



JOTUL HOLDINGS SA



JOTUL HOLDINGS SA | FINANCIAL REPORT Q1 2021 | 31. MARCH 2021

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Financial report
for the period from 1 January to 31 March 2021

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Management comments

Business

The Jotul Group (representing Jotul Holdings SA together with its subsidiaries) is one of the three largest suppliers of fireplaces in Europe and a significant player in North America. The company, with a history dating back to 1853 through its legacy as one of Norway's oldest companies, distributes stand-alone stoves, inserts, frames and accessories for fireplaces. The Group's main brands are Jøtul and Scan. The Jøtul fireplaces are manufactured from cast iron and appear timeless and robust, with Norwegian origins. The Scan fireplaces are manufactured from plated steel and are characterized by modern Danish design. The head office is based in Luxembourg. Manufacturing takes place through own production in Norway, Poland, France and the USA. In addition, the Group is selling a range of products manufactured by third parties. The products are sold through one of the most wide-reaching global networks in the industry, consisting of own sales companies and distributors. The products reach the end consumers through specialty shops, and in Norway also through building materials retail chains.

Q1 in brief

YTD Q1 2021, the Jotul Group reached a consolidated profit of MNOK -10.1 (Q1 2020: MNOK -25.3). The operating result totaled MNOK 7.3 in YTD Q1 2021 (Q1 2020: MNOK -45,2). The total comprehensive loss for YTD Q1 2021 was MNOK -9.0 (Q1 2020: MNOK 5.1).

The sharp increase in order intake in Q4 2020, led to a higher than usual backlog at the end of 2020, which contributed to strong revenue growth in the first quarter of the year. Revenue for the period increased by 48% to MNOK 300.5 YTD Q1 2021 from MNOK 203.0 in YTD Q1 2020. The Manufacturing Agreement entered in 2020 with Aico, related to pellets stoves, contributed with MNOK 30 to the total revenue of MNOK 300.5 in Q1 2021.

In line with recent trends in the market and strong demand across all product segments, the order intake was up from MNOK 237 in Q1 2020 to MNOK 389 in Q1 2021. Total order book at the end of Q1 2021 was MNOK 208 compared to MNOK 65 in Q1 2020.

The strong demand can be seen in all markets, particularly the Nordics, Germany and France. Home improvements continues to be a key driver, following the continued travel restrictions caused by the pandemic, and in addition the cold winter in most European markets has also contributed positively to higher revenues. Furthermore, the German market has seen strong demand following requirements to phase out older stoves to meet future new standards in terms of efficiency and lower emissions. The North American markets have seen a stronger order intake compared to Q1 2020, both for the gas and the wood segments, however, shortages in the labour market and disruption in supply chain due to Covid-19, resulted in revenues in line with last year (Q1 2020).

The manufacturing operations in Poland improved sharply in terms of output capacity towards

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the end Q4 2020, which had directly been impacted by the country's lock-down policies. During the first quarter of this year the operations reached expected production output levels, even with continuing high absence rates and disruption in supply chain due to Covid-19.

We expect that the Covid-19 pandemic will still impact the business related to supply-chain and logistics in the coming months, however, with the accelerated roll-out of the vaccination programs, both in Europe and in North America, we do not anticipate further setbacks as seen in Q4 2020 with retail-shops being closed.

EBITDA (Earnings before interests, taxes, depreciation, and amortizations: Operating Result less Depreciations) was MNOK 25.4 YTD Q1 2021 (Q1 2020: MNOK -26.7). This contains effect of non-recurring items of MNOK 9.7 YTD Q1 2021 (Q1 2020: MNOK 21.1). Adjusted EBITDA (net of non-recurring items) was MNOK 35.1 YTD Q1 2021 (Q1 2020: MNOK -5.6).

In Q1 2021 non-recurring cost of MNOK 9.7 is primarily related to the Polish operation.

The Group's capital investments in Q1 2021 amounted to MNOK 8.7 compared to MNOK 19,8 in Q1 2020. The investments in Q1 2021 are mainly related to product development to be in forefront of upcoming legal requirements in terms of efficiency and lower emission levels.

YTD Q1, the net cash flow from operating activities was MNOK -6.1 compared to MNOK -21,4 in Q1 2020. The net cash-flow in Q1 2021 was at MNOK -22.9 (Q1 2020 MNOK -50.7). Cash and cash equivalent as per Q1 2021 was MNOK 47.3.

Available Revolving Credit Facility (less ancillary facilities of MNOK 21) as per Q1 2021 was MNOK 54 giving total available liquidity of MNOK 101.3 by end Q1 2021.

As of Q1 2021, the Group had an average of 582 full-time employees (Q1 2020: an average of 533 full-time employees). The increase is related to the manufacturing of pellets stoves for Aico in Poland.

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Condensed consolidated statement of comprehensive income

(in NOK '000s)	31 March 2021 (unaudited)	31 March 2020 (unaudited)
Revenue	300,525	203,036
Other operating income	504	3,256
Total operating income	301,029	206,292
Raw materials and consumables	(133,909)	(56,480)
Changes in inventories of finished goods and work in progress	(863)	(30,775)
Employee benefits expense	(73,512)	(68,351)
Depreciation and amortisation	(18,157)	(18,462)
Impairment losses on financial assets	-	(389)
Other operating expense	(67,318)	(77,005)
Total operating expenses	(293,759)	(251,462)
Operating result	7,270	(45,170)
Finance income	6,705	64,846
Finance expense	(23,850)	(29,341)
Net finance cost	(17,145)	35,505
Loss before income tax	(9,875)	(9,665)
Income tax	(236)	(15,629)
Net loss for the period	(10,111)	(25,294)
Other comprehensive income/(loss) <i>Items that may be subsequently reclassified to profit or loss</i>		
Foreign exchange differences on translation of foreign operations	1,097	30,384
Other comprehensive income/(loss) for the period net of tax	1,097	30,384
Total comprehensive loss for the period	(9,014)	5,090
Operating result	7,270	(45,170)
Depreciation and amortization	18,157	18,462
EBITDA	25,427	(26,708)
Operating result	7,270	(45,170)
Depreciation and amortization	18,157	18,462
Non-recurring items	9,735	21,077
Adjusted EBITDA	35,162	(5,631)

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Condensed consolidated statement of financial position - Assets

(in NOK '000s)	31 March 2021 (unaudited)	31 December 2020
ASSETS		
Non-current assets		
Property, plant and equipment	128,262	127,292
Intangible assets	134,857	143,426
Right-of-use assets	276,635	281,086
Other receivables	11,045	11,260
Deferred tax asset	1,377	1,439
Total non-current assets	552,175	564,503
Current assets		
Inventories	195,900	201,268
Derivative financial instrument	332	311
Trade and other receivables	171,766	121,734
Other receivables	284	471
Current income tax receivable	1,023	2,138
Cash and cash equivalents	47,341	70,295
Total current assets	416,646	396,217
Total assets	968,822	960,720

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Condensed consolidated statement of financial position - Liabilities

(in NOK '000s)	31 March 2021 (unaudited)	31 December 2020
EQUITY AND LIABILITIES		
Equity		
Share capital	4,060	4,060
Share premium	36,540	36,540
Foreign currency translation reserve	10,963	9,866
Retained earnings	(271,680)	(261,569)
Total equity	(220,117)	(211,103)
Non-current liabilities		
Senior secured bonds	350,884	333,759
Convertible preferred equity certificates ("CPECs")	177,321	177,321
Borrowings	26,763	27,644
Lease liabilities	324,213	331,469
Government grant	3,434	3,954
Deferred tax liability	8,613	10,309
Long-term provisions	5,666	4,805
Total non-current liabilities	896,894	889,261
Current liabilities		
Senior secured bonds	4,380	5,891
Convertible preferred equity certificates ("CPECs")	1,796	1,234
Lease liabilities	45,516	59,735
Derivative financial instruments	104	358
Government grant	1,390	1,493
Trade and other payables	231,748	211,243
Short-term provisions	-	287
Current income tax payable	7,111	2,321
Total current liabilities	290,045	282,562
Total equity and liabilities	968,822	960,720

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Condensed consolidated statement of changes in equity

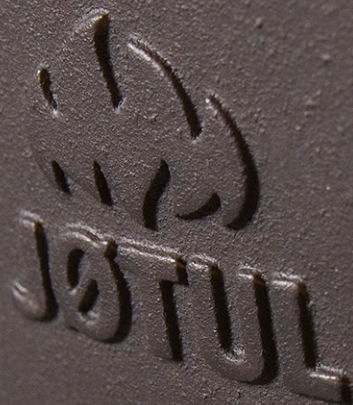
(in NOK '000s)	Share capital	Share premium	Foreign currency translation reserve	Retained earnings	Total
Balance as at 1 January 2020	600	-	8,609	(134,573)	(125,364)
Loss for the period	-	-	-	(25,294)	(25,294)
Other comprehensive income for the period	-	-	30,384	-	30,384
Total comprehensive loss	-	-	30,384	(25,294)	5,090
Balance as at 31 March 2020 (unaudited)	600	-	38,993	(159,867)	(120,274)

(in NOK '000s)	Share capital	Share premium	Foreign currency translation reserve	Retained earnings	Total
Balance as at 1 January 2021	4,060	36,540	9,866	(261,569)	(211,103)
Loss for the period	-	-	-	(10,111)	(10,111)
Other comprehensive income for the period	-	-	1,097	-	1,097
Total comprehensive loss for the period	-	-	1,097	(10,111)	(9,014)
Balance as at 31 March 2021(unaudited)	4,060	36,540	10,963	(271,680)	(220,117)

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Condensed consolidated statement of cash flows

(in NOK '000s)	31 March 2021 (unaudited)	31 March 2020 (unaudited)
<i>Cash flows from operating activities</i>		
Net loss for the period	(10,111)	(25,294)
<i>Adjustments for:</i>		
Income tax recognised in profit or loss	236	15,629
Depreciation and amortization	18,157	18,851
Net finance income	17,145	(35,505)
Changes in operating working capital	(25,205)	18,364
Cash generated from operating activities	222	(7,955)
Interest paid	(6,332)	(12,728)
Interest received	27	235
Income tax paid	-	(930)
Net cash flows from operating activities	(6,083)	(21,378)
<i>Cash flows from investing activities</i>		
Purchase of property, plant and equipment and intangible assets	(8,715)	(19,819)
Other cash flows from investing activity	-	(973)
Net cash flows used in investing activities	(8,715)	(20,792)
<i>Cash flows from financing activities</i>		
Payment of principal portion of lease liability	(8,156)	(8,542)
Net cash flows from financing activities	(8,156)	(8,542)
Net increase/(decrease) in cash and cash equivalents	(22,954)	(50,712)
Cash and cash equivalents at the beginning of the period	70,295	56,681
Cash and cash equivalents at the end of the period	47,341	5,969



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