

# **Financial Statement**

**Jøtul Holding S.a.r.l**  
**30. Sept 2018**

## Statement of Financial Position

(NOK 1000)

	FY 2016	FY 2017	LTM	Q3 YTD 2017	Q3 YTD 2018
<b>OPERATING REVENUE AND COST</b>					
<b>Operating revenue</b>					
Gross sales	1 575 309	1 652 154	1 654 425	1 107 624	1 109 895
Discounts	-694 978	-737 802	-733 197	-497 301	-492 696
<b>Net sales</b>	<b>880 331</b>	<b>914 353</b>	<b>921 228</b>	<b>610 324</b>	<b>617 199</b>
<b>Operating cost</b>					
Direct materials	298 257	314 786	322 524	209 486	217 224
Direct personnel cost	104 362	108 567	99 810	73 467	64 709
Distribution costs	36 846	37 807	37 201	25 387	24 781
Sales commission	33 632	36 279	39 805	24 019	27 544
<b>Contribution margin</b>	<b>407 234</b>	<b>416 913</b>	<b>421 888</b>	<b>277 965</b>	<b>282 941</b>
Indirect production costs	167 238	167 205	154 754	130 251	117 799
<b>Gross margin</b>	<b>239 997</b>	<b>249 708</b>	<b>267 134</b>	<b>147 715</b>	<b>165 141</b>
Sales, general and administration costs	184 953	183 708	180 876	123 194	120 362
<b>EBITDA</b>	<b>55 044</b>	<b>66 000</b>	<b>86 258</b>	<b>24 521</b>	<b>44 779</b>
<b>Non-recurring items</b>	<b>6 769</b>	<b>26 400</b>	<b>61 008</b>	<b>4 618</b>	<b>39 226</b>
<b>EBITDA, incl. non-recurring items</b>	<b>48 275</b>	<b>39 600</b>	<b>25 250</b>	<b>19 903</b>	<b>5 553</b>
Depreciation & impairment of intangible assets	77 883	355 597	354 560	34 624	33 586
Operating profit	-29 609	-315 998	-329 310	-14 721	-28 033
<b>FINANCE REVENUE AND COST</b>					
<b>Financial income</b>					
Other interest	602	586	596	450	460
Other finance revenue	9 938	76	714	4 542	5 180
<b>Total financial income</b>	<b>10 540</b>	<b>662</b>	<b>1 311</b>	<b>4 992</b>	<b>5 640</b>
<b>Financial cost</b>					
Interest cost shareholder loan	2 534	2 610	1 606	1 974	970
Other interest cost	19 842	19 811	22 272	14 999	17 460
Other financial cost	883	9 416	9 627	1 076	1 287
<b>Total financial cost</b>	<b>23 259</b>	<b>31 837</b>	<b>33 505</b>	<b>18 049</b>	<b>19 717</b>
<b>NET FINANCIAL ITEMS</b>	<b>-12 719</b>	<b>-31 189</b>	<b>-32 209</b>	<b>-13 057</b>	<b>-14 077</b>
PROFIT BEFORE TAX	-42 328	-347 187	-361 518	-27 778	-42 109
Income tax expenses	-2 424	-3 576	-416	-2 524	636
<b>PROFIT FOR THE YEAR</b>	<b>-44 752</b>	<b>-350 762</b>	<b>-361 934</b>	<b>-30 302</b>	<b>-41 474</b>

## Statement of Financial Position

(NOK 1000)

<b>ASSETS</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>30.Sep 2017</b>	<b>30.Sep 2018</b>
<b>NON-CURRENT ASSETS</b>				
<b>Intangible fixed assets</b>				
Trademark	191 647	112 735	191 114	112 237
Other intangible assets	22 821	14 791	23 402	13 084
Deferred tax assets	3 122	1 401	2 995	1 256
Goodwill	218 412	3 192	220 930	-94
<b>Total intangible fixed assets</b>	<b>436 002</b>	<b>132 120</b>	<b>438 441</b>	<b>126 484</b>
<b>Tangible fixed assets</b>				
Property	1 704	1 889	1 814	1 658
Plant and equipment	163 901	151 986	151 837	140 702
<b>Total tangible fixed assets</b>	<b>165 604</b>	<b>153 876</b>	<b>153 651</b>	<b>142 359</b>
<b>Financial fixed assets</b>				
Other financial fixed assets	15 876	16 153	15 725	15 374
<b>Total financial fixed assets</b>	<b>15 876</b>	<b>16 153</b>	<b>15 725</b>	<b>15 374</b>
<b>TOTAL NON-CURRENT ASSETS</b>	<b>617 482</b>	<b>302 149</b>	<b>607 818</b>	<b>284 216</b>
<b>CURRENT ASSETS</b>				
Inventory	192 225	167 413	190 007	176 765
<b>Receivables</b>				
Accounts receivables	84 577	92 004	155 134	150 135
Other receivables	13 295	8 976	9 860	12 185
<b>Total receivables</b>	<b>97 871</b>	<b>100 979</b>	<b>164 994</b>	<b>162 319</b>
Other current derivative assets	3 888	0	2 700	28
Bank and cash equivalents	5 893	6 294	3 429	37 826
<b>TOTAL CURRENT ASSETS</b>	<b>299 876</b>	<b>274 686</b>	<b>361 129</b>	<b>376 937</b>
<b>TOTAL ASSETS</b>	<b>917 358</b>	<b>576 835</b>	<b>968 947</b>	<b>661 154</b>

## Statement of Financial Position

(NOK 1000)

	FY 2016	FY 2017	30.Sep 2017	30.Sep 2018
<b>EQUITY AND LIABILITIES</b>				
<b>EQUITY</b>				
<b>Paid in capital</b>				
Issued capital	135 914	135 914	135 914	121
Share premium	565 112	565 112	565 112	0
<b>Total paid in capital</b>	<b>701 026</b>	<b>701 026</b>	<b>701 026</b>	<b>121</b>
<b>Other equity</b>				
Other equity/ retained earnings	-573 384	-912 804	-601 556	19 490
<b>Total other equity</b>	<b>-573 384</b>	<b>-912 804</b>	<b>-601 556</b>	<b>19 490</b>
<b>TOTAL EQUITY</b>	<b>127 642</b>	<b>-211 778</b>	<b>99 470</b>	<b>19 611</b>
<b>LIABILITIES</b>				
<b>NON-CURRENT LIABILITIES</b>				
<b>Provisions</b>				
Deferred tax	4 640	2 818	4 728	858
Other provisions	44 255	41 671	42 510	37 812
<b>Total provisions</b>	<b>48 895</b>	<b>44 488</b>	<b>47 238</b>	<b>38 670</b>
<b>Other non-current liabilities</b>				
Interest bearing loans and borrowings	477 455	491 057	481 305	257 573
Shareholder loan	90 668	90 668	90 668	178 062
<b>Total other non-current liabilities</b>	<b>568 122</b>	<b>581 725</b>	<b>571 972</b>	<b>435 635</b>
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>617 017</b>	<b>626 213</b>	<b>619 211</b>	<b>474 305</b>
<b>CURRENT LIABILITIES</b>				
Short term financial liabilities	34 035	0	120 271	29 388
Accounts payable	71 735	74 273	67 798	73 379
Liability for current tax	545	0	2 176	-41
Other liabilities to public institutions	16 007	21 423	17 235	13 448
Other short term liabilities	48 434	63 594	42 786	51 064
Short term derivative liabilities	1 943	3 110	0	0
<b>TOTAL CURRENT LIABILITIES</b>	<b>172 699</b>	<b>162 400</b>	<b>250 266</b>	<b>167 238</b>
<b>TOTAL LIABILITIES</b>	<b>789 716</b>	<b>788 613</b>	<b>869 477</b>	<b>641 543</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>917 358</b>	<b>576 835</b>	<b>968 947</b>	<b>661 154</b>

## Cash Flow Statement

(NOK 1000)	YTD 30.09.2018	YTD 30.09.2017
	2018	2017
<b>Cash flow from operating activities</b>		
Profit before tax	-42 109	-27 778
Income tax paid	-752	-679
Capitalized interest	4 180	8 433
Depreciation and impairment of PPE	35 586	34 624
Change in inventory	-9 352	2 218
Change in accounts receivables	-58 131	-70 557
Change in accounts payable	-893	-3 937
Other changes in operating assets and liabilities	-24 188	669
Net foreign exchange differences	-9 651	-8 522
<b>Net cash flow from operating activities</b>	<b>-105 310</b>	<b>-65 528</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	-24 879	-23 172
<b>Net cash flows from investing activities</b>	<b>-24 879</b>	<b>-23 172</b>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	316 963	86 236
Repayment of debt	-332 563	0
Other cash flow from financing	177 321	0
<b>Net cash flows from financing activities</b>	<b>161 721</b>	<b>86 236</b>
<b>Net cash flow</b>	<b>31 532</b>	<b>-2 464</b>
Cash and cash equivalents at beginning of period	6 294	5 893
<b>Cash and cash equivalents at end of period</b>	<b>37 826</b>	<b>3 429</b>
Credit line	60 000	
Used credit line	-19 138	
Available credit line	40 862	

## Jøtul Group Holding S.a.r.l – Q3 2018

### Comments related to the financial statements

The financial statements for Q3 2018 show the consolidated management accounts of Jøtul Holding S.a.r.l. including Jøtul AS and all its subsidiaries, while the comparable figures for Q3 2017 show the consolidated management accounts of Jøtul AS.

The Group's net sales increased from MNOK 610 in 2017 to MNOK 617 in 2018, mainly as a result of higher sales in North America and Norway. The growth in North America and Norway was partly offset by a sales decline in France. The Group's order backlog stood at MNOK 60 at the end of Q3 2018, compared with MNOK 51 at the end of Q3 2017.

Jøtul Group's three largest markets are Norway, France and North America where Jøtul Group has a significant market position and enjoys strong brand recognition. These markets are currently experiencing a gradual transition towards modern products which will meet Ecodesign requirements for 2022, which is expected to have a positive impact on the key players in the industry, a category which includes Jøtul. In France, demand for wood-fired products continues to decline, while the pellet market continues to grow. In Norway, the market momentum is good with increased demand during Q2 and Q3 2018. In North America demand has been strong throughout Q3, driven by increased demand for gas products, as well as wood-fired products.

The Group's gross margin increased in Q3 2018 compared with Q3 2017, mainly due to productivity improvements at the Kråkerøy factory in Norway. This margin improvement is partly offset by higher raw material costs related to metal and energy.

Fixed costs have fallen substantially compared to Q3 2017] due to reduced indirect headcount and the effect of the closure of the operations in Halden (Norway).

EBITDA before non-recurring items increased from MNOK 25 in Q3 2017 to MNOK 45 in Q3 2018.

LTM non-recurring costs of MNOK 61 are related primarily to Project Craft, the acquisition by OpenGate Capital of Jøtul in February 2018 (MNOK 34.7), the closure of the Tistedalen factory (MNOK 14.4), management fees (MNOK 2.6) and miscellaneous external charges (MNOK 1.9).

<b>NRI management - MNOK</b>	<b>LTM Sep 2018</b>
Project Craft	36,3
Management fee	2,6
Tistedalen Closure	14,4
Jøtul France severance	0,9
Jøtul Poland, write off old receivables Russia	0,7
Jøtul AS, Write of consignment stock Australia	1,2
Jøtul AS, severance related to lay-off of non-performing individuals and employer	
mandatory salary payment with temporary reduction of working hours	2,6
Miscellaneous	2,3
<b>Total</b>	<b>61,0</b>

<b>NRI management - MNOK</b>	<b>YTD Sep 2018</b>
Project Craft	34,7
Management fee OGC	2,6
Miscellaneous	1,9
<b>Total</b>	<b>39,2</b>

Total cash flow from operating activities fell from MNOK -66 in 2017 to MNOK -105 in 2018 as a result of higher non-recurring items and change in working capital elements.

The Group's capital investments in the year to Q3 2018 amounted to MNOK 25, representing an increase of MNOK 2 over the comparable period in 2017.