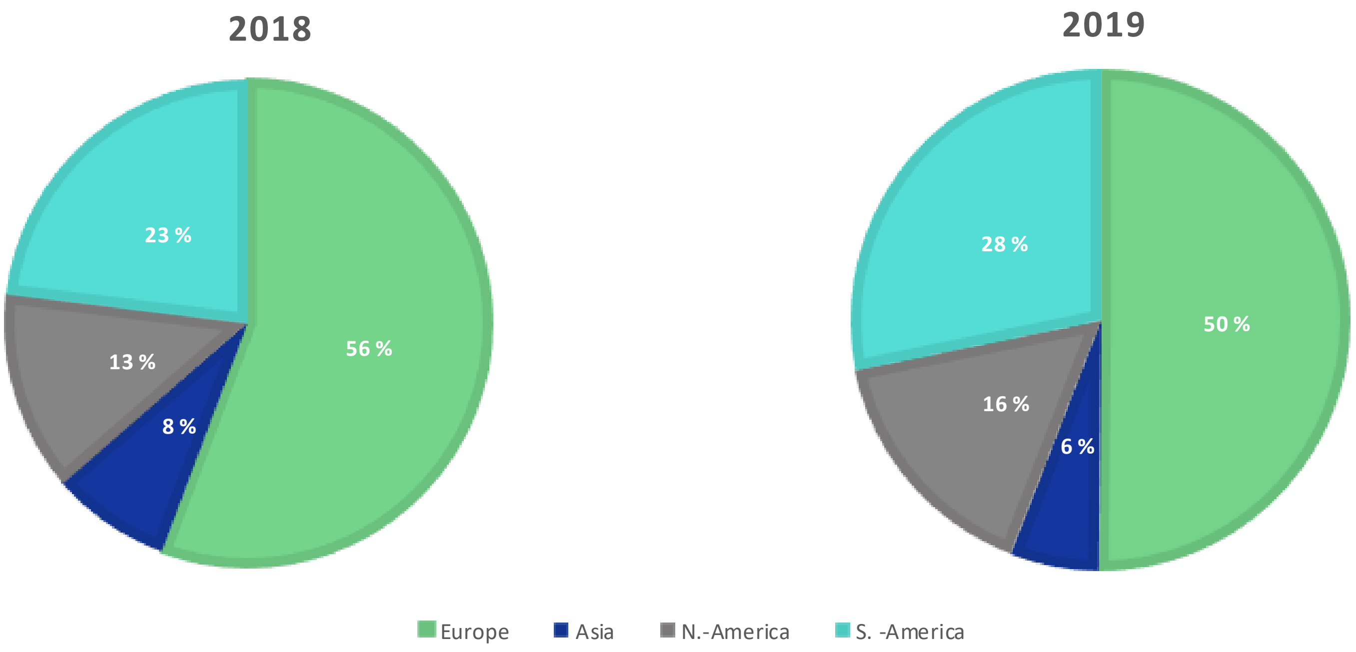
- Q4 reported EBITDA* ended at EUR 1.3m (o/w EUR + 0.3m impact of IFRS16) includes EUR 2.4m of non-recurring items (out o/w EUR + 1.5m allowable adjustments according to the Bond agreement).
- Normalized for non-recurring items Q4 adjusted EBITDA** came in at EUR 2.5m, representing a decrease of 44% versus Q4 2018, which is primarily impacted by a 20% decrease in sales (o/w 1/3 is related to postponed orders to 2020).
- 2019 reported EBITDA* amounted to EUR 12.5m (o/w EUR +1.6m impact of IFRS16) includes EUR 6m of non-recurring items (o/w EUR 4.8m allowable adjustments according to the Bond agreement).
- Normalizing for these, total 2019 adjusted EBITDA** came in at EUR 15.8m representing a like for like decrease of 20% versus 2018. The shortfall to 2018 performance is mainly driven by lower sales volume, unfavorable sales mix and a 4 month production stop in Venezuela.
- Excluding non-recurring items (transactions costs, transition and carve-out costs), SG&A ended 3% lower than previous year.
- Since January 2019, staff levels as measured by full-time equivalents (FTE) have been reduced by 9% to adapt to lower activity level with an acceleration in the second half of the year.
- After the establishment of the Fiven Group in May 2019, a new group management team was put in place including a new finance HQ located in Oslo.
- The IT carve out project from Saint-Gobain continues, and is expected to be completed by the end of Q1 2020.
- For 2020, the Group is expecting an improvement in sales and profitability compared to 2019.

* Reported EBITDA includes IFRS16 positive impact, one-off IFRS3 impact and all non-recurring costs incurred.

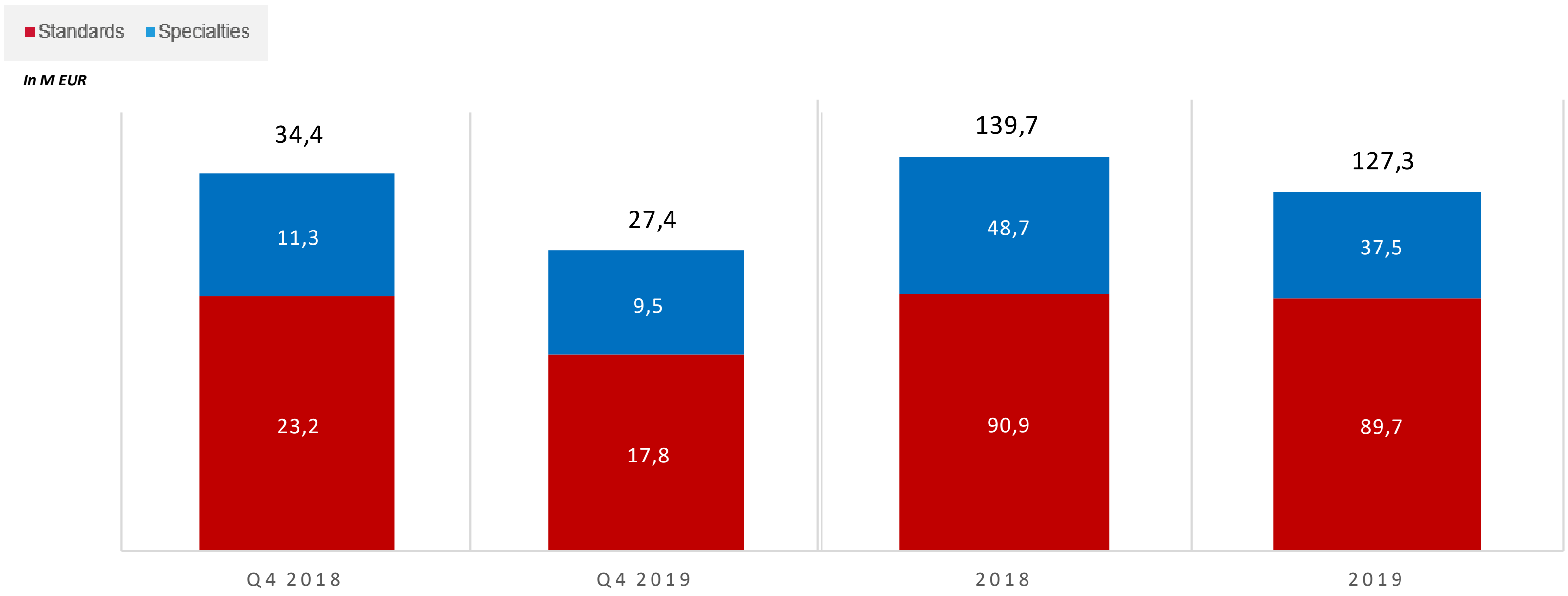
** Adjusted EBITDA excludes IFRS16 positive impact, one-off IFRS3 impact and the authorized portion of non-recurring costs incurred.

50% of FIVEN sales are generated outside of Europe

Split of revenue by geography - Full year 2018 and 2019



Decrease in specialties sales comes from the diesel filters segment



P&L

Interim condensed consolidated statement of Profit or loss (unaudited)

	for the quarter end		YTD		pro forma YTD	
(EUR 1000)	31-Dec-2019	31-Dec-2018	01 May - 31 Dec 2019	01 May - 31 Dec 2018	31-Dec-2019	31-Dec-2018
Gross Revenue	27 407	34 426	81 674	90 547	127 325	139 660
Freight, rebates	(1 466)	(2 318)	(4 708)	(5 458)	(8 251)	(8 245)
Net Revenue	**25 941**	**32 108**	**76 966**	**85 089**	**119 074**	**131 414**
Total COGS	20 208	24 124	57 556	63 410	88 754	98 510
Gross Margin	**5 732**	**7 983**	**19 410**	**21 679**	**30 320**	**32 904**
Gross Margin %	*22,1%*	*24,9%*	*25,2%*	*25,5%*	*25,5%*	*25,0%*
Total SG&A	4 396	3 480	12 694	8 932	17 789	13 143
EBITDA	**1 336**	**4 503**	**6 716**	**12 747**	**12 531**	**19 761**
EBITDA Margin %	*5,2%*	*14,0%*	*8,7%*	*15,0%*	*10,5%*	*15,0%*
Adjusted EBITDA	**2 544**	**4 503**	**9 382**	**12 747**	**15 807**	**19 761**
Adjusted EBITDA Margin %	*9,8 %*	*14,0 %*	*12,2 %*	*15,0 %*	*13,3 %*	*15,0 %*
Depreciation & Amortization	2 079	796	3 946	2 256	5 477	3 445
EBIT	**(743)**	**3 707**	**2 769**	**10 491**	**7 054**	**16 316**
Interest and financial amortization	(2 151)	(460)	(5 634)	(1 189)	(6 418)	(1 892)
Other financial income/expense	165	122	(573)	100	(453)	293
Non-financial income/expense	(94)	(6 393)	105	(5 785)	4 176	(5 790)
EBT	**(2 822)**	**(3 023)**	**(3 332)**	**3 616**	**4 359**	**8 928**
Taxes	254	(515)	(1 641)	(1 873)	(2 329)	(2 765)
Net Income (Loss)	**(2 567)**	**(3 539)**	**(4 973)**	**1 743**	**2 030**	**6 163**
Net Income (Loss) %	*-9,9%*	*-11,0%*	*-6,5%*	*2,0%*	*1,7%*	*4,7%*
Other comprehensive income						
Exchange differences on translation of foreign operations	(248)	1)	(1 290)		1)	1)
Net other comprehensive income that may be reclassified to P&L in subsequent periods	**(248)**		**(1 290)**			
Total comprehensive income, net of tax	**(2 816)**	**(3 539)**	**(6 263)**	**1 743**	**2 030**	**6 163**

- Please note that 2018 figures do not include the effect of implementation of IFRS 16. The impact is 1554 KEUR in 2019, for more information see note 2.2.1
- Q4 2019 includes the impact since May of higher depreciations which is due to the goodwill allocation on fixed assets (EUR 0.5M) and the restated fair value also on fixed assets at opening balance (EUR 0.5m).
- 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.

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ADJUSTED EBITDA

(EUR 1000)	for the quarter end 31-Dec-2019	31-Dec-2018	YTD 01 May - 31 Dec 2019	01 May - 31 Dec 2018	pro forma YTD 31-Dec-2019	31-Dec-2018
EBITDA	1 336	4 503	6 716	12 747	12 531	19 761
total allowable adjustments	511	-	3 220	-	3 830	-
IFRS16 + one-off IFRS3 impacts	696	-	(554)	-	(554)	-
Adjusted EBITDA	**2 544**	**4 503**	**9 382**	**12 747**	**15 807**	**19 761**
Adjusted EBITDA Margin %	*9,8%*	*14,0%*	*12,2%*	*15,0%*	*13,3%*	*15,0%*

(EUR 1000)		pro forma YTD 31-Dec-2019
Allowable adjustments	**costs**	**adjustments**
Transaction costs	2 393	2 393
Non-recurring (max 10%)	2 582	1 437
Management bonus	*499*	
IT carve out	*352*	
interim management	*514*	
Legal assistance + audit + one-off consultancies	*1 087*	
recruitment corporate	*105*	
other	*25*	
total allowable adjustments		**3 830**

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 and Bond issuance costs listing.

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 the implementation of IFRS16 and one-off IFRS3.

Enclosed is a specification of the aggregated amount of the adjustment in 2019.

BALANCE SHEET

interim Consolidated BALANCE SHEET (unaudited)

(EUR 1000)	31-Dec-2019	1-May-2019
ASSETS		
Non-Current Assets		
Property, plant & equipment, net	35 775	36 515
Goodwill	2 391	2 391
Identifiable intangible assets, net	13 341	14 235
Deferred tax asset	607	2 034
Other non-current assets	160	41
Total Non-Current Assets	**52 273**	**55 216**
Current Assets		
Cash and cash equivalents	14 771	6 935
Accounts receivable, net	20 080	29 424
Inventory, net	32 410	39 774
Prepaid expenses and other current assets	796	664
Other current assets	161	-
Total Current Assets	**68 219**	**76 798**
Total Assets	**120 492**	**132 014**

- The opening balance now presents the establishment of the Fiven Group. Balance Sheet as of 1st of May. It is the fair value post the purchase price allocation (PPA) and just before the effective payment of the transaction.
- In Q4, Fiven performed the purchase price allocation (PPA) retroactively 1st of May.
- 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.
- The opening balance sheet as of 1st May 2019 includes the effect of implementation of IFRS 16 – Leases (impact of a EUR 4.5m 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.
- In Q4, the Group decreased its working capital by working on accounts receivables and inventories decrease, which improved then cash position at the end of December 2019.

BALANCE SHEET

interim Consolidated BALANCE SHEET (unaudited)

(EUR 1000)	31-Dec-2019	1-May-2019
EQUITY & LIABILITIES		
Share capital	20	3
Premium fund	5 656	1
Other equity/retained earnings	(6 258)	80 047
Total Equity	**(581)**	**80 051**
Long-term liabilities		
Capital lease	2 586	3 026
Deferred income taxes	3 407	4 942
Shareholder loan	33 786	10 422
Bondholder loan	54 967	-
Other non-current liabilities	1 646	2 039
Total Long-term Liabilities	**96 392**	**20 429**
Current Liabilities		
Current portion of long-term debt		
Accounts payable	17 648	29 264
Income taxes payable	13	720
Other current liabilities	7 021	1 551
Total Current Liabilities	**24 681**	**31 534**
Total Liabilities	**121 073**	**51 963**
Total Equity & Liabilities	**120 492**	**132 014**

- Opening equity correspond to the consideration paid in equity for 100% of the shares.
- Opening balance as of 1st of May is just before the effective payment of the transaction and its financing.

- At 31 December 2019, the ratio of net interest bearing debt to EBITDA stands at 2.64 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 is partly due to the netting of the Belgium receivables and payables from / to Venezuela.

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CASH FLOW STATEMENT

CASH FLOW STATEMENT

(EUR 1000)	quarter end 31.12.19	01.05 - 31.12.2019
Cash flow from operating activities		
Net Income (Loss)	(2 816)	(3 337)
Depreciation, and amortization	1 685	3 946
Interest	2 017	5 677
Capitalized fees & expenses	-	-
Changes in working capital	3 909	1 777
Change in provision and other obligations	4 449	(1 350)
Total cash flow from operating activities	**9 243**	**6 713**
Cash flow from investing activities		
Additions to property, plant and equipment	(1 284)	(3 004)
Investing in companies	-	(80 047)
Total cash flow from investing activities	**(1 284)**	**(83 052)**
Cash flow from financing activities		
Repayment of debt	-	(10 137)
New debt	-	94 139
Interest paid	(1 095)	(2 453)
Capital Lease	(1 335)	(996)
Other cash flow from financing	-	3 692
Total cash flow from financing activities	**(2 430)**	**84 245**
Effect of FX rates on cash and cash equivalents	21	(71)
Net change in cash	**5 550**	**7 836**
Cash and cash equivalents at beginning of period	9 221	4
Cash from business combinations	-	6 931
Change in cash	5 550	7 836
Cash and cash equivalents at end of period	**14 771**	**14 771**

- The cash flow is based on the restated opening balance as of 1st of May 2019.
- The change in provision and other obligations is mostly related to the increase in the financing of the factoring.
- New debt corresponds to shareholder loan and bond issued for the purpose of the acquisition of the business.
- Cash flow from investing does not yet reflect a potential adjustment to the purchase price owing to closing accounts with Saint Gobain (not material compared to initial price paid).
- 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	Translation differences	Actuar gains and losses	Retained earnings	other equity	Total other equity	Total equity
	Attributable to equity holders of the parent company							
			Other Equity					
Equity as at 01.05.2019	20	5 656					-	5 677
Effect elimination of internal profit							-	-
Equity adjusted as at 01.05.2019	20	5 656	-	-	-	-	-	5 677
Profit for the period					(4 973)		(4 973)	**(4 973)**
Other Comprehensive Income			(1 285)				(1 285)	**(1 285)**
Total comprehensive income	-	-	(1 285)	-	(4 973)	-	(6 258)	**(6 258)**
Equity at 31.12.2019	20	5 656	**(1 285)**	-	**(4 973)**	-	**(6 258)**	**(581)**

- Fiven Group expects to see improvement in profitability in 2020 and improve its equity position.

NOTES

1. Corporate information

Fiven AS was 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 division of Saint-Gobain, audited consolidated financial statements for Fiven AS are under completion. 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 eight months ended 31 December 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. Based on the opening Balance the impact is as follows:

(EUR 1000)	31-Dec-2019
Property, plant & equipment, net	4 044
Total Non-Current Assets	**4 044**
Other equity/retained earnings	(37)
Total Equity	**(37)**
Capital lease	2 586
Total Long-term Liabilities	**2 586**
Accounts payable	
Other current liabilities	1 495
Total Current Liabilities	**1 495**
Total Liabilities	**4 081**

(EUR 1000)	YTD 31-Dec-2019
Total COGS	(1 554)
EBITDA	**1 554**
Depreciation & Amortization	1 483
EBIT	**71**
Interest and financial amortization	71
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 recognized 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 recognized 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.

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NOTES

2.2.4 Borrowing costs

Borrowing costs are recognised 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.

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 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. 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.