



FINANCIAL STATEMENT



JØTUL HOLDINGS S.A | 30. SEPTEMBER 2019

INCOME STATEMENT

(NOK 1000)

	FY 2017	FY 2018	Q3 YTD 2018	Q3 YTD 2019
OPERATING REVENUE AND COST				
Operating revenue				
Gross sales	1 652 154	1 651 787	1 109 895	1 155 229
Discounts	-745 995	-749 345	-500 863	-521 393
Net sales	906 160	912 278	609 032	633 835
Operating cost				
Direct materials	314 786	324 503	217 224	231 597
Direct personnel cost	108 567	94 054	64 709	70 320
Distribution costs	37 807	38 252	24 781	27 035
Sales commission	28 086	29 829	19 376	18 068
Contribution margin	416 913	425 641	282 941	286 816
Indirect production costs	171 009	151 261	103 249	85 722
Gross margin	245 904	274 380	179 691	201 094
Sales, general and administration costs	184 609	180 622	134 912	109 507
EBITDA	61 295	93 758	44 779	91 587
Non-recurring items	35 828	51 460	39 229	29 765
EBITDA, incl. non-recurring items	25 466	42 298	5 550	61 822
Depreciation	46 169	49 974	33 586	61 861
Writedown	300 000	1 365	0	0
Operating profit	-320 703	-9 041	-28 036	-39
FINANCE REVENUE AND COST				
Financial income				
Other interest	586	594	460	785
Other finance revenue	76	500	5 124	13
Total financial income	662	1 094	5 585	798
Financial cost				
Interest cost shareholder loan	2 610	1 284	5 669	0
Other interest cost	19 811	28 860	12 460	21 113
Other financial cost	9 430	1 861	1 287	23 007
Total financial cost	31 851	32 005	19 416	44 120
NET FINANCIAL ITEMS	-31 189	-30 910	-13 831	-43 323
PROFIT BEFORE TAX	-351 892	-39 951	-41 867	-43 362
Income tax expenses	-3 576	-2 901	636	-2 975
PROFIT FOR THE YEAR	-355 467	-42 853	-41 231	-46 337

BALANCE SHEET

(NOK 1000)

ASSETS	31.12.2017	31.12.2018	30.09.2018	30.09.2019
NON CURRENT ASSETS				
Intangible fixed assets				
Trademark	115 927	60 000	112 237	60 000
Right to use assets	0	0	0	332 067
Other intangible assets	14 791	60 127	13 084	37 037
Deferred tax assets	1 401	1 300	1 256	1 287
Goodwill	0	0	-94	0
Total intangible fixed assets	132 120	121 427	126 484	430 391
Tangible fixed assets				
Property	1 889	1 734	1 658	1 871
Plant and equipment	151 986	137 855	140 702	157 730
Total tangible fixed assets	153 876	139 589	142 359	159 600
Financial fixed assets				
Other financial fixed assets	16 153	15 348	15 374	14 822
Total financial fixed assets	16 153	15 348	15 374	14 822
TOTAL NON-CURRENT ASSETS	302 149	276 364	284 216	604 813
CURRENT ASSETS				
Inventory	167 413	179 012	176 765	260 874
Accounts receivables	92 004	75 698	150 135	140 869
Other receivables	8 976	15 213	12 123	45 641
Total receivables	100 979	90 911	162 258	186 510
Other current financial assets	0	0	28	45
Bank and cash equivalents	6 294	117 811	37 818	27 546
TOTAL CURRENT ASSETS	274 686	387 734	376 869	214 101
TOTAL ASSETS	576 835	664 097	661 085	1 079 788

BALANCE SHEET

(NOK 1000)

	31.12.2017	31.12.2018	30.09.2018	30.09.2019
EQUITY AND LIABILITIES				
EQUITY				
Paid in capital				
Issued capital	135 419	600	121	600
Share premium	565 112	0	0	0
Total paid in capital	701 026	600	121	600
Other equity				
Other equity / retained earnings	-875 164	-40 223	53 599	-88 110
Total other equity	-875 164	-40 223	53 599	-88 110
TOTAL EQUITY	-147 137	-39 623	53 720	-87 510
LIABILITIES				
NON-CURRENT LIABILITIES				
Provisions				
Deferred tax	2 818	2 377	12 870	1 301
Other provisions	4 030	99 464	37 812	94 336
Total provisions	6 847	101 841	50 682	95 637
Other non-current liabilities				
Interest bearing loans and borrowings	491 057	7 930	256 013	8 222
Lease obligation	0	0	0	326 503
Shareholder loan	90 668	178 376	136 883	178 549
Long term bond debt	0	247 198	0	338 155
Long term derivatives	0	1 263	0	1 253
Total other non-current liabilities	581 725	434 766	392 896	852 681
TOTAL NON-CURRENT LIABILITIES	588 572	536 607	433 577	948 318
CURRENT LIABILITIES				
Short term financial liabilities	0	0	29 388	43 086
Accounts payable	74 273	83 282	73 613	94 241
Liability for current tax	0	300	-46	9 805
Other liabilities to public institutions	21 423	15 396	13 448	16 788
Other short term liabilities	63 594	64 623	47 386	50 937
Short term derivatives	3 110	3 513	0	4 124
TOTAL CURRENT LIABILITIES	162 400	167 113	163 788	218 980
TOTAL LIABILITIES	750 972	703 720	607 365	1 167 298
TOTAL EQUITY AND LIABILITIES	576 835	664 097	661 085	1 079 788

CASH FLOW STATEMENT

(NOK 1000)

	YTD 30.09.2018	YTD 30.09.2019
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	-41 865	-43 362
Income tax paid	-752	5 467
Capitalized interest	4 554	13 419
Depreciation and impairment of property, plant and equipment	33 586	30 037
Change in inventory	-9 352	-81 862
Change in accounts receivables	-58 131	-65 171
Change in accounts payable	-659	10 959
Other changes in operating assets and liabilities	-27 805	-47 293
Net foreign exchange differences	-4 894	303
Net cash flow from operating activities	-105 318	-177 504
CASH FLOW FRO INVESTING ACTIVITIES		
Purchase of property, plant and equipment	-24 879	-44 415
Change in financial assets	0	526
Net cash flows from investing activities	-24 879	-43 889
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from borrowings	316 963	87 751
Repayment of debt	-332 563	0
Other cash flow from financing	177 321	43 378
Net cash flows from financing activities	161 721	131 129
Net cash flow	31 524	-90 264
Cash and cash equivalents at beginning of period	6 294	117 811
CASH AND CASH EQUIVALENTS AT END OF PERIOD	37 818	27 546
Credit line	60 000	75 000
Ancillary facilities	-19 138	-34 000
Used credit line	0	0
Available credit line	40 862	41 000

STATEMENT OF EQUITY 30.09.19

Jotul Holdings S.A is 100% owned and controlled by Stove Investment Holdings S.à r.l. incorporated in Luxembourg and managed by Open Gate Capital, LCC. Open Gate Capital is a private equity firm based in Los Angeles and Paris. Jotul Holdings SA acquired Jøtul AS February 28, 2018 by purchasing the stock from RatOS AB, a listed company on the Swedish Stock Exchange.

The Financial Statement per 31.12.17 shows the Jøtul Group Financial Statement, while the closing balances for 2018 and 2019 shows the Jotul Holdings S.A balances.

Below the EQ reconciliation for Jotul Holdings SA

	SHARE CAPITAL	OTHER EQUITY	TOTAL
Opening balance 31.12.2018	600	-40 223	-39 623
Net results for the year		-46 337	-46 337
Changes in translation diff		-1 550	-1 550
Closing balance 31.03.2019	600	-88 110	-87 510

MANAGEMENT COMMENTS

Jotul Holdings S.A. – YTD Q3 -2019

Comments related to the financial statements ¹

Group net sales ended at MNOK 634 YTD Q3 2019, compared to MNOK 609 YTD Q3 2018.

Jotul Group's three largest markets are Norway, France and North America where the Group has a significant market position and enjoys strong brand recognition. These markets are currently experiencing a gradual transition towards modern products that will meet Ecodesign requirements for 2022 and new EPA requirements from May 2020. We expect this to have a positive impact on the key players in the industry, including Jotul Group. In France and other Latin European markets, demand for wood-fired products continues to decline, while the pellet market continues to grow.

Positively contributing to the sales growth YTD Q3 2019 against YTD Q3 2018 of 4% is the inclusion of Aico France into the Jotul Group. Third quarter development in Norway, France and North America also contributed positively. The trend in these markets was partly offset by a sales decline in Germany, the UK and Sweden.

In Norway, market momentum has been strong since the last half of 2018, partly driven by high electricity prices, and has continued into 2019, especially in the professional segment.

The North American market has suffered from regulatory uncertainties related to wood-burning products. A new regulation (EPA2020) will come into force in May 2020, and the uncertainty relates to whether the retailers will be allowed to sell their existing stock of non-compliant products after this time, so-called "sell-through". The demand for gas products is still strong and that offsets the YTD US sales drop to some extent.

France experienced a strong Q1 2019 following social unrest in Q4 2018, and a relatively flat Q2 compared to 2018. The third quarter development in France has been slightly better than Q3 2018.

The Group's gross margin increased in Q3 2019 compared with Q3 2018, mainly due to higher sales and build-up of inventory in preparation for the relocation of production. This margin improvement is partly offset by higher direct personnel costs. Fixed costs are below Q3 2018.

EBITDA ended at MNOK 91,6 in YTD Q3 2019, compared to MNOK 44,8 in YTD Q3 2018.

¹ The financial statements for Q4 2018 show the consolidated management accounts of Jotul Holding S.A. including Jøtul AS and all its subsidiaries, while the comparable figures for Q4 2017 show the consolidated management accounts of Jøtul AS.

MANAGEMENT COMMENTS

In 2019, the Group has made adjustments in accordance with IFRS16 and the accounting of leasing obligations. When adjusting for this effect, YTDQ3 2019 EBITDA came in at MNOK 63,2 still compared with MNOK 44,8 in YTD Q3 2018.

1000 NOK	YTD Q3 2018	YTD Q3 2019
Reported EBITDA	44 779	91 587
IFRS adjustments	-	-28 338
Comparable EBITDA adjusted for changes	44 779	63 249

The strong EBITDA performance in YTD Q3 2019 comes from higher inventory build-up than YTD Q3 2018. The big increase in inventory is related to stock build-up being high YTD Q3 2019, as a preparation for the 2020 relocation of manufacturing activities to Poland.

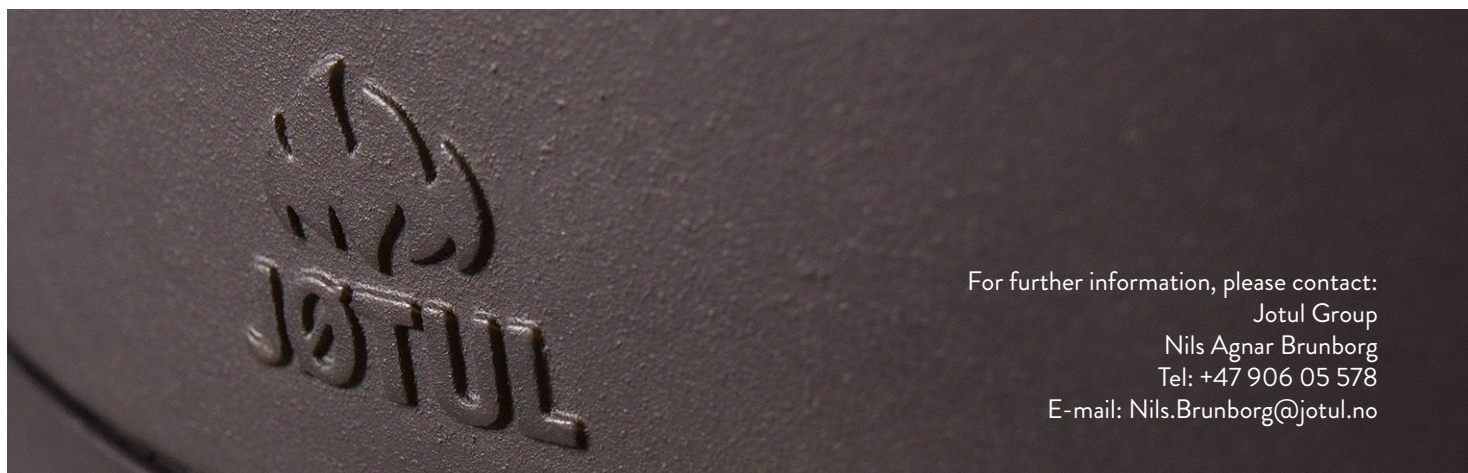
YTD total cash flow from operating activities decreased to MNOK -178 in Q3 2019 from MNOK -105 in Q3 2018, and this is due to high inventory build-up YTD Q3 2019.

The Group's capital investments in YTD Q3 2019 amounted to MNOK 44,4, compared to MNOK 24,9 in 2018.

2019 YTD Q3 non-recurring costs of MNOK 29,8 are related primarily to the relocation project.

Jotul France acquired Aico France end of June 2019, and this entity had its first full-quarter effect on group financials in Q3. The company contributed with MNOK 21,3 to net revenue and MNOK 0,7 to EBITDA in Q3 2019.

The relocation project of manufacturing activities to Poland is running according to plan, with start-up of production in Q1 2020.



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