

CHIP BIDCO AS

A Cegal Group company

INTERIM REPORT Q2 2020

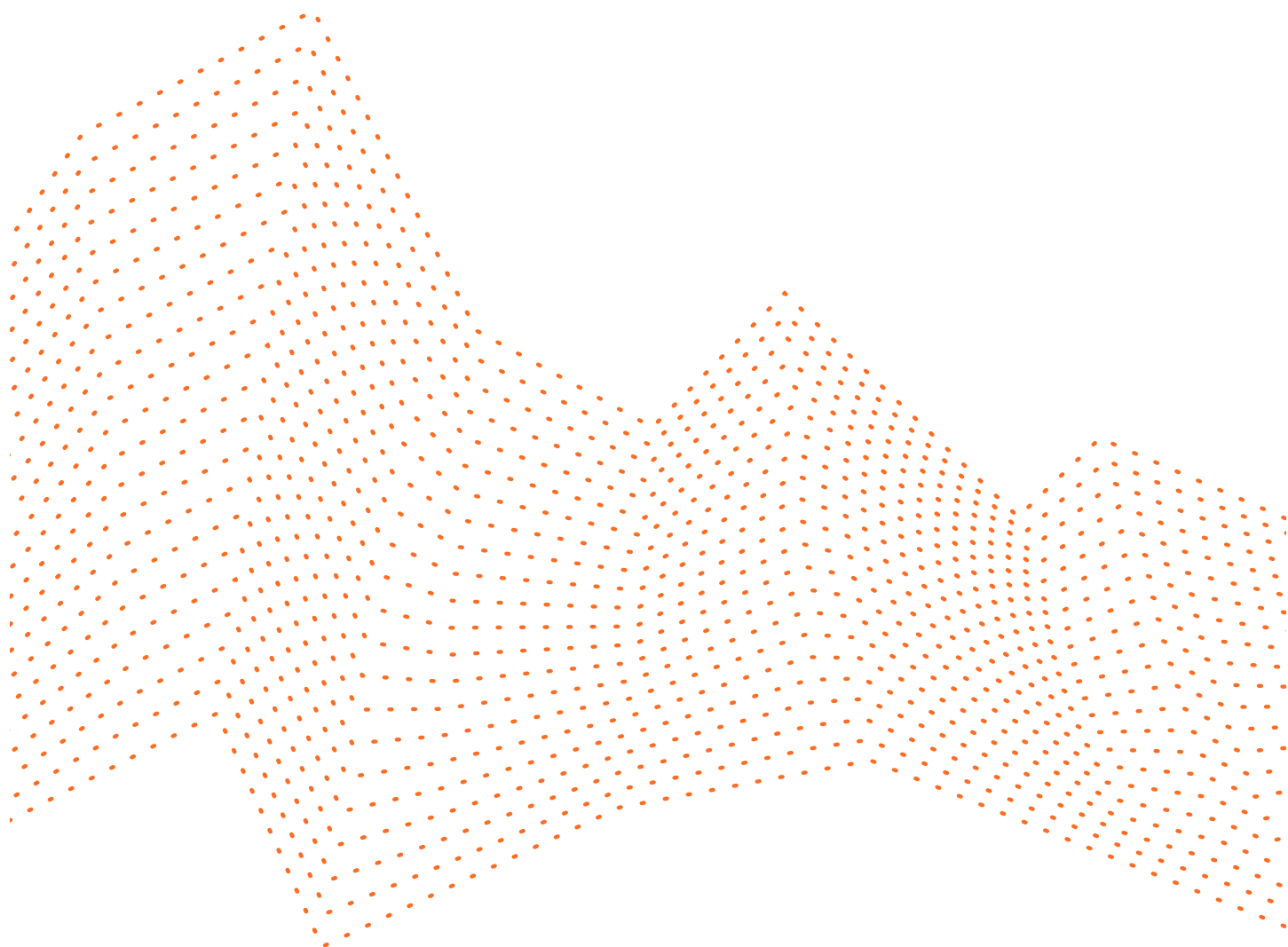
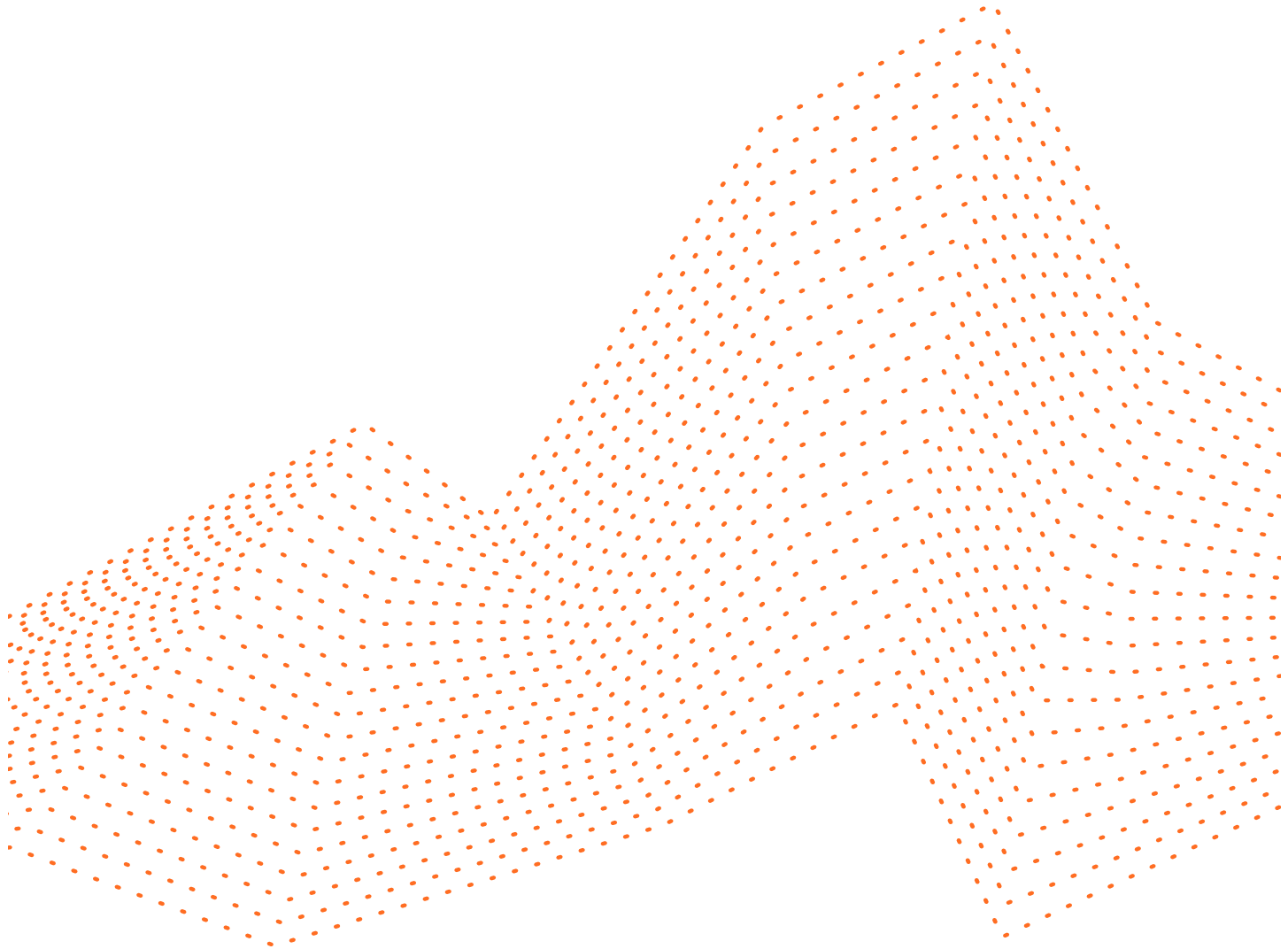


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Q2 2020 HIGHLIGHTS

KEY FINANCIAL METRICS

Figures in NOKm

	Q2 2020	LTM Q2 2020
Operating revenue	200.2	830.8
EBITDA (reported)	47.5	138.5
EBITDA (adjusted post IFRS16)*	51.2	199.8
EBITDA (adjusted pre IFRS16)*	44.1	172.2
Order backlog	2 417.9	2 417.9

KEY CREDIT METRICS

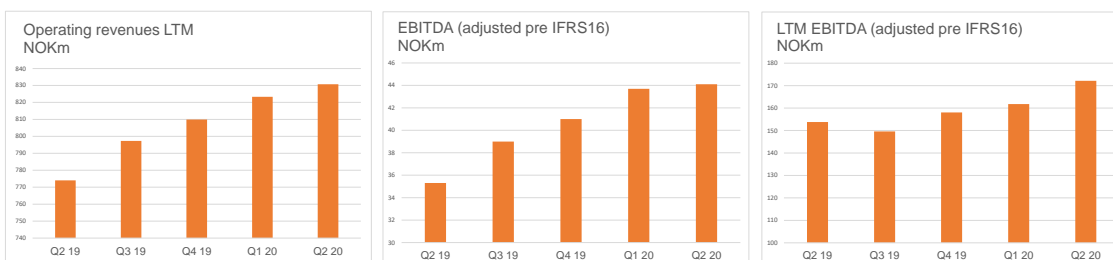
Figures in NOKm

	Q2 2020	LTM Q2 2020
NIBD (post IFRS16)	981.5	981.5
NIBD (pre IFRS16)	792.5	792.5
Leverage ratio NIBD/EBITDA (adjusted post IFRS16)**		4.9
Leverage ratio NIBD/EBITDA (adjusted pre IFRS16)***		4.6

* Adjusted EBITDA for Q2 includes NOK 3.7 million in post-closing costs and Third-party services

**Includes NOK 189.0 million in leasing liabilities, whereof NOK 135.5 million is long-term debt and NOK 53.5 million is short-term debt

***Pre IFRS 16 leverage ratio calculation excludes NOK 69.6 million in HW/SW leasing liabilities (non IFRS16 debt)



- Operating revenues in Q2 2020 were NOK 200.2 million compared to NOK 193.0 million in Q2 2019, representing an increase of 3.7%. The increase in revenues is mainly related to Cloud, SWP and Business Consulting following several contract wins and a general increase in demand for our services. Revenue growth in Q2 2020 was partly offset by a reduction in third-party pass-through revenue (with no margin) related to a legacy contract amounting to NOK 12.3 million in Q2 2019. Excluding the aforementioned pass-through revenue, the Group grew revenues by 12.8 % in Q2 2020
- Adjusted Q2 2020 EBITDA was NOK 51.2 million compared to NOK 41.9 million in the same period last year, an increase of 22.2 %. The positive margin development was driven by increased higher-margin Cloud revenues as well as strict cost control during the COVID-19 pandemic situation
- Strong balance sheet with significant liquidity growth of NOK 30.2 million, thereby improving the Group's cash position considerably from Q2 2019. As at 30.06.20, the Group's cash balance was NOK 78.2 million

ABOUT THE GROUP

Chip Bidco, a Cegal Group company, 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, Trondheim, 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

Q2 2020

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

Revenues for the second quarter amounted to NOK 200.2 million (193.0) with Cloud revenues growing by 14.0 % as the main growth contributor. EBITDA amounted to NOK 47.5 million (41.9) for the second quarter of 2020, corresponding to an increase of 13.4 % compared to same period last year. EBITDA margin increased to 23.7 % (21.7 %) 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 2.4 billion following several international contract wins last year with the Wintershall Dea/Atos contract as the most prominent one. In Q2 2020, the Group invested NOK 7.2 million (15.4) in equipment on behalf of customers and internal investments on our Cloud platform. In addition, Cegal invested NOK 6.8 million (5.5) in development of new software products and Cloud solutions.

By the end of the quarter, the number of employees were 383 (337).

BALANCE SHEET AND LIQUIDITY

Total reported assets (unaudited) as at 30 June 2020 were NOK 2 148.0 million compared to NOK 817.2 million as at 30 June 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 30 June 2020 was NOK 726.8 million compared to NOK 85.6 million as at 30 June 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 28.2 million (32.3). The positive change in working capital of NOK 26.8 million is primarily due to Group's effort and focus to collect trade receivables in the second quarter.

As at 30 June 2020, the Group had bank deposits of NOK 78.2 million. In addition, the Group had an unused credit facility of NOK 50 million, and as a result an available cash balance of NOK 128.2 million.

BUSINESS SEGMENTS

CLOUD

The Group'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 Q2 2020, Cloud represented 53.0 % of the Group's total revenues of which almost all is long-term recurring revenue.

SOFTWARE

The Group 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 Q2 2020, software represented 14.0 % of our revenues.

CONSULTING

The Group 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 Q2 2020, consulting represented 22.1 % of our revenues.

BUSINESS CONSULTING

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 Q2 2020, Business Consulting represented 5.8 % of our revenues.

3RD PARTY RESALE/OTHER SALES

In Q2 2020, 3rd party resale and other sales represented 5.1 % of our revenues.

FUTURE OUTLOOK

The COVID-19 situation has so far only slightly affected Cegal's new sales. As the pandemic situation prohibits in-person meetings and other sales activities, Cegal's sales team currently experiences longer sales cycles. On the other hand, existing customers are satisfied with Cegal's services and product delivery, resulting in significant up-selling opportunities. Cegal has no employees on temporary leave as of Q2 2020.

While the oil price is still low, it has increased steadily during Q2 2020, and 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 the Group's performance due to reduced activity levels, however the efforts taken by energy companies to reduce cost and improve efficiency increase the relevance of the Group'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 the Group's HR department are indicating good productivity from employees still working from 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.

STATEMENT BY THE BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT

The Board of Directors and the Executive Management have today reviewed and approved the interim report for the period 1 April to 30 June 2020 of Chip Bidco AS. We believe, to the best of our knowledge, that the financial statements presented in this report, gives a fair view of the Group's financial position of assets and liabilities and the profits earned for this quarter. Furthermore, in our opinion, the Management's review gives a fair representation of the Group's activities as well as a fair description of the material risks and uncertainties which the Group is currently facing.

Sandnes, 14.08.2020

Executive Management

Svein Torgersen, Group CEO

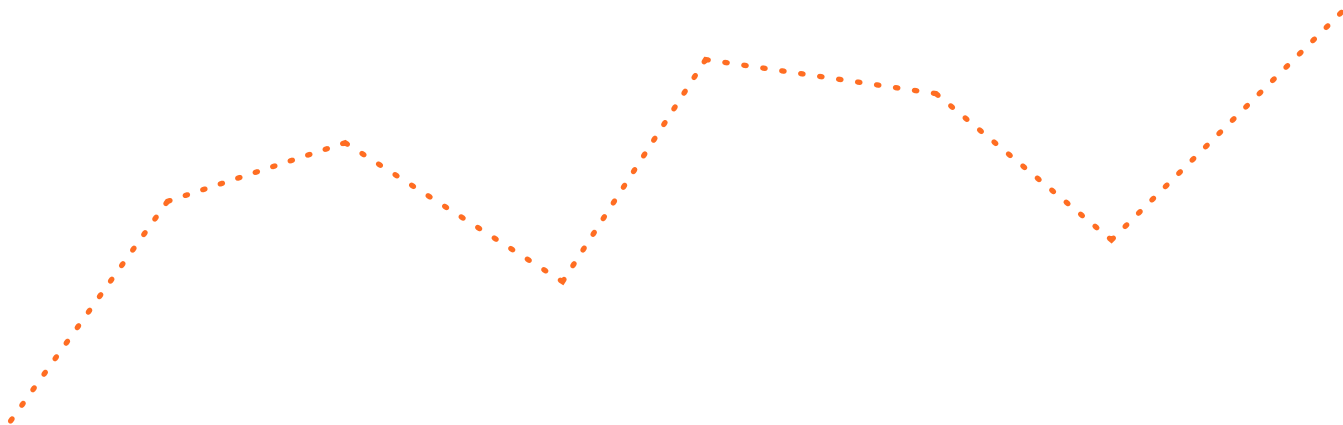
Trym Gudmundsen, Group CFO

Board of Directors

Fredrik Gyllenhammar Raaum, Chairman of the Board

INTERIM CONSOLIDATED FINANCIAL INFORMATION

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



PROFIT & LOSS (pro forma)	Unaudited Q2	Unaudited Q2	Unaudited YTD	Unaudited YTD	Unaudited LTM Q2	Unaudited LTM Q2
<i>Figures in NOKm</i>	2020	2019	2020	2019	2020	2019
Operating revenue	200.2	193.0	408.7	388.0	830.8	774.1
Cost of goods sold	51.4	62.1	107.7	125.2	239.7	257.9
Salaries	87.9	77.9	173.2	153.7	362.8	295.1
Other operating costs	13.3	11.1	29.6	22.7	89.7	42.2
EBITDA	47.5	41.9	98.2	86.5	138.5	178.9
Depreciations	22.3	20.8	44.3	40.9	87.0	75.0
Amortisations	26.1	27.3	52.2	53.6	108.7	111.4
EBIT	(0.9)	(6.2)	1.7	(8.0)	(57.2)	(7.5)
Net financial items	(22.0)	(7.3)	(34.1)	(18.0)	(59.6)	(5.6)
EBT (profit before tax)	(22.9)	(13.6)	(32.4)	(26.0)	(116.9)	(13.1)
Estimated tax	5.0	3.0	7.1	5.7	25.7	2.9
Net profit	(17.9)	(10.6)	(25.3)	(20.3)	(91.2)	(10.2)
EBITDA margin %	23.7 %	21.7 %	24.0 %	22.3 %	16.7 %	23.1 %
EBITDA adjustments and IFRS16						
Non-recurring items	3.7	-	3.7	-	61.3	-
Adjusted EBITDA post IFRS16	51.2	41.9	101.9	86.5	199.8	178.9
IFRS16 lease adjustments	(7.1)	(6.6)	(14.1)	(13.2)	(27.6)	(25.1)
Adjusted EBITDA pre IFRS16	44.1	35.3	87.8	73.3	172.2	153.8
EBITDA margin % post IFRS16 (adjusted)	25.6 %	21.7 %	24.9 %	22.3 %	24.0 %	23.1 %
EBITDA margin % pre IFRS16 (adjusted)	22.0 %	18.3 %	21.5 %	18.9 %	20.7 %	19.9 %

BALANCE SHEET (reported)	Unaudited	
<i>Figures in NOKm</i>	30.06.2020	30.06.2019
Assets		
Goodwill	993.4	301.0
Intangible assets	678.6	57.1
Tangible fixed assets	208.2	213.2
Other assets	0.5	5.1
Total non-current assets	1 880.8	576.4
Trade receivables	110.1	123.5
Other receivables	79.0	69.4
Bank deposits, cash and similar	78.2	48.0
Total current assets	267.3	240.9
Total assets	2 148.0	817.2
Equity and liabilities		
Share capital	0.1	1.3
Share premium reserve	757.1	39.7
Retained earnings	(30.4)	44.6
Total equity	726.8	85.6
Deferred tax	136.5	
Interest-bearing long-term liabilities	1 006.2	349.9
Other long-term liabilities	11.5	98.3
Total non-current liabilities	1 154.3	448.3
Interest-bearing current liabilities	53.5	80.0
Accounts payable	47.1	58.4
Income taxes payable	1.4	4.2
VAT & social security payable	32.6	17.5
Other current liabilities	132.4	123.3
Total current liabilities	266.9	283.4
Total liabilities	1 421.2	731.7
Total equity and liabilities	2 148.0	817.2

CASH FLOW STATEMENT (reported)	Unaudited		Unaudited	
<i>Figures in NOKm</i>	Q2 2020	Q2 2019	YTD 2020	YTD 2019
Profit before tax	(22.9)	(13.6)	(32.4)	(26.0)
Taxes paid	-	-	-	4.2
Depreciations and write-downs	48.4	48.1	96.5	94.5
Change in net working capital	2.7	(2.3)	(16.6)	19.5
Net cash flow from operations	28.2	32.3	47.5	92.1
Acquisition of tangible assets	(7.2)	(15.4)	(13.3)	(31.6)
Acquisition of intangible assets	(6.8)	(5.5)	(13.3)	(8.1)
Other investments	0.0	0.0	0.0	0.0
Net cash flow from investment activities	(14.0)	(20.9)	(26.6)	(39.7)
Repayment of debt to financial institutions	(6.9)	(13.9)	(15.5)	(23.4)
Other financing activities	0.0	0.0	0.0	0.0
Net cash flow from financing activities	(6.9)	(13.9)	(15.4)	(23.4)
Net change in cash and cash equivalents	7.3	(2.5)	5.5	29.0
Cash and cash equivalents at start of period	70.9	50.5	72.8	19.1
Cash and cash equivalents at end of period	78.2	48.0	78.2	48.0

GENERAL ACCOUNTING PRINCIPLES

The Group consists of the parent company Chip Bidco AS and its subsidiaries in 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.

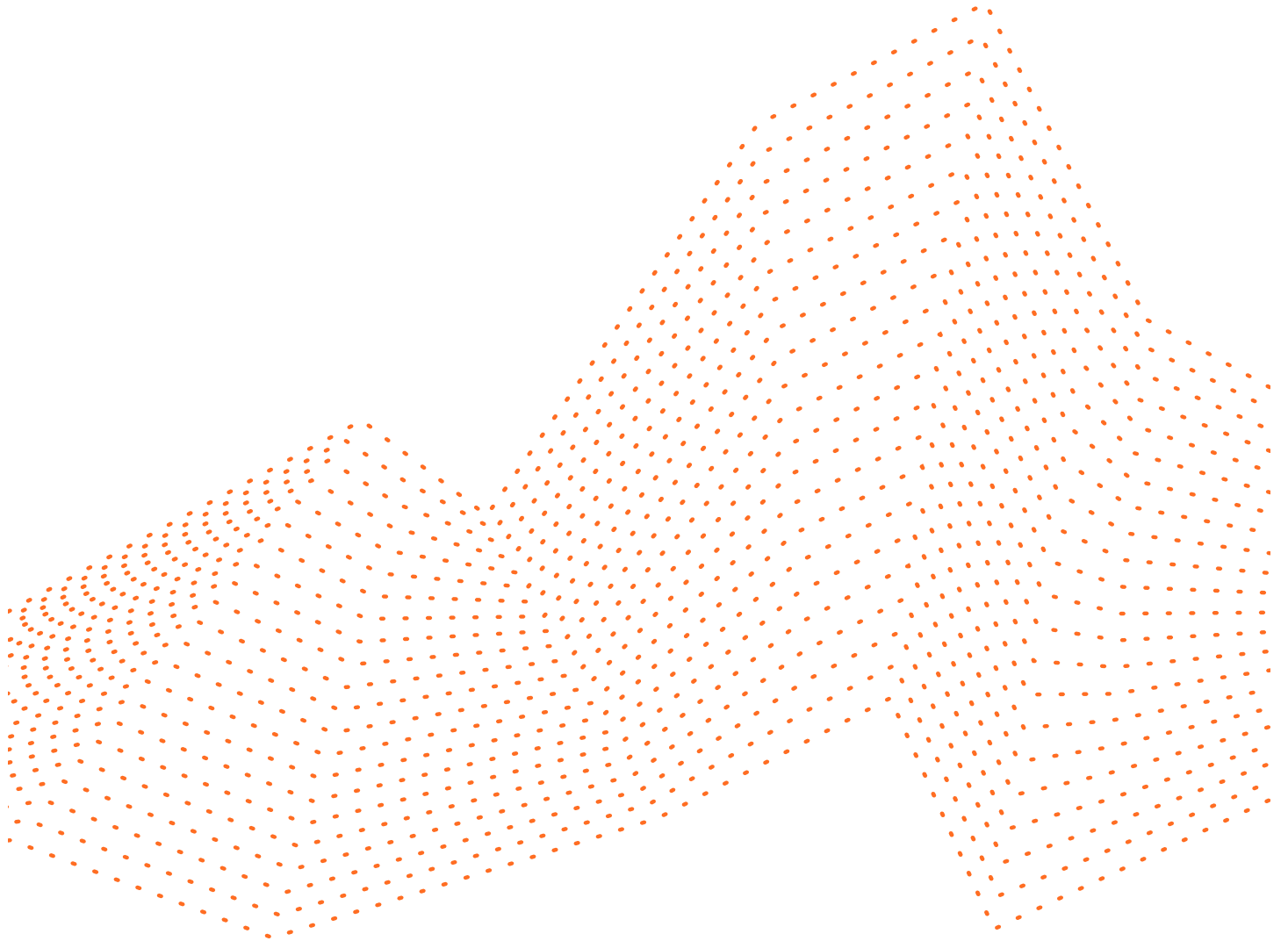
The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty are in all material respect the same as those that applied in the annual financial statements for 2019.

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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