



# FINANCIAL STATEMENT



JØTUL HOLDINGS S.A | 30. JUNE 2020

# Management Comments

## Jotul Holdings S.A. – YTD Q2 2020

### Comments related to the financial statements

Group net sales ended at MNOK 360 YTD in Q2 2020, compared to MNOK 384 YTD in Q2 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 6%, 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. In addition, the COVID-19 impact in the second quarter contributed to a decline of approximately 8%, significantly less than previously anticipated. The decline in sales derives with no large variations from the main markets, with the exception of North America which saw a decline of approximately 18%. Order intake in the period is slightly down, with approximately 10%, with the exception for the East European and North American which have seen a recovery towards end of Q2 and in line with order intake of last year.

The negative impact of the COVID-19 pandemic is less than initially anticipated, and we have seen higher activities mainly in the European markets, particularly towards end May following the ease in restrictions of movements. The North American market on the other hand has continued to be suppressed through-out Q2 following imposed restrictions. However, towards the end of Q2 the market shows a recovery and the month of June with an order intake of 5% above last year.

In several of our main markets the pandemic initially impacted demand and productions and we also had lack of delivery from several suppliers due to COVID-19 close down. The Scandinavian market showed a quick recovery as the retail business were allowed to stay open. The other main European markets, notably France, Italy and Germany began the recovery as imposed restrictions were lifted towards end May. The North American market has seen market restrictions imposed in several states during Q2 and the production was closed until end June.

In light of the outbreak, we have implemented comprehensive mitigation actions. In addition to

# Management Comments

furloughs for employees affected by reduced activity, we have strengthened our management processes to monitor our working capital. Furlough schemes have been lifted, since end June in North America, and we have resumed to full capacity to meet order intake. 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 during the transition period. Due to the COVID-19 situation we had to halt the presence of personnel from Norway and Denmark in the new factory in Poland from mid March to mid June, resulting in very low productivity. The increased indirect production cost is influenced by the change in inventoried indirect costs being MNOK 40 higher in Q1 2020 compared to last year, following a large stock build in 2019 to manage the shift of production to Poland from Norway and Denmark.

EBITDA ended at MNOK 3,5 YTD Q2 2020, compared to MNOK 40,7 YTD Q2 2019. YTD total cash flow from operating activities ended MNOK -80 compared to MNOK -125 in Q2 2019.

The Group's capital investments in Q2 2020 amounted to MNOK 30,3 compared to MNOK 27,0 in Q2 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 9,1 to net revenue and MNOK -0,1 to EBITDA in Q2 2020.

In Q2 2020 non-recurring cost of MNOK 6 are primarily related to the relocation project and transfer of production and assembly from Norway & Denmark to the new operations in Poland and costs related to the liquidity financing that was concluded in June.

# Income Statement

(NOK 1000)

OPERATING REVENUE AND COST	31.12.2018	31.12.2019	30.06.2019	30.06.2020
<b>Operating revenue</b>				
Gross sales	1 651 787	1 744 787	695 859	654 707
Discounts	-739 509	-783 668	-312 215	-294 280
<b>Net Sales</b>	<b>912 278</b>	<b>961 119</b>	<b>383 644</b>	<b>360 427</b>
<b>Operating cost</b>				
Direct Material Cost	324 503	348 024	137 764	127 054
Direct Personnel Cost	94 054	99 847	45 700	40 841
Distribution Cost	38 252	40 086	17 754	17 529
Sales commission	29 828	29 733	10 587	9 986
<b>Contribution margin</b>	<b>425 641</b>	<b>443 430</b>	<b>171 839</b>	<b>165 018</b>
Indirect Production Cost	151 261	144 466	54 184	89 836
<b>Gross Margin</b>	<b>274 380</b>	<b>298 963</b>	<b>117 655</b>	<b>75 182</b>
Sales, General and Administration Cost	180 622	162 618	76 937	71 672
<b>EBITDA</b>	<b>93 758</b>	<b>136 345</b>	<b>40 718</b>	<b>3 511</b>
<b>Non-recurring items</b>	<b>51 460</b>	<b>75 804</b>	<b>15 845</b>	<b>27 097</b>
<b>EBITDA, incl. Non-Recurring Items</b>	<b>42 299</b>	<b>60 541</b>	<b>24 873</b>	<b>-23 587</b>
Depreciation	49 974	84 642	41 604	36 521
Write-down	1 365	0	0	0
<b>Operating Profit</b>	<b>-9 040</b>	<b>-24 101</b>	<b>-16 731</b>	<b>-60 108</b>
<b>FINANCE REVENUE AND COST</b>				
Interest Income	594	1 190	548	330
Other Financial Income	6 750	979	10	56 112
<b>Financial Income</b>	<b>7 344</b>	<b>2 169</b>	<b>558</b>	<b>56 442</b>
Interest Cost Shareholder Loan	229	30 045	0	12 670
Other Interest Expense	17 535	28 736	13 652	15 370
Other Financial Cost	20 491	1 527	15 829	25 478
<b>Financial Cost</b>	<b>38 255</b>	<b>60 308</b>	<b>29 481</b>	<b>53 518</b>
<b>NET FINANCIAL ITEMS</b>	<b>-30 910</b>	<b>-58 139</b>	<b>-28 922</b>	<b>2 923</b>
<b>PROFIT BEFORE TAX</b>	<b>-39 951</b>	<b>-82 240</b>	<b>-45 653</b>	<b>-57 184</b>
Income Tax Expense	-2 901	-4 592	-1 212	-11 352
<b>PROFIT FOR THE YEAR</b>	<b>-42 852</b>	<b>-86 832</b>	<b>-46 865</b>	<b>-68 536</b>

## Balance Sheet

(NOK 1000)

ASSETS	31.12.2018	31.12.2019	30.06.2019	30.06.2020
<b>NON-CURRENT ASSETS</b>				
<b>Intangible Fixed Assets</b>				
Trademark	60 000	60 000	60 000	60 000
Right-of-Use-Assets	0	310 744	332 067	310 744
Other Intangible Assets	60 127	50 959	44 882	34 180
Deferred Tax Assets	1 300	1 335	1 250	1 354
<b>Total Intangible Fixed Assets</b>	<b>121 427</b>	<b>423 038</b>	<b>438 199</b>	<b>406 278</b>
<b>Tangible Fixed Assets</b>				
Property	1 734	2 142	1 826	2 139
Plant and Equipment	137 855	169 416	147 698	194 011
<b>Total Tangible Fixed Assets</b>	<b>139 589</b>	<b>171 559</b>	<b>149 524</b>	<b>196 151</b>
<b>Financial Fixed Assets</b>				
Other Financial Fixed Assets	15 348	10 877	16 668	13 626
<b>Total Financial Fixed Assets</b>	<b>15 348</b>	<b>10 877</b>	<b>16 668</b>	<b>13 626</b>
<b>TOTAL NON-CURRENT ASSETS</b>	<b>276 364</b>	<b>605 474</b>	<b>604 390</b>	<b>616 054</b>
<b>CURRENT ASSETS</b>				
Inventory	179 012	227 317	242 807	205 571
Account Receivable	76 201	56 970	86 699	84 167
Other Receivable	14 710	22 616	19 227	24 412
<b>Total Receivable</b>	<b>90 911</b>	<b>79 586</b>	<b>105 926</b>	<b>108 579</b>
Other current assets	0	771	240	-327
Bank and Cash Equivalent	117 811	56 681	66 534	24 260
<b>TOTAL CURRENT ASSETS</b>	<b>387 734</b>	<b>364 354</b>	<b>415 507</b>	<b>338 084</b>
<b>TOTAL ASSETS</b>	<b>664 097</b>	<b>969 828</b>	<b>1 019 897</b>	<b>954 137</b>

## Balance Sheet

(NOK 1000)

EQUITY AND LIABILITIES	31.12.2018	31.12.2019	30.06.2019	30.06.2020
<b>EQUITY</b>				
<b>Paid-in Capital</b>				
Issued Capital	600	600	600	4 060
Share Premium	0	0	0	36 540
<b>Total Paid-in Capital</b>	<b>600</b>	<b>600</b>	<b>600</b>	<b>40 600</b>
Other Equity / Retained Earnings	-40 223	-125 964	-94 365	-178 292
<b>TOTAL EQUITY</b>	<b>-39 623</b>	<b>-125 364</b>	<b>-93 765</b>	<b>-137 692</b>
<b>PROVISIONS</b>				
Deferred tax	2 377	3 615	1 614	4 063
Other provisions	99 464	15 594	96 048	18 864
<b>TOTAL PROVISIONS</b>	<b>95 686</b>	<b>8 325</b>	<b>97 662</b>	<b>22 927</b>
<b>OTHER NON-CURRENT LIABILITIES</b>				
Interest Bearing Loans and Borrowings	7 929	5 342	8 315	41 557
Lease Obligations	0	348 488	333 980	396 754
Shareholder Loan	178 376	177 321	178 498	178 938
Long-term Bond Debt	247 198	340 000	337 184	296 276
Long-term Derivatives	1 263	258	801	200
<b>TOTAL OHTER NON-CURRENT LIABILITIES</b>	<b>434 766</b>	<b>871 409</b>	<b>858 778</b>	<b>913 724</b>
<b>CURRENT LIABILITIES</b>				
Short-term Financial Liabilities	0	6 333	14 246	19 161
Account Payable	83 282	82 499	72 994	69 053
Liability Current Tax	300	1 806	2 746	724
Other Liabilities to Public Institutions	15 396	10 512	12 995	15 084
Other Short-term Liabilities	70 778	64 127	49 506	47 394
Short-term Derivatives	3 513	1 606	4 736	3 762
<b>TOTAL CURRENT LIABILITIES</b>	<b>173 268</b>	<b>215 458</b>	<b>157 222</b>	<b>155 178</b>
<b>TOTAL LIABILITIES</b>	<b>703 720</b>	<b>1 095 192</b>	<b>1 113 662</b>	<b>1 091 830</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>664 097</b>	<b>969 828</b>	<b>1 019 897</b>	<b>954 137</b>

# Cash Flow Statement

(NOK 1000)

	30.06.2019	30.06.2020
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before tax	-45 653	-57 265
Income tax paid	521	-10 923
Capitalized interest and fair value adjustment of bonds	9 109	-56 100
Depreciation and impairment of property, plant and equipment	20 349	36 521
Change in inventory	-63 795	21 745
Change in accounts receivables	-10 498	-28 993
Change in accounts payable	-10 288	-13 445
Other changes in operating assets and liabilities	-24 930	3 954
Net foreign exchange differences	-109	24 116
<b>Net cash flow from operating activities</b>	<b>-125 294</b>	<b>-80 390</b>
<b>CASH FLOW FOR INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	-27 044	-30 317
Change in financial assets	-1 320	-2 748
<b>Net cash flows from investing activities</b>	<b>-28 364</b>	<b>-33 065</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from borrowings	87 750	53 992
Other cash flow from financing	14 631	27 043
<b>Net cash flows from financing activities</b>	<b>102 381</b>	<b>81 035</b>
<b>Net cash flow</b>	<b>-51 277</b>	<b>-32 420</b>
Net Cash - Beginning of Period	117 811	56 681
<b>Net Cash (debt) - End of Period</b>	<b>66 534</b>	<b>24 260</b>
Credit Line	75 000	105 000
Ancillary Facilities	-42 000	-35 000
Used Credit Line	0	0
Available Credit Line	33 000	70 000

## Statement of Equity 30.06.20

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
<b>Closing balance: 31.12.2019</b>	<b>600</b>	<b>-125 964</b>	<b>-125 364</b>
Net result for the YTD		-68 536	-68 536
Changes in translation diff		16 208	16 208
<b>Closing balance: 30.06.2020</b>	<b>40 600</b>	<b>-178 292</b>	<b>-137 692</b>



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