



FINANCIAL STATEMENT



JOTUL HOLDINGS S.A 31. MARCH 2020

Management Comments

Jotul Holdings S.A. – YTD Q1 2020

Comments related to the financial statements

Group net sales ended at MNOK 203 YTD in Q1 2020, compared to MNOK 213 YTD in Q1 2019.

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 Eco-design 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, included Jotul Group. In France and other Latin European markets, demand for wood-fired products continues to decline, while the pellet market continues to grow.

Sales for the period declined by 5%, mainly driven from an unseasonal warm weather and low energy prices as well as initial start-up capacity from the new production facility in Poland. The decline in sales derive from the main markets, with the exception of North America, which saw a slight increase in sales for the period. Order intake in the period is slightly down, with the exception for the East European and North American markets.

The COVID-19 impact in Q1 is relatively modest, however we started to see initial significant revenue impact from the pandemic towards the end of the quarter, mainly in the western European markets as restrictions were imposed. We expect a material financial impact in 2020, related to the coronavirus situation. For the second quarter in 2020 we expect a significant decline in sales, in April sales were down by approximately 25%. However, we expect a gradual recovery going forward and assume most countries will return to a slightly more normal situation in the second half of this year. The material financial impact, due to the pandemic we foresee a decline in sales of 20% for FY 2020 compared to last year, the impact on Contribution Margin is forecasted to -22%. The decline in forecasted sales are being mitigated by furlough schemes in several countries and cost cutting measures on overhead cost.

In several of our main markets both demand and production have been severely impacted by the strict restrictions imposed by local authorities from mid-March, including, retail shops and cross-border transit. The Scandinavian markets has to an extent off-set the retail decline as the retail-shop and installations have continued to be opened.

In light of the outbreak, we have implemented comprehensive mitigation actions. In addition to furloughs for employees affected by reduced activity, we have strengthened our management processes to monitor our working capital. Furlough is currently imposed on 3 factories, while the 4th

Management Comments

factory is in operations to meet demand in backlog. We have scheduled to re-open a second plant beginning of June to meet order intake and the plan is to open for full capacity in the other locations after the summer period. To further secure liquidity situation and as previously communicated the company has entered a re-financing program with bondholders, shareholders and an increased capacity of the RCF facility has been negotiated with the bank.

The Group's gross margin declined year-on-year, mainly due to the decline in sales and higher reallocation cost of production facilities from Norway & Denmark to Poland as well as low productivity in the transition period. EBITDA ended at MNOK -5,6 YTD Q1 2020, compared to MNOK 26,2 YTD Q1 2019.

The increased indirect production cost is influenced by the change in inventoried indirect costs being MNOK 27 higher in Q1 2020 compared to last year.

YTD total cash flow from operating activities ended MNOK -21,3 compared to MNOK -35 in Q1 2019.

The Group's capital investments in Q1 2020 amounted to MNOK 19,8 compared to MNOK 6,5 in Q1 2019. The increase is related to investments in the new factory in Poland.

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 16,6 to net revenue and MNOK -0,5 to EBITDA in Q1 2020.

Q1 2020 non-recurring cost of MNOK 21,1 are primarily related to the relocation project and transfer of production and assembly from Norway & Denmark to the new operations in Poland.

The relocation project of manufacturing activities to Poland has been running according to plan, and the new plant started production on January 7th, 2020.

The 2019 financial statement is unaudited.

Income Statement

(NOK 1000)

	FY 2018	FY 2019	Q1 2019	Q1 2020
OPERATING REVENUE AND COST				
Operating revenue				
Gross sales	1 651 787	1 744 787	382 364	370 022
Discounts	-739 509	-783 668	-169 036	-166 986
Net sales	912 278	961 119	213 328	203 036
Operating cost				
Direct materials	324 503	347 372	80 302	72 970
Direct personnel cost	94 054	99 847	25 685	23 561
Distribution costs	38 252	40 086	10 594	10 621
Sales commission	29 829	29 733	5 633	6 150
Contribution margin	425 641	444 081	91 115	89 734
Indirect production costs	151 261	144 466	24 364	52 117
Gross margin	274 380	299 615	66 751	37 617
Sales, general and administration costs	180 622	161 919	40 556	43 249
EBITDA	93 758	137 697	26 195	-5 632
Non-recurring items	51 460	75 578	7 446	21 077
EBITDA, incl. non-recurring items	42 299	62 119	18 749	-26 710
Depreciation	49 974	84 642	21 099	18 462
Writedown	1 365	0	0	0
Operating profit	-9 041	-22 523	-2 350	-45 172
FINANCE REVENUE AND COST				
Financial income				
Other interest	594	1 180	274	235
Other finance revenue	500	33	3	64 612
Total financial income	1 094	1 213	278	64 846
Financial cost				
Interest cost shareholder loan	1 284	0	3 594	0
Other interest cost	28 860	28 736	8 421	7 578
Other financial cost	1 861	30 626	2 717	21 763
Total financial cost	32 005	59 362	14 732	29 341
NET FINANCIAL ITEMS	-30 910	-58 149	-14 455	35 506
PROFIT BEFORE TAX	-39 951	-80 672	-16 805	-9 666
Income tax expenses	-2 901	-7 651	-1 021	-15 629
PROFIT FOR THE YEAR	-42 853	-88 323	-17 826	-25 295

Balance Sheet

(NOK 1000)

ASSETS	31.12.2018	31.12.2019	31.03.2019	31.03.2020
NON-CURRENT ASSETS				
Intangible fixed assets				
Trademark	60 000	60 000	60 000	60 000
Right to use assets	0	301 581	301 581	293 800
Other intangible assets	60 126	42 021	91 684	53 417
Deferred tax assets	1 300	1 335	1 248	1 411
Goodwill	0	0	0	0
Total intangible fixed assets	121 426	404 937	454 513	408 629
Tangible fixed assets				
Property	1 734	2 142	1 811	2 381
Plant and equipment	136 954	187 518	136 573	208 307
Total tangible fixed assets	138 688	189 660	138 384	210 688
Financial fixed assets				
Other financial fixed assets	15 348	14 941	15 050	13 968
Total financial fixed assets	15 348	14 941	15 050	13 968
TOTAL NON-CURRENT ASSETS	275 461	609 538	607 947	633 285
CURRENT ASSETS				
Inventory	179 012	227 317	207 682	220 842
Accounts receivables	76 201	79 100	82 621	78 952
Other receivables	15 610	16 881	14 568	17 268
Total receivables	91 811	95 981	97 189	96 220
Other current financial assets	0	771	326	0
Bank and cash equivalents	117 811	55 578	181 181	5 969
TOTAL CURRENT ASSETS	388 634	379 646	486 377	323 031
TOTAL ASSETS	664 095	989 184	1 094 325	956 316

Balance Sheet

(NOK 1000)

	31.12.2018	31.12.2019	31.03.2019	31.03.2020
EQUITY AND LIABILITIES				
EQUITY				
Paid in capital				
Issued capital	600	600	600	600
Share premium	0	0	0	0
Total paid in capital	600	600	600	600
Other equity				
Other equity/ retained earnings	-40 223	-127 695	-38 044	-120 875
Total other equity	-40 223	-127 695	-38 044	-120 875
TOTAL EQUITY	-39 623	-127 095	-37 444	-120 275
LIABILITIES				
NON-CURRENT LIABILITIES				
Provisions				
Deferred tax	2 377	6 619	12 769	19 942
Other provisions	93 309	4 711	3 930	1 727
Total provisions	95 686	11 329	16 699	21 669
Other non-current liabilities				
Interest bearing loans and borrowings	7 929	6 848	7 388	7 704
Lease obligation	0	395 558	442 093	394 409
Shareholder loan	177 321	178 555	140 263	177 321
Long term bond debt	243 750	345 099	337 967	275 400
Long term derivatives	1 263	258	490	2 106
Total other non-current liabilities	430 263	926 318	928 201	856 941
TOTAL NON-CURRENT LIABILITIES	525 949	937 647	944 900	878 609
CURRENT LIABILITIES				
Short term financial liabilities	4 503	20 128	24 308	18 077
Accounts payable	83 282	83 899	87 356	97 849
Lease obligation	0	0	0	0
Liability for current tax	300	-1 801	5 144	-501
Other liabilities to public institutions	15 396	11 331	12 058	8 624
Other short term liabilities	70 775	63 469	56 109	63 602
Short term derivatives	3 513	1 606	1 893	10 330
TOTAL CURRENT LIABILITIES	177 769	178 632	186 869	197 981
TOTAL LIABILITIES	703 718	1 116 279	1 131 769	1 076 590
TOTAL EQUITY AND LIABILITIES	664 095	989 184	1 094 325	956 316

Cash Flow Statement

(NOK 1000)

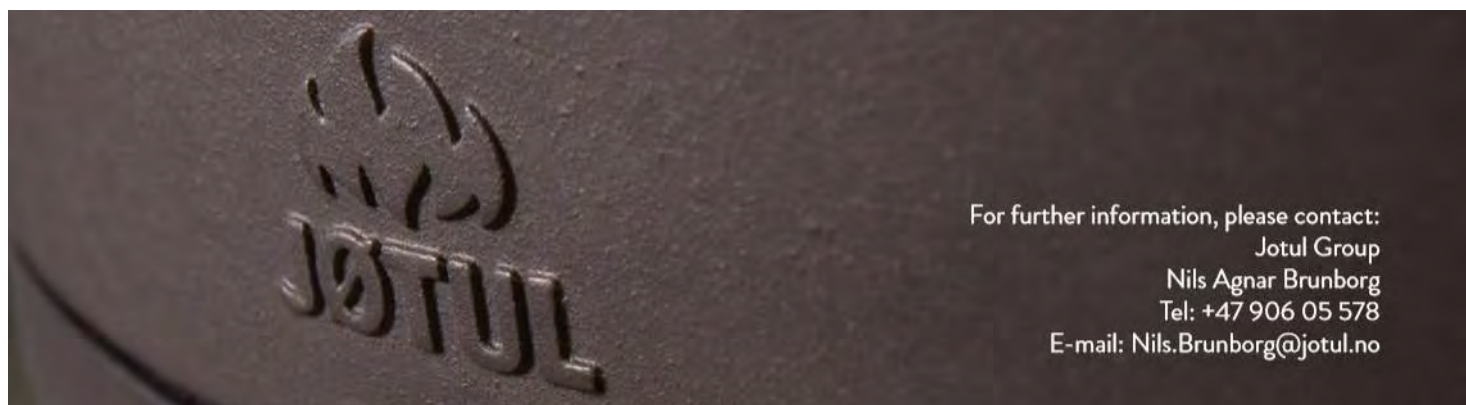
	31.03.2019	31.03.2020
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	-16 805	-9 666
Income tax paid	-1 021	-930
Capitalized interest and fair value adjustment of bonds	5 998	-64 712
Depreciation and impairment of property, plant and equipment	21 099	18 462
Change in inventory	-28 670	6 475
Change in accounts receivables	-6 681	148
Change in accounts payable	4 074	13 950
Other changes in operating assets and liabilities	-9 456	-6 211
Net foreign exchange differences	-3 764	21 194
Net cash flow from operating activities	-35 226	-21 289
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	-6 497	-19 819
Change in financial assets	0	-973
Net cash flows from investing activities	-6 497	-20 792
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from borrowings	87 750	-6 333
Other cash flow from financing	17 343	-1 195
Net cash flows from financing activities	105 093	-7 527
Net cash flow	63 370	-49 609
Cash and cash equivalents at beginning of period	117 811	55 578
CASH AND CASH EQUIVALENTS AT END OF PERIOD	181 181	5 969
Credit line	75 000	75 000
Ancillary facilities	-26 000	-34 000
Used credit line	0	0
Available credit line	49 000	41 000

Statement of Equity 31.03.20

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.

Below the EQ reconciliation for Jotul Holdings SA

	Share capital	Other Equity	Total
Closing balance 31.12.2019	600	-127 695	-127 095
Net result for the YTD		-25 295	-25 295
Changes in translation diff		32 115	32 115
Closing balance 31.03.2020	600	-120 875	-120 275



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