

CHIP BIDCO AS

A Cegal Group company

INTERIM REPORT Q2 2021

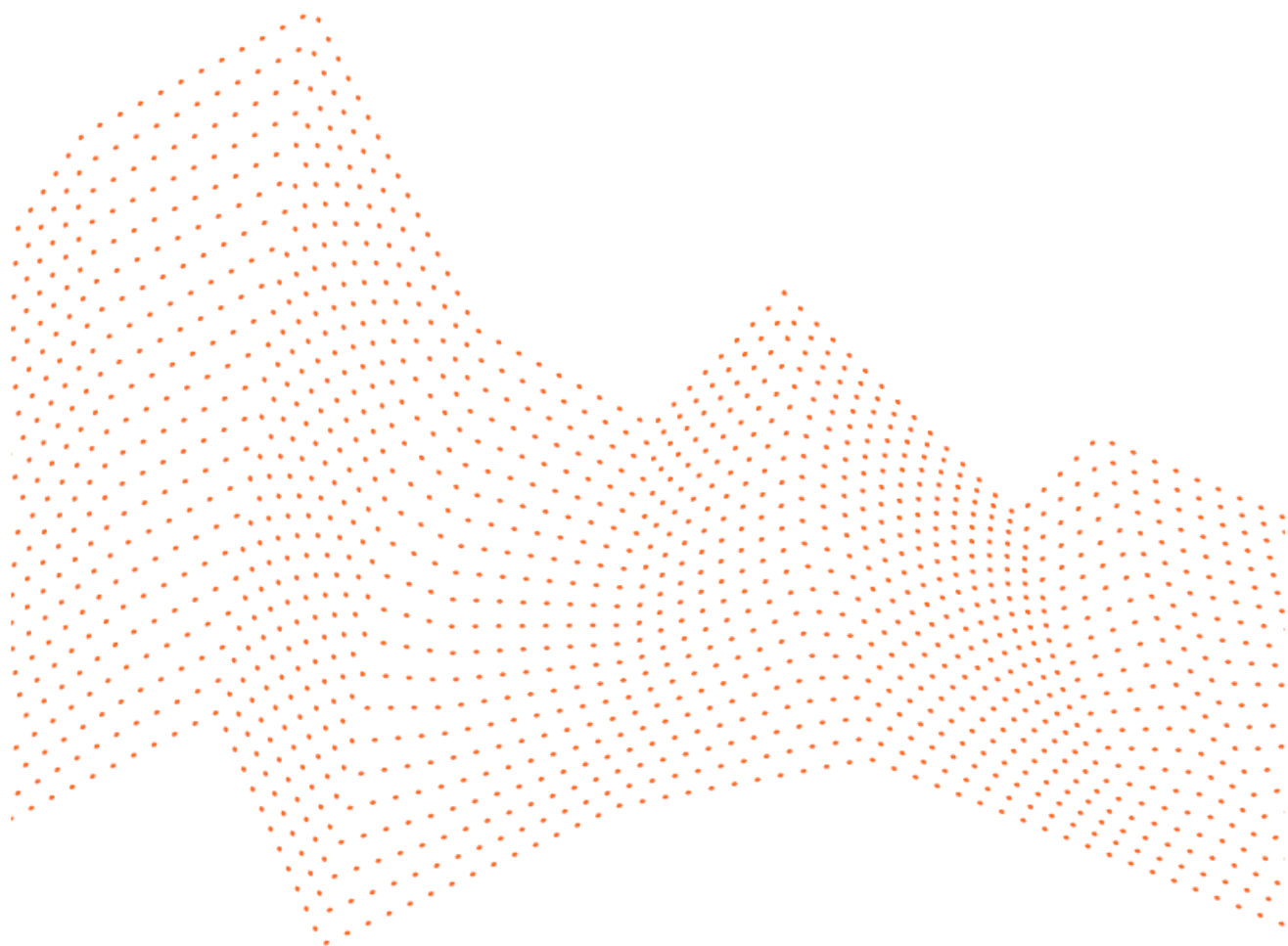
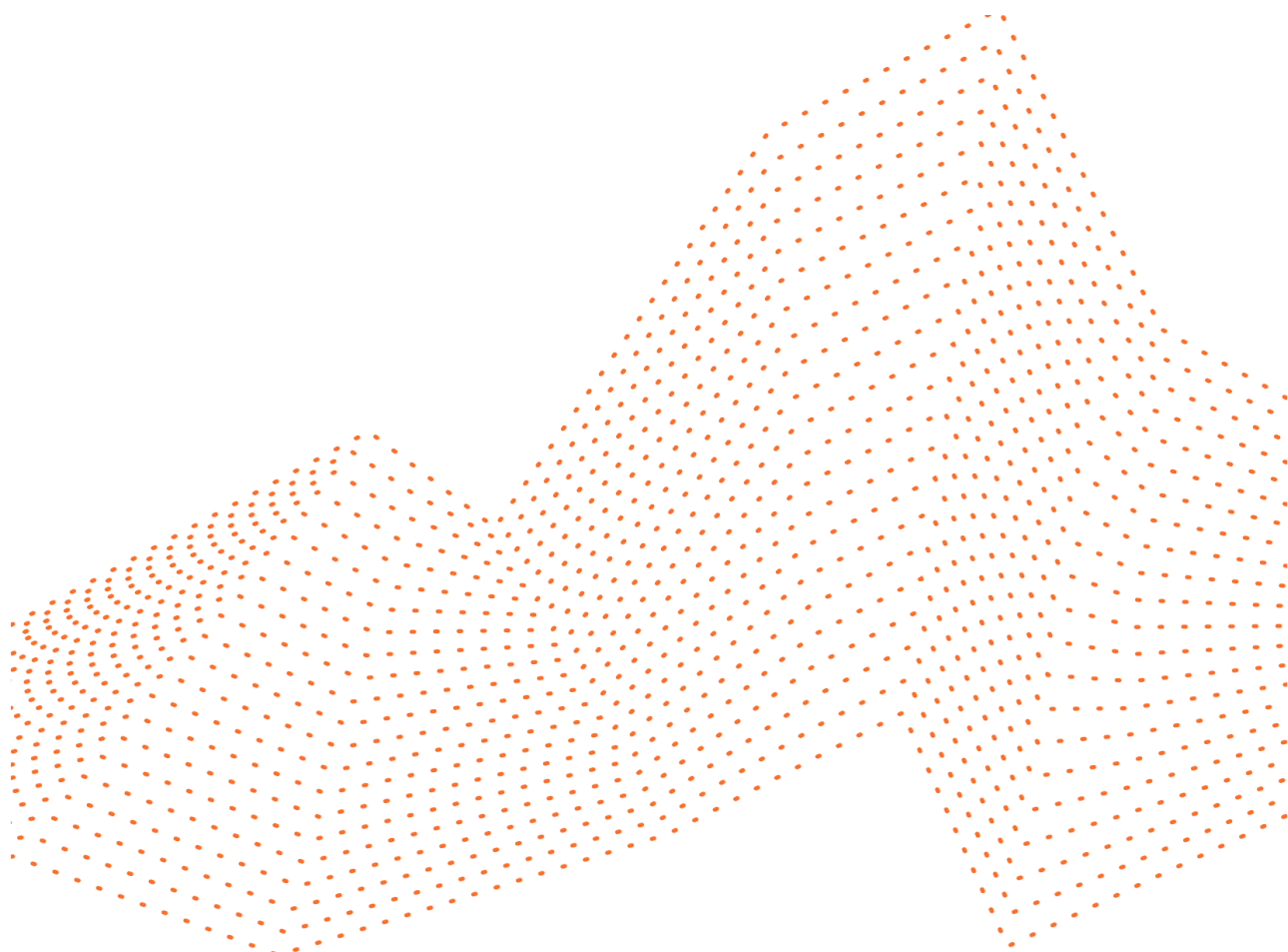


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Q2 2021 HIGHLIGHTS

KEY FINANCIAL METRICS

<i>Figures in NOKm</i>	Q2 2021	Q2 2020	LTM Q2 2021	LTM Q2 2020
Operating revenue (pro forma)	206.0	207.0	811.9	825.8
EBITDA (pro forma)	44.3	47.9	186.8	140.4
EBITDA (pro forma adjusted post IFRS16)*	56.2	51.6	204.1	201.8
EBITDA (pro forma adjusted pre IFRS16)*	48.8	44.6	174.8	174.1
Order backlog	2 481.3	2 417.9	2 481.3	2 417.9

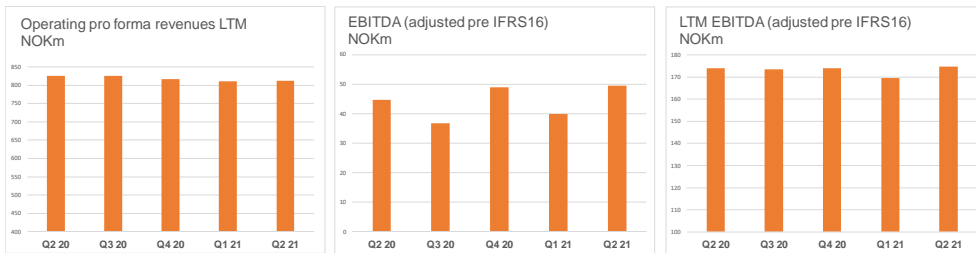
KEY CREDIT METRICS

<i>Figures in NOKm</i>	Q2 2021	Q2 2020	LTM Q2 2021	LTM Q2 2020
NIBD (post IFRS16)	972.9	981.5	972.9	981.5
NIBD (pre IFRS16)	834.8	792.5	834.8	792.5
Leverage ratio NIBD/EBITDA (adjusted post IFRS16)**			4.8	4.9
Leverage ratio NIBD/EBITDA (adjusted pre IFRS16)***			4.8	4.6

* Adjusted EBITDA for Q2 includes NOKm 11.9 in non-recurring items.

**Includes NOK 138.1 million in leasing liabilities, w hereof NOK 96.4 million is long-term debt and NOK 41.7 million is short-term debt

***Pre IFRS 16 leverage ratio calculation excludes NOK 43.8 million in HW/SW leasing liabilities (non IFRS16 debt)



- Pro forma revenues¹ in Q2 2021 were NOK 206.0 million compared to NOK 207.0 million in Q2 2020, representing a decrease of 0.5%. Cloud and Business Services revenue are growing by 7.3% and 4.5%, respectively, whereas we see a decline in SWP revenues, partly due to weaker USD rates towards NOK.
- Adjusted Q2 2021 EBITDA was NOK 56.2 million compared to NOK 51.6 million in the same period last year. NOK 11.9 million has been identified as non-recurring items for the quarter compared to NOK 3.7 million in the same period last year. These items are primarily relating to extraordinary costs on various client implementation projects that have demanded additional resources beyond the scope, as well strategy and branding related costs.
- Envision was acquired on 1 June and all revenues from the entity is attributed to Business Services revenue.
- The Group implemented a financial factoring facility and had a positive change in working capital of NOK 8.9 million in the second quarter.
- The order backlog has stabilized on NOK 2.5 billion in Q2 despite the weaker USD and EUR FX rates towards NOK.

¹ Profit and loss figures in highlights section are pro forma for Envision and third-party revenue in H2 2019.

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.

SUMMARY

Q2 2021

(Figures in brackets refer to the corresponding period of 2020)

Reported revenues for the second quarter amounted to NOK 200.5 million (200.2) with recurring Cloud sales and Business Services growing by NOK 9.2 million and NOK 1.6 million, respectively. Other business lines remained either stagnant or slightly declining as indicated previously. Reported EBITDA amounted to NOK 43.8 million (47.3) for the second quarter of 2021 compared to same period last year. Reported EBITDA margin in Q2 was 21.9% (23.7%) as a result of the increased costs on hired personnel and a higher proportion of net salary costs relative to the revenue base as indicated previously.

The Group has a solid order backlog of NOK 2.5 billion fueled by a steady order intake on a monthly basis with several international contract wins over the last years.

In Q2 2021, the Group invested NOK 5.8 million (7.2) in tangible IT equipment on behalf of customers and internal investments on our Cloud platform. In addition, Cegal invested NOK 5.4 million (6.8) in development of new software products and Cloud solutions as we see a growing demand for our services among our customers. By the end of the quarter, the number of FTE's were 395 (378).

BALANCE SHEET AND LIQUIDITY

Total reported assets (unaudited) as at 30 June 2021 were NOK 1 932.4 million compared to NOK 2 148.0 million last year, a decrease which is primarily related to a reduction in the Group's tangible and intangible assets base following less CAPEX investments and amortization of intangible assets.

Consolidated equity as at 30 June 2021 was NOK 593.1 million compared to NOK 726.8 million last year following the reduction in the Group's retained earnings dominated by amortization of intangible assets.

Cash flow from operating activities in Q2 2021 was NOK 40.7 million compared to NOK 49.7 million in Q2 2020, where Q2 last year was dominated by the positive change in net working capital due to the postponed VAT payments in relation to the outbreak of Covid-19.

As at 30 June 2021, the Group had bank deposits of NOK 42.4 million. In addition, the Group had an unused credit facility of NOK 50.0 million and a subsequent available cash balance of NOK 92.4 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 respect to advanced geoscience applications and critical on/offshore operations. Cegal supports all main exploration and production applications based on best practices. In Q2 2021, Cloud revenue represented 67.8 % of the Group's total revenues, of which almost all of it 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 Q2 2021, software sales represented 9.9 % of our revenues.

BUSINESS SERVICES

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-term 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 addition, we offer the development of high-quality customized software solutions.

In Q2 2021, Business Services represented 18.5 % of our revenues.

3RD PARTY RESALE & OTHER SALES

In Q2 2021, 3rd party resale and other sales represented 3.8 % of our revenues

FUTURE OUTLOOK

Covid-19 pandemic is still affecting the Group in terms of longer contract roll-outs as a result of delayed implementation projects and longer sales cycles due to limited number of in-person meetings and higher risk awareness among our customers. On the other hand, existing customers are satisfied with Cegal's services and product deliveries, resulting in significant up-selling opportunities. For Q3 2021 and beyond, Cegal expects to continue its stable financial development cemented by several contract roll-outs increasing our recurring revenue base. We expect revenue growth and a further improved EBITDA in 2021 compared to 2020. This is driven by the ongoing roll-out of significant contracts won in 2019 and 2020, which experienced delayed implementation during 2020 due to Covid-19.

The oil price has now stabilized around \$70, and energy companies are generally maintaining activities related to production of existing fields. As the technology leader on cloud solutions in the energy sector, we offer solutions that are highly relevant to the industry, responding very well to the demands of remote support and at the same time furthering digitalization among our clients. We are also focusing on renewable energy and have a clear strategy on how to expand our services into this industry.

Our employees are still reporting high productivity and high job satisfaction through the monthly HCI (Human Capital Index) survey, working either from the office or from home, depending on local restrictions. The Group's management is cautiously reviewing the pandemic on a continuous basis, implementing mitigating policies as required to ensure a safe and healthy workforce and to make sure that operations can run smoothly without disruptions.

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 January to 30 June 2021 of Chip Bidco AS. We believe, to the best of our knowledge, that the financial statements presented in this report, gives a fair representation 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, 30.08.2021

Executive Management

Svein Torgersen, Group CEO

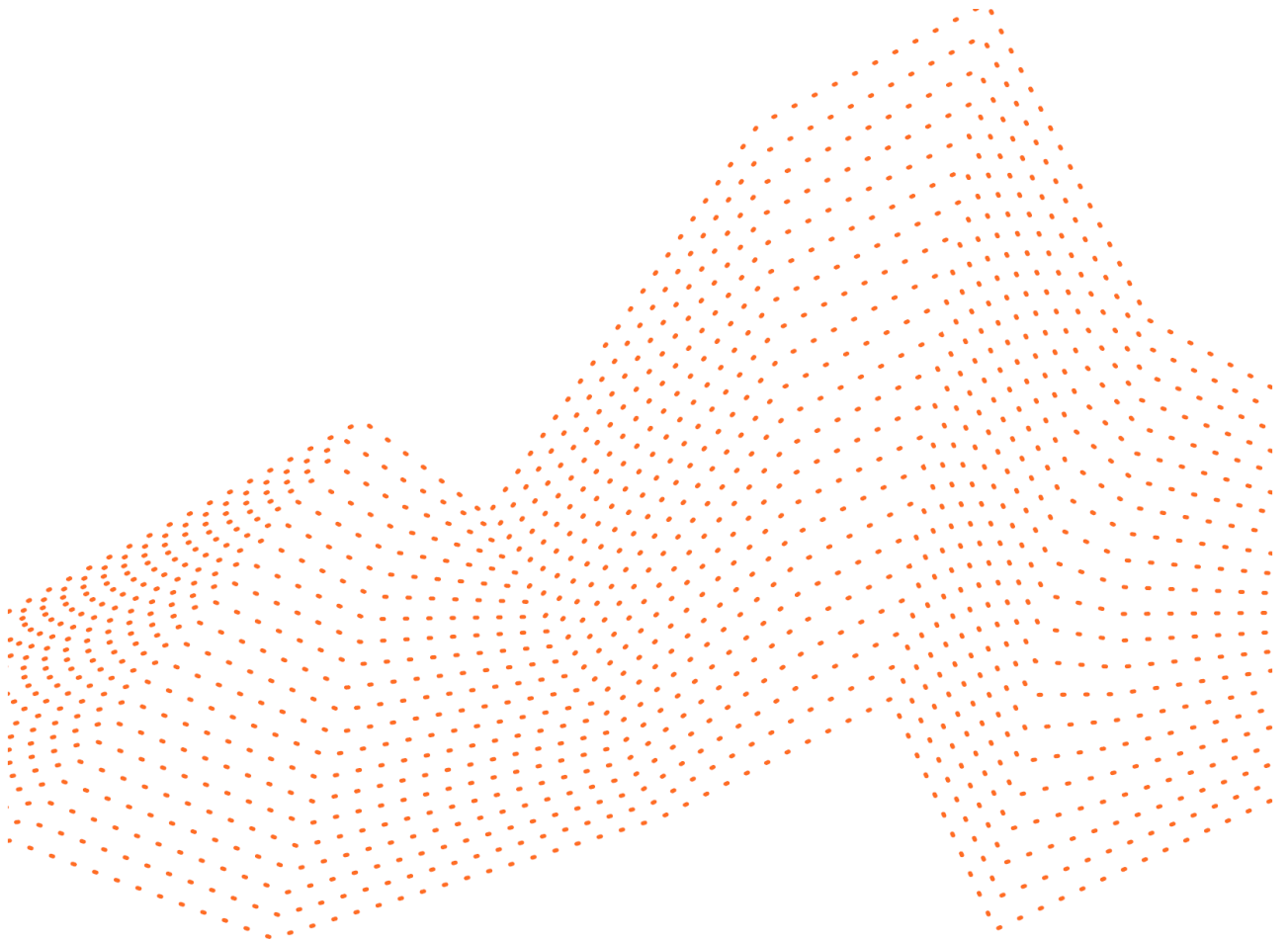
Trym Gudmundsen, Group CFO

Board of Directors

Fredrik Gyllenhammar Raaum, Chairman of the Board

INTERIM CONSOLIDATED FINANCIAL INFORMATION

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



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PROFIT & LOSS	Unaudited Q2	Unaudited Q2	Unaudited YTD	Unaudited YTD	Unaudited LTM Q2	Unaudited LTM Q2
<i>Figures in NOKm</i>	2021	2020	2021	2020	2021	2020
Operating revenue	200.5	200.2	403.0	408.8	783.0	830.9
Cost of goods sold	54.4	52.9	111.8	110.1	214.9	243.7
Salaries	90.6	86.5	174.7	170.8	340.5	358.8
Other operating costs	11.7	13.4	26.6	29.7	43.7	89.8
EBITDA	43.8	47.3	89.9	98.2	183.9	138.5
Depreciations	20.2	22.2	41.6	44.2	88.0	86.9
Amortisations	24.4	25.5	52.4	51.0	104.3	107.5
EBIT	(0.8)	(0.4)	(4.1)	3.0	(8.4)	(55.9)
Net financial items	(18.0)	(22.0)	(38.7)	(34.0)	(19.9)	(59.6)
EBT (profit before tax)	(18.9)	(22.4)	(42.8)	(31.1)	(28.4)	(115.5)
Estimated tax	4.1	4.9	9.4	6.8	6.2	25.4
Net profit	(14.7)	(17.4)	(33.4)	(24.3)	(22.1)	(90.1)
EBITDA margin %	21.9 %	23.7 %	22.3 %	24.0 %	23.5 %	16.7 %
EBITDA adjustments and IFRS16						
Non-recurring items	11.9	3.7	11.9	3.7	17.3	61.3
Adjusted EBITDA post IFRS16	55.7	51.1	101.8	101.9	201.1	199.9
IFRS16 lease adjustments	(7.5)	(7.0)	(15.0)	(14.0)	(29.3)	(27.7)
Adjusted EBITDA pre IFRS16	48.3	44.1	86.8	87.9	171.8	172.2
EBITDA margin % post IFRS16 (adjusted)	27.8 %	25.5 %	25.3 %	24.9 %	25.7 %	24.1 %
EBITDA margin % pre IFRS16 (adjusted)	24.1 %	22.0 %	21.5 %	21.5 %	21.9 %	20.7 %

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BALANCE SHEET (reported)	Unaudited		Unaudited	
<i>Figures in NOKm</i>	30.06.2021		30.06.2020	
Assets				
Goodwill		977.4		993.4
Intangible assets		572.7		678.6
Tangible fixed assets		152.1		208.2
Other assets		5.8		0.5
Total non-current assets		1 708.0		1 880.8
Trade receivables		139.4		110.1
Prepayments		26.3		25.0
Other receivables		16.4		54.0
Bank deposits, cash and similar		42.4		78.2
Total current assets		224.5		267.3
Total assets		1 932.4		2 148.0
Equity and liabilities				
Share capital		0.1		0.1
Share premium reserve		565.0		757.1
Retained earnings		28.0		(30.4)
Total equity		593.1		726.8
Deferred tax		114.3		136.5
Interest-bearing long-term liabilities		877.2		870.7
Interest-bearing lease liabilities		96.4		135.5
Other long-term liabilities		12.6		11.5
Total non-current liabilities		1 100.5		1 154.3
Interest-bearing current lease liabilities		41.7		53.5
Accounts payable		55.0		47.1
Income taxes payable		0.7		1.4
VAT & social security payable		31.7		32.6
Other current liabilities		109.8		132.4
Total current liabilities		238.9		266.9
Total liabilities		1 339.3		1 421.2
Total equity and liabilities		1 932.4		2 148.0
CASH FLOW STATEMENT (reported)				
	Unaudited	Unaudited	Unaudited	Unaudited
	Q2	Q2	YTD	YTD
<i>Figures in NOKm</i>	2021	2020	2021	2020
Profit before tax	(18.9)	(22.4)	(42.8)	(31.1)
Add-back of IFRS16 operational leases	(7.5)	(7.0)	(15.0)	(14.1)
Taxes paid	0.0	0.0	0.0	0.0
Depreciations and write-downs	44.6	47.7	94.0	95.2
Interest payments to financial institutions	13.5	17.4	26.8	34.6
Change in net working capital	8.9	13.9	30.8	5.2
Net cash flow from operations	40.7	49.7	93.8	89.8
Acquisition of tangible assets	(5.8)	(7.2)	(10.2)	(13.3)
Acquisition of intangible assets	(5.4)	(6.8)	(11.9)	(13.3)
Other investments	(19.3)	0.0	(19.3)	0.0
Net cash flow from investment activities	(30.5)	(14.0)	(41.4)	(26.6)
Net repayment of debt to financial institutions	(11.8)	(13.8)	(24.8)	(27.8)
Interest payments to financial institutions	(13.5)	(17.4)	(26.8)	(34.6)
Add-back of IFRS16 interest costs	2.0	2.3	4.0	4.6
Other financing activities	0.0	0.0	0.0	0.0
Net cash flow from financing activities	(23.3)	(28.9)	(47.6)	(57.8)
Net change in cash and cash equivalents	(13.1)	6.8	4.8	5.4
Cash and cash equivalents at start of period	55.5	71.4	37.6	72.8
Cash and cash equivalents at end of period	42.4	78.2	42.4	78.2

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 2020 which was published on 30 April 2021.

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 2020.

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.

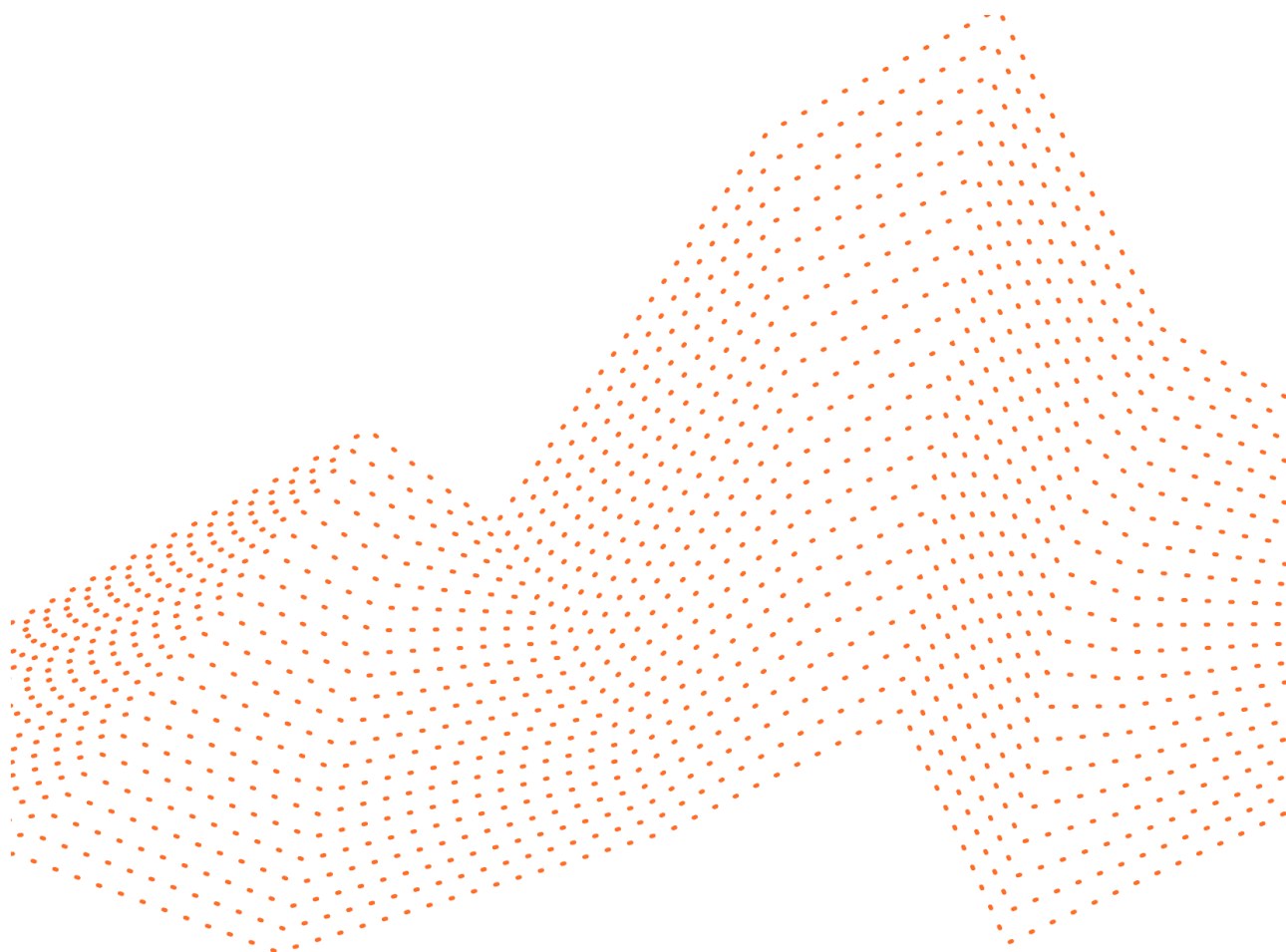
The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty are in all material respect the same as those that applied in the annual financial statements for 2020.

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