

CHIP BIDCO AS

A Cegal Group company

INTERIM REPORT Q1 2020

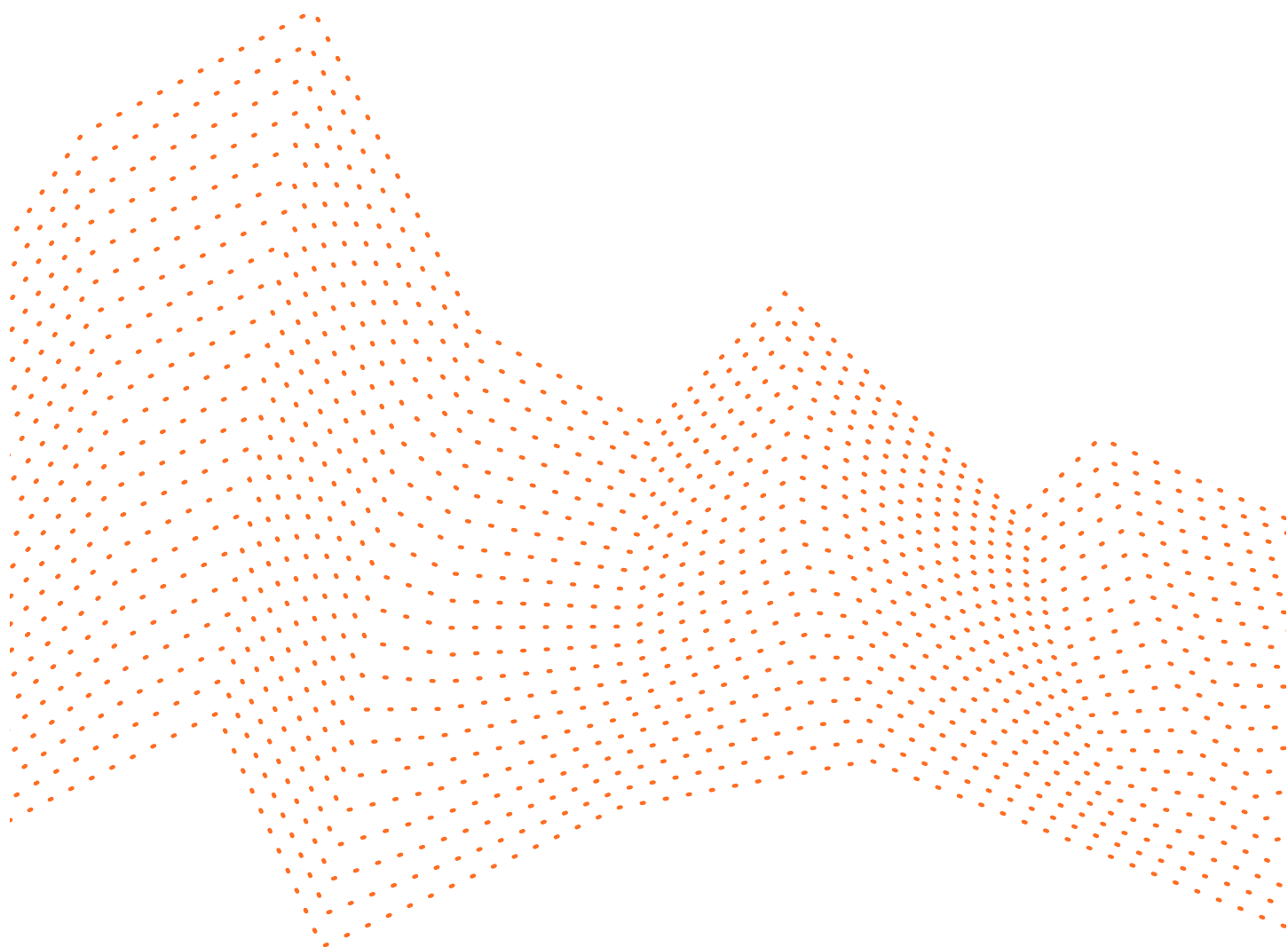


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Q1 2020 HIGHLIGHTS

KEY FINANCIAL METRICS

<i>Figures in NOKm</i>	Q1 2020	LTM Q1 2020
Operating revenue	208.6	823.0
EBITDA (reported)	50.7	131.4
EBITDA (adjusted post IFRS16)	50.7	189.1
EBITDA (adjusted pre IFRS16)	43.7	161.8
Order backlog	2 735	2 735

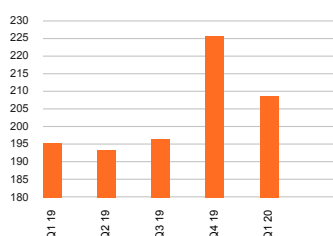
KEY CREDIT METRICS

<i>Figures in NOKm</i>	Q1 2020	LTM Q1 2020
NIBD (post IFRS16)	1 033.0	1 033.0
NIBD (pre IFRS16)	828.6	828.6
Leverage ratio NIBD/EBITDA (adjusted post IFRS16)*		5.5
Leverage ratio NIBD/EBITDA (adjusted pre IFRS16)**		5.1

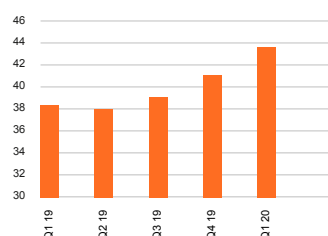
*Post IFRS16 leverage calculation includes NOK 204.4 million in leasing liabilities, whereof NOK 147.6 million is long-term debt and NOK 56.8 million is short-term debt.

**Pre IFRS16 leverage ratio calculation excludes NOK 78.2 million in leasing liabilities.

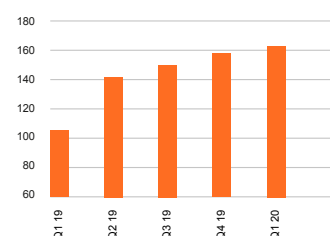
Operating revenue
NOKm



EBITDA (adjusted pre IFRS16)
NOKm



LTM EBITDA (adjusted pre IFRS16)
NOKm



- Revenues in Q1 2020 were NOK 208.6 million compared to NOK 195.0 million in Q1 2019, representing a 7 % increase. The increase in revenues is mainly related to Cloud, Cloud Services and Business Consulting following several contract wins and a general increase in demand for our services. Revenue growth in Q1 2020 was partly offset by a reduction in third-party pass-through revenue (with no margin) related to a legacy contract amounting to NOK 12.6 million in Q1 2019. Excluding the aforementioned pass-through revenue, Cegal grew revenues by 14 % in Q1 2020
- Reported Q1 2020 EBITDA was NOK 50.7 million compared to NOK 44.5 million in the same period last year, an increase of 13.9 % which is related to increase in revenues as well as harvesting from our automation program and general economies of scale compared to previous quarters
- Strong order backlog of NOK 2.7 billion following several international contract wins last year with the Wintershall Dea/Atos contract as the most important one
- Strong balance sheet with significant liquidity growth improving our in cash position from Q1 2019
- The positive trend has continued into April with increased LTM figures both on revenue and EBITDA compared to Q1. As of April, LTM revenue is NOK 827.9 million and LTM adjusted EBITDA pre IFRS 16 is NOK 162.0 million. The cash position has also improved since Q1, from NOK 71.4 million to NOK 105.8 million as at 30 April

ABOUT THE GROUP

Cegal is a trusted provider of hybrid cloud solutions, software, and consultancy within IT, business, geoscience, and data management for the energy industry.

Our employees are working from offices in Stavanger (HQ), Oslo, London, Aberdeen, Dubai, Houston, Calgary and Kuala Lumpur.

The combination of IT and geoscience domain expertise makes us a unique IT and geoscience solutions provider to the energy industry.

We have a business model based on the delivery of scalable and recurring as a Service solution. This enables our energy customers to scale costs easily. With significant investments in our product and services portfolio over the last years, we now have a unique offering and are well positioned for the future.

In November 2019 Chip Bidco AS entered into an agreement to acquire all of the shares and voting rights in Cegal Group AS and the acquisition was formally closed on 20 December 2019. The corresponding balance sheet figures for 2019 represents Cegal Group AS before the acquisition.

SUMMARY

Q1 2020

(Figures in brackets refer to the corresponding period of 2019)

Revenues for the first quarter amounted to NOK 208.6 million (195.0) with Cloud and Cloud Services growing by 17.4 % being the main contributors for the increase. EBITDA amounted to NOK 50.7 million (44.5) for the first quarter of 2020, corresponding to an increase of 13.9 % compared to same period last year. EBITDA margin increased to 24.3 % (22.8 %) as a result of revenue growth combined with effects from automation, economies of scale and solid cost control. In addition, the change of revenue mix with less third-party revenue and more Cloud and Cloud Services revenue are contributing factors for the increased EBITDA margin.

The Group is increasing its recurring revenue base and has a solid order backlog of NOK 2.7 billion following several international contract wins last year with the Wintershall Dea/Atos contract as the most prominent one. In Q1 2020, Cegal invested NOK 6.1 million (14.7) in equipment on behalf of customers and internal investments on our Cloud platform. In addition, Cegal invested NOK 6.6 million (5.3) in development of new software products and Cloud solutions.

By the end of the quarter, the number of employees were 382 (337).

BALANCE SHEET AND LIQUIDITY

Total reported assets (unaudited) as at 31 March 2020 were NOK 2 194.2 million compared to NOK 830.7 million as at 31 March 2019. This increase is primarily related to added goodwill and other intangible assets following the acquisition of Cegal Group AS in December 2019. Consolidated equity as at 31 March 2020 was NOK 755.6 million compared to NOK 73.7 million as at 31 March 2019. Again, the acquisition of Cegal Group AS in December 2019 is the reason for the increase in equity.

Cash flow from operating activities was NOK 11.8 million (54.1). The negative change in working capital of NOK 26.8 million is due to increased trade receivables and is the main reason why net cash flow from operations is lower than same period last year.

As at 31 March 2020, the Group had bank deposits of NOK 71.4 million. In addition, the Group had an unused credit facility of NOK 50 million, and as a result an available cash balance of NOK 121.4 million.

At the start of the COVID-19 pandemic, the Group experienced issues collecting receivables from clients which affected its working capital. To mitigate this trend, a dedicated team was established to closely monitor and improve the accounts receivable situation. As of the date of this report, the Group has collected the majority of the overdue invoices and improved the cash balance considerably.

BUSINESS SEGMENTS

CLOUD

Cegal's cloud-based solutions provides high performance IT systems and customized software solutions to more than 15 000 end users. We support more than 1 300 applications, and our support center offers a single point of contact for all IT related questions. We have customized our offering for the energy sector, in particular with respects to advanced geoscience applications and critical on/offshore operations. Cegal supports all main exploration and production applications based on best practices. In Q1 2020, Cloud represented 50.5 % of the Group's total revenues of which almost all is long-term recurring revenue.

SOFTWARE

Cegal develops and sells software to extend, improve and speed up workflows within geology, geophysics, reservoir engineering and data management. In addition, we offer the development of high-quality customized software solutions. In Q1 2020, software represented 12.9 % of our revenues.

CONSULTING

Cegal offers highly experienced on-site consultants and expert geomodelers. We provide consulting services including seismic interpretation, electromagnetic integration, structural modeling, geomodeling, well planning, volume calculations, flow simulation, data room, drilling decisions, Tracker services and data management. The Cegal IT consultancy group provide onsite IT infrastructure services and support for both short- and long-term assignments, in addition to ad-hoc based technical work. Several of our consultants hold an offshore certificate and have experience from both domestic and international customer assignments.

In Q1 2020, consulting represented 24.0 % of our revenues.

BUSINESS CONSULTING

Cegal Business Consulting consists of multi skilled consultants, organized in teams and in individual engagements providing value-adding services to our clients. Our service areas are Operator Readiness, Business Improvement Services and Business Professionals for hire. We have core competencies within program/project management, change management, process management and enterprise architecture. We typically provide specialized advisory roles within areas such as information security management, information management, test management, information management, application management, business intelligence and data science.

In Q1 2020, Business Consulting represented 6.6 % of our revenues.

3RD PARTY RESALE/OTHER SALES

In Q1 2020, 3rd party resale and other sales represented 6.0 % of our revenues.

FUTURE OUTLOOK

Cegal has so far been limited affected by the COVID-19 pandemic. Most of our employees are working remotely, and all services to customers have been performed according to agreements. So far, revenues have not been affected as Cegal is enabling its clients to operate digitally, providing remote access to critical data and applications. Cegal has no employees on temporary leave as of 14 May 2020.

While the oil price has decreased in Q1 2020, energy companies are generally maintaining activities related to production of existing fields. Low oil-prices over an extended period of time might have negative impact on Cegal's performance due to reduced activity levels, however the efforts taken by energy companies to reduce cost and improve efficiency increase the relevance of Cegal's product and service offering. As the technology leader in the cloud solutions in the energy sector, we offer solutions that is responding to lower oil prices at the same time enabling our clients to become digital organizations and providing remote access to critical data and critical applications.

Recent reports from Cegal's HR department are indicating good productivity from employees at home office, encouraging scores on the company's monthly HCI (Human Capital Index) survey and also reduced sick leave compared to previous months. The Group has experienced some minor supply chain disruption issues related to hardware deliveries. However, mitigating actions have been taking with the aim of reducing such disruptions to a minimum, making sure that future deliveries will go as planned.

APRIL 2020 TRADING UPDATE

April revenues amounted to NOK 68.7 million compared to NOK 63.8 million in April 2019, an increase which is primarily associated with growing the Group's recurring cloud revenue base.

EBITDA for April was NOK 15.2 million compared to NOK 15.0 million last year.

Cash and cash equivalents grew from NOK 71.4 million as at 31 March to NOK 105.8 million as at 30 April. It should be noted, however, that NOK 12 million is related to the deferred public duties payments program initiated by Norwegian authorities. Currently, as it stands, this will be paid to the tax authorities in June.

ANNOUNCEMENT OF APPOINTMENT OF NEW BOARD MEMBERS IN CEGAL GROUP AS

We are pleased to announce that Cegal Group AS (a subsidiary of Chip Bidco AS) has elected three new Board members to strengthen the competence of the Board:

Lasse Andresen: Lasse Andresen has twenty-plus years of experience in the tech industry including leading roles at Texas Instruments and Sun Microsystems, where he was CTO of Central and Northern Europe. Lasse co-founded ForgeRock, the identity and access management company he led as CEO through the startup phase and is now Chief Technology Officer of ForgeRock. As an active advisor to startups, Lasse serves as a mentor and coach for Nordic Innovation House portfolio companies and as an advisor at StartupLab, the leading Norwegian technology incubator. Lasse maintains a vast international network of contacts throughout the identity, cyber security, developer, IoT, and funding communities.

Davor Peter Sutija: Davor Sutija was until recently SVP Sales & Marketing at Cognite, and previously CEO of Thin Film Electronics. He has served as SVP, Strategic Business Development, at FAST, founding CEO at SINOR (a PV ingot manufacturer), and GM at Elkem Ceramtec Analytical. He is on the Orbotech Advisory Board, and was non-executive director at Comperio, Owera, SensoNor, and Birdstep. Dr. Sutija is a renowned speaker on Industrial AI and the Internet of Things, including as invited keynote at Mobile World Congress. Dr. Sutija is a graduate of the Management and Technology program at Wharton, and holds a Ph.D. Chemical Engineering from UC Berkeley, where he was Hertz Fellow at LBNL.

Dagfinn Ringås: Dagfinn Ringås is the Group CEO of SYSCO, a Nordic technology company specialized in the Energy sector. Mr. Ringås has more than 20 years of experience from the IT-industry, with various leadership roles at Microsoft and as Country President of Schneider Electric Norway. He has an MBA from Sydney Business School, an Executive Leadership Program from Insead and a bachelors' degree in American studies and political science from the University of Oslo.

The Cegal Group AS Board:

Chairman of the Board

Kjell-Erik Østdahl

Board members:

Alexander Tharaldsen (employee elected representative)

Kristen Love Arvesen (employee elected representative)

Fredrik Gyllenhammar Raum

Stian Vemmestad

Lasse Andresen

Davor Peter Sutija

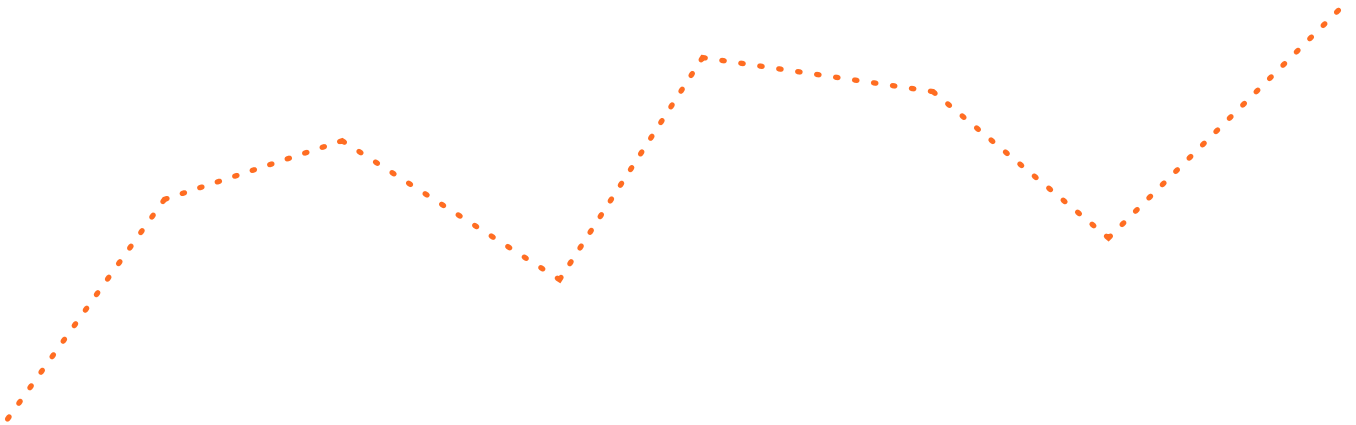
Dagfinn Ringås

The Board of Directors, Chip Bidco AS

Sandnes, 15 May 2020

INTERIM CONSOLIDATED FINANCIAL INFORMATION

- Profit & loss
- Balance sheet
- Cash flow statement
- April trading update
- General Accounting principles



INTERIM CONSOLIDATED
FINANCIAL INFORMATION
Amount in NOK million

PROFIT & LOSS (PRO FORMA)	Unaudited	Unaudited	Unaudited	Unaudited
	Q1		LTM Q1	
	2020	2019	2020	2019
Operating revenue	208.6	195.0	823.0	698.8
Cost of goods sold	56.2	63.1	249.9	249.4
Salaries	85.4	75.5	352.8	268.1
Other operating costs	16.4	12.0	88.8	58.0
EBITDA	50.7	44.5	131.4	123.3
Depreciations	22.0	19.8	84.2	72.5
Amortisations	26.1	26.5	108.9	108.8
EBIT	2.6	(1.9)	(61.6)	(58.0)
Net financial items	(12.0)	(22.6)	(75.8)	(73.4)
EBT (profit before tax)	(9.4)	(24.5)	(137.4)	(131.4)
Estimated tax	2.1	5.4	30.2	28.9
Net profit	(7.4)	(19.1)	(107.1)	(102.5)
EBITDA margin %	24.3 %	22.8 %	16.0 %	17.6 %
EBITDA adjustments and IFRS16				
Non-recurring items	-	-	57.6	8.4
Adjusted EBITDA post IFRS16	50.7	44.5	189.1	131.7
IFRS16 lease adjustments	(6.9)	(5.9)	(27.3)	(24.0)
Adjusted EBITDA pre IFRS16	43.7	38.5	161.8	107.7
EBITDA margin % post IFRS16 (adjusted)	24.3 %	22.8 %	23.0 %	18.9 %
EBITDA margin % pre IFRS16 (adjusted)	21.0 %	19.7 %	19.7 %	15.4 %

INTERIM CONSOLIDATED
FINANCIAL INFORMATION
Amount in NOK million

BALANCE SHEET (REPORTED)	Unaudited 31.03.2020	Unaudited 31.03.2019
Assets		
Goodwill	996.5	302.3
Intangible assets	699.3	59.9
Tangible fixed assets	225.4	216.8
Other assets	0.4	(3.5)
Total non-current assets	1 921.6	575.4
Trade receivables	139.4	124.4
Other receivables	61.8	79.7
Bank deposits, cash and similar	71.4	51.3
Total current assets	272.6	255.3
Total assets	2 194.2	830.7
Equity and liabilities		
Share capital	0.1	1.3
Share premium reserve	757.1	39.7
Retained earnings	(1.6)	32.7
Total equity	755.6	73.7
Deferred tax	133.9	
Interest-bearing long-term liabilities	1 016.7	361.7
Other long-term liabilities	12.9	82.6
Total non-current liabilities	1 163.5	444.3
Interest-bearing current liabilities	41.0	80.0
Accounts payable	44.6	51.5
Income taxes payable	1.4	4.6
VAT & social security payable	34.1	19.5
Other current liabilities	154.1	157.1
Total current liabilities	275.2	312.7
Total liabilities	1 438.6	757.0
Total equity and liabilities	2 194.2	830.7

INTERIM CONSOLIDATED
FINANCIAL INFORMATION
Amount in NOK million

CASH FLOW STATEMENT (REPORTED)	Unaudited	Unaudited
	Q1	
	2020	2019
Profit before tax	(9.4)	(24.5)
Depreciations and write-downs	48.1	46.3
Change in net working capital	(26.8)	32.2
Net cash flow from operations	11.8	54.1
Acquisition of tangible assets	(6.1)	(14.7)
Acquisition of intangible assets	(6.6)	(5.3)
Other investments	0.0	0.0
Net cash flow from investment activities	(12.6)	(20.0)
Repayment of debt to financial institutions	(3.0)	(18.2)
Other financing activities	0.0	
Net cash flow from financing activities	(3.0)	(18.2)
Net change in cash and cash equivalents	(3.8)	15.9
Cash and cash equivalents at start of period	75.2	35.4
Cash and cash equivalents at end of period	71.4	51.3

INTERIM CONSOLIDATED
 FINANCIAL INFORMATION
 Amount in NOK million

PROFIT & LOSS (PRO FORMA)	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
	April		YTD April		LTM April	
	2020	2019	2020	2019	2020	2019
Operating revenue	68.7	63.8	277.3	258.8	827.9	716.7
Cost of goods sold	18.2	20.5	74.5	83.6	247.7	255.2
Salaries	30.4	25.5	115.8	101.0	357.7	274.2
Other operating costs	4.8	2.9	21.1	14.8	90.6	56.0
EBITDA	15.2	15.0	65.9	59.4	131.9	131.3
EBITDA margin %	22.2 %	23.4 %	23.8 %	23.0 %	15.9 %	18.3 %
EBITDA adjustments and IFRS16						
Non-recurring items	-	-	-	-	57.6	8.4
Adjusted EBITDA post IFRS16	15.2	15.0	65.9	59.4	189.5	139.7
IFRS16 lease adjustments	(2.4)	(2.2)	(9.3)	(8.8)	(27.5)	(24.0)
Adjusted EBITDA pre IFRS16	12.8	12.8	56.6	50.6	162.0	115.7
EBITDA margin % post IFRS16 (adjusted)	22.2 %	23.4 %	23.8 %	23.0 %	22.9 %	19.5 %
EBITDA margin % pre IFRS16 (adjusted)	18.7 %	20.0 %	20.4 %	19.6 %	19.6 %	16.1 %

GENERAL ACCOUNTING PRINCIPLES

The Group consists of the parent company Chip Bidco AS and its subsidiaries in the Cegal Group AS. The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements for 2019.

The financial statements have been prepared in accordance with the Norwegian Accounting Act § 3-9 and specific regulations, related to what is often referred to as "the simplified application of international financial reporting standards (IFRSs)", issued by the Ministry of Finance January 21, 2008. The accounting principles used for this interim report are consistent with accounting principles in the Group's financial statements for 2019.

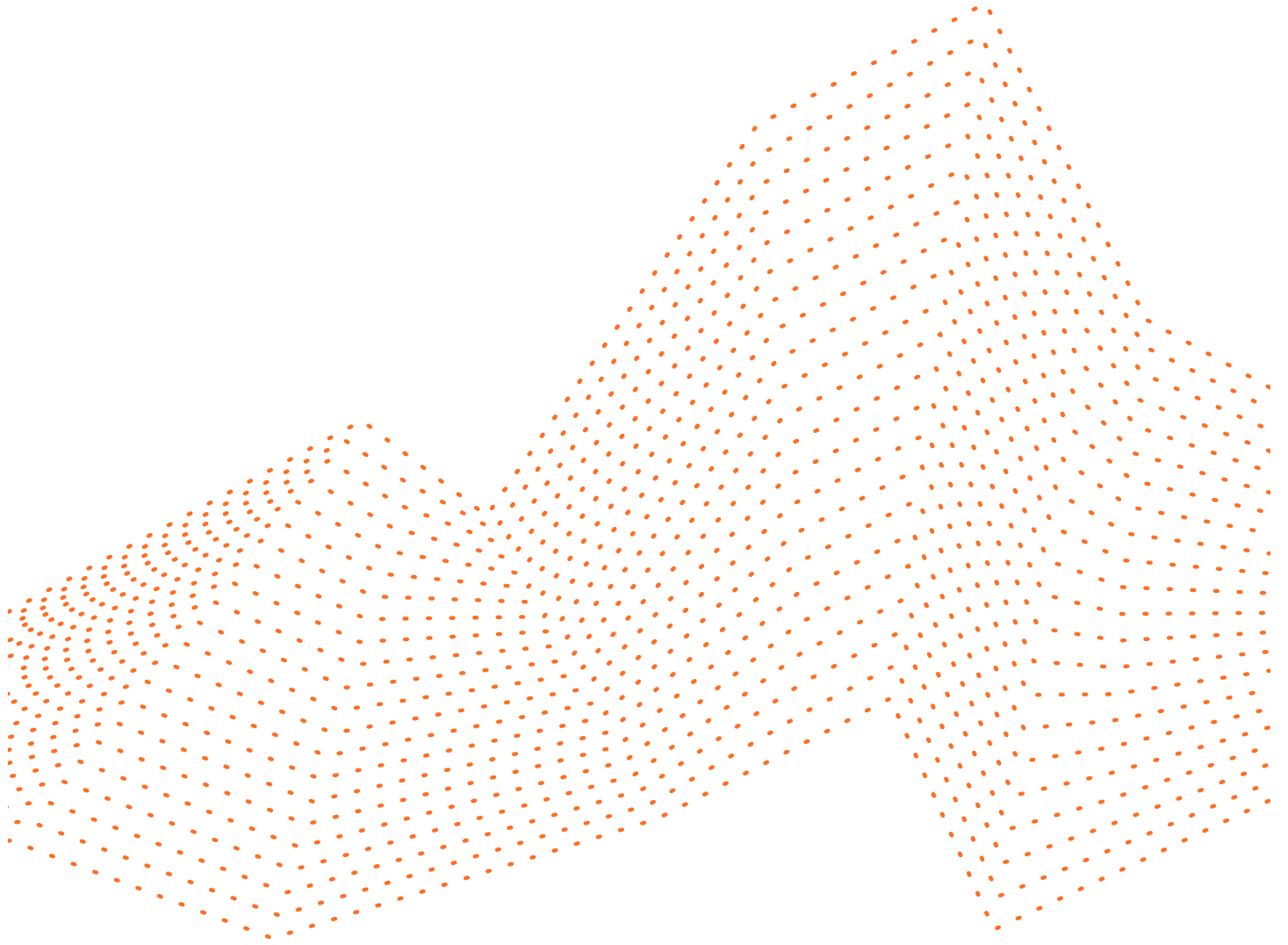
In preparing these interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty are in all material respect the same as those that applied in the annual financial statements for 2019.

The comparative figures in the profit and loss statement has been presented in notes to the financial statement indicating how the statement would have been if the acquisition of Cegal Group AS occurred on 1 January 2019. The figures have been prepared by applying the Group's accounting policies and adjusting the results to reflect additional depreciation and amortisation that would have been charged assuming the fair value adjustments to intangible assets had been applied from 1 January 2019. Further, interest expenses have been adjusted, reflecting the interest expense for the year on the Group's financing structure post transaction. The comparative figures in the balance sheet and the cash flow statements represents the figures for Cegal Group for the corresponding period and does not take into account the impact of the acquisition.

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