



FINANCIAL REPORT Q4 2021



Jøtul AS (Jøtul Group)
31 December 2021

Registered Office:
Langøyveien
1678 Kråkerøy
Norway

Jøtul AS
Financial report
for the year from 1 January to 31 December 2021

Contents

Management comments.....	2
Business.....	2
Q4 in brief	2
Condensed consolidated statement of comprehensive income	5
Condensed consolidated statement of financial position - Assets.....	5
Condensed consolidated statement of financial position - Liabilities	6
Condensed consolidated statement of changes in equity.....	7
Condensed consolidated statement of cash flows	8

Management comments

Business

The Jøtul Group (representing Jøtul AS 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, Scan and Ravelli. 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, while the Ravelli pellets stoves are characterized by Italian design and technology. The head office is based in Norway. Manufacturing takes place through own production in Norway, Poland, France and the USA, in addition to a range of bought-in products. 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.

One June 1st, 2021, Jøtul acquired AICO S.p.A. (AICO), an Italian company producing and selling the Ravelli pellet stoves portfolio. AICO was previously owned by the same shareholder as Jøtul, and the production of Ravelli stoves was subcontracted to the Jøtul factory in Poland in 2020. The financial statements included in this report include AICO as a consolidated component starting from June 2021.

In October 2021, the Jøtul Group successfully refinanced its senior secured bond issued in 2018 with a new senior secured bond maturing in 2024. Unlike the previous bond, which had been issued by Jotul Holdings SA, the new bond was issued by the Norwegian parent company Jøtul AS. As a consequence of the change of issuer, the Group decided to simplify its legal structure, deconsolidate the old parent, Jotul Holdings SA, and establish the new Group consolidation level at Jøtul AS. This report captures these changes.

Q4 in brief

YTD Q4 2021, the Jøtul Group reached a consolidated loss of MNOK -37.0 (YTD Q4 2020: MNOK -135.7). The operating result amounted to MNOK 36.2 YTD Q4 2021 (YTD Q4 2020: MNOK -59.1). The total comprehensive loss for YTD Q4 2021 was MNOK -29.9 (YTD Q4 2020: MNOK -134.4).

The sharp increase in order intake during Q4 2020, with a higher than usual backlog end of 2020, alongside the continued strong bookings during 2021 (36% higher than 2020), contributed to strong year-on-year revenue growth. Revenue for the year increased by 39.9% to MNOK 1,266.3 from MNOK 905.4 in 2020.

In line with recent trends in the market and strong demand across all product segments, the order intake was up from MNOK 305 in Q4 2020 to MNOK 391 in Q4 2021. The total order

Jøtul AS
Financial report
for the year from 1 January to 31 December 2021

book at the end 2021 was MNOK 231 compared to MNOK 122 at the end of Q4 2020.

All markets continue to show strong demand, particularly the Nordics, Germany and France. Home improvement spending continues to be a strong driver, in addition to the sharp increase in electricity and gas prices across all markets, which confirms wood burning as an important heating alternative and contributes to sustained strong revenues. Furthermore, the German market has seen strong demand following requirements to phase out older stoves to comply with new standards concerning efficiency and emissions.

The manufacturing operations in Poland improved sharply in terms of output capacity towards the end of 2020, following several months with significant impact linked to Covid-19 pandemic disruptions, and continued to improve throughout 2021. In Q4 2021 the total output of complete units from our Polish factory increased by 17% compared to Q4 2020, while on a full year basis the increase was +82%. The manufacturing operations are now considered mature, including the AICO production line ramped-up in Poland during the past 12 months, and we continue working on further efficiency improvements and optimizations.

We expect that in the coming months the Covid-19 pandemic and the post-pandemic rebound will still impact the business in terms of supply-chain and logistics, and potentially with isolated cases of infections and quarantine related inefficiencies at our facilities. However, with the considerable progress in terms of vaccination roll-out, and with the gradual removal of restrictions both in Europe and North America, we do not anticipate setbacks as those seen in Q4 2020 and to a certain extent during 2021 when it comes to infection outbreaks, or trade interruptions due to lockdowns.

Jøtul Group experienced substantial increase of raw material prices during 2021. This also continued in Q4, and in addition we experienced significant increases in costs of energy, in particular in Norway. These increases are for the most part compensated with price increases on our products, but have a negative timing effect.

EBITDA (Earnings before interests, taxes, depreciation, and amortizations: Operating Result less Depreciations) was MNOK 119.2 YTD Q4 2021 (YTD Q4 2020: MNOK 25.1). This contains the effect of non-recurring items of MNOK 36.9 in YTD Q4 2021 (YTD Q4 2020: MNOK 57.3). Adjusted EBITDA (net of non-recurring items) was MNOK 156.1 in YTD Q4 2021 (YTD Q4 2020: MNOK 82.4).

Full year 2021 non-recurring costs of MNOK 36.9 relate mainly to Covid-19 delays to the start-up of manufacturing related to AICO, inefficiencies related to the finalization of the transfer of manufacturing operations to Poland, the shareholder's monitoring fees, and refinancing transaction fees.

The Group's capital investments in YTD Q4 2021 amounted to MNOK 35.5 compared to MNOK 40.0 in YTD Q4 2020. The higher investments in 2020 were mainly related to product development to ensure that the Group remains at the forefront with regards to upcoming legal requirements relating to efficiency and emission levels for our products.

YTD Q4 the net cash flow from operating activities was MNOK -9.8 compared to MNOK 18.1 in Q4 2020. The net cash-flow in YTD Q4 2021 was at MNOK 21.2 (YTD Q4 2020 MNOK

Jøtul AS
Financial report
for the year from 1 January to 31 December 2021

29.5). Cash and cash equivalent as per Q4 2021 was MNOK 91.1.

Available Revolving Credit Facility (less ancillary facilities of MNOK 21.9) as per Q4 2021 was MNOK 53.1 giving total available liquidity of MNOK 144.2 by end Q4 2021.

In accordance with the terms and conditions of the Bonds, dated 1 October 2021 Jøtul is required to perform maintenance testing as of 31 December 2021. Following the test, it is confirmed that the maintenance covenant is met; the ratio of Net Interest-Bearing Debt to EBITDA (measured as defined in the terms and conditions) being 4.7:1, which is less than 5.5:1. As of 31 December 2021, the Net Interest-Bearing Debt was MNOK 445.0 and the Adjusted "Bond" EBITDA was MNOK 95.6.

As of Q4 2021, the Group had 774 full-time equivalent employees (Q4 2020: 692 full-time equivalent employees).

Jøtul AS
Financial report
for the year from 1 January to 31 December 2021

Condensed consolidated statement of comprehensive income

(in NOK '000s)	31 December 2021 (unaudited)	31 December 2020 (unaudited)
Revenue	1,266,332	905,477
Other operating income	3,778	6,041
Total operating income	1,270,110	911,518
Raw materials and consumables	(558,929)	(286,638)
Changes in inventories of finished goods and work in progress	3,674	(78,677)
Employee benefits expense	(308,024)	(252,871)
Depreciation, amortisation and write-off	(82,962)	(84,148)
Other operating expense	(287,653)	(268,258)
Total operating expenses	(1,233,893)	(970,594)
Operating result	36,217	(59,076)
Finance income	128	1,299
Finance expense	(63,618)	(75,497)
Net finance cost	(63,490)	(74,198)
Loss before income tax	(27,273)	(133,273)
Income tax	(9,698)	(2,419)
Net loss for the year	(36,971)	(135,693)
Other comprehensive income/(loss)		
<i>Items that may be subsequently reclassified to profit or loss</i>		
Foreign exchange differences on translation of foreign operations	7,053	1,257
Other comprehensive income/(loss) for the year net of tax	7,053	1,257
Total comprehensive loss for the year	(29,919)	(134,436)
Operating result	36,217	(59,076)
Depreciation and amortization	82,962	84,148
EBITDA	119,178	25,073
Non-recurring items	36,886	57,311
Adjusted EBITDA	156,065	82,384

Jøtul AS
 Financial report
 for the year from 1 January to 31 December 2021

Condensed consolidated statement of financial position - Assets

(in NOK '000s)	31 December 2021 (unaudited)	31 December 2020 (unaudited)	31 December 2019 (unaudited)
ASSETS			
Non-current assets			
Property, plant and equipment	117,375	127,292	125,741
Intangible assets	113,184	99,994	106,846
Right-of-use assets	346,669	362,990	399,419
Derivative financial instrument	-	-	327
Other receivables	12,154	11,260	10,550
Deferred tax asset	1,269	1,439	1,335
Total non-current assets	590,649	602,975	644,217
Current assets			
Inventories	357,358	201,268	227,317
Derivative financial instrument	-	311	771
Trade and other receivables	190,274	119,856	72,967
Other receivables	275	471	2,961
Current income tax receivable	4,730	2,138	2,812
Cash and cash equivalents	91,059	69,825	46,002
Total current assets	643,696	393,869	352,830
Total assets	1,234,345	996,844	997,047

Jøtul AS
Financial report
for the year from 1 January to 31 December 2021

Condensed consolidated statement of financial position - Liabilities

(in NOK '000s)	31 December 2021 (unaudited)	31 December 2020 (unaudited)	31 December 2019 (unaudited)
EQUITY AND LIABILITIES			
Equity			
Share capital	139,414	139,414	135,914
Share premium	1,026,612	1,026,612	995,112
Foreign currency translation reserve	16,919	9,866	8,609
Retained earnings	(1,212,101)	(1,175,130)	(1,039,437)
Subordinated capital	30,551	353,084	330,861
Total equity	1,394	353,846	431,059
Non-current liabilities			
Senior secured bonds	461,861	-	-
Lease liabilities	313,197	331,469	353,830
Borrowings	27,476	27,644	-
Government grant	2,547	3,954	-
Derivative financial instruments	-	-	258
Deferred tax liability	1,967	2,231	3,615
Long-term provisions	14,639	4,805	4,711
Total non-current liabilities	821,688	370,102	362,414
Current liabilities			
Lease liabilities	53,525	59,735	48,576
Derivative financial instruments	-	358	1,606
Government grant	1,441	1,493	-
Accrued interest on bonds	8,713	-	-
Trade and other payables	338,337	208,700	140,704
Short-term provisions	-	287	10,883
Current income tax payable	9,247	2,321	1,806
Total current liabilities	411,263	272,894	203,574
Total equity and liabilities	1,234,345	996,844	997,047

Jøtul AS
Financial report
for the year from 1 January to 31 December 2021

Condensed consolidated statement of changes in equity

(in NOK '000s)	Share capital	Share premium	Foreign currency translation reserve	Retained earnings	Total
Balance as at 31 December 2018 (unaudited)	135,914	865,112	7,517	(1,022,601)	(14,058)
Transactions with owners in their capacity as owners:					
Contributions to equity	-	130,000	-	-	130,000
	-	130,000	-	-	130,000
Loss for the year	-	-	-	(16,836)	(16,836)
Other comprehensive income for the year	-	-	1,092	-	1,092
Total comprehensive loss	-	-	1,092	(16,836)	(15,744)
Balance as at 31 December 2019 (unaudited)	135,914	995,112	8,609	(1,039,437)	100,198
Transactions with owners in their capacity as owners:					
Contributions to equity	3,500	31,500	-	-	35,000
	3,500	31,500	-	-	35,000
Loss for the year	-	-	-	(135,693)	(135,693)
Other comprehensive income for the year	-	-	1,257	-	1,257
Total comprehensive loss	-	-	1,257	(135,693)	(134,436)
Balance as at 31 December 2020 (unaudited)	139,414	1,026,612	9,866	(1,175,130)	762
Loss for the year	-	-	-	(36,971)	(36,971)
Other comprehensive income for the year	-	-	7,053	-	7,053
Total comprehensive loss	-	-	7,053	(36,971)	(29,919)
Balance as at 31 December 2021 (unaudited)	139,414	1,026,612	16,919	(1,212,101)	(29,156)

Jøtul AS
Financial report
for the year from 1 January to 31 December 2021

Condensed consolidated statement of cash flows

(in NOK '000s)	31 December 2021 (unaudited)	31 December 2020 (unaudited)
Cash flows from operating activities		
Net loss for the year	(36,971)	(135,693)
<i>Adjustments for:</i>		
Income tax recognised in profit or loss	9,698	2,419
Depreciation and impairment	82,962	84,148
Net (gain)/loss on sale of non-current assets	-	(2,487)
Net finance costs	63,490	74,198
Changes in operating working capital	(94,336)	28,428
Cash generated from operating activities	24,842	51,014
Interest paid	(28,864)	(30,727)
Interest received	80	522
Income tax paid	(5,883)	(2,718)
Net cash flows from operating activities	(9,825)	18,091
Cash flows from investing activities		
Purchase of property, plant and equipment	(9,515)	(34,260)
Purchase of intangible assets	(26,019)	(5,696)
Proceeds from disposal of property, plant and equipment	31,934	2,807
Proceeds from disposal of intangible assets	-	1,126
Repayment of loan receivable	-	450
Net cash flows used in investing activities	(3,600)	(35,573)
Cash flows from financing activities		
Proceeds from issuance of bonds	394,174	-
Repayment of borrowings	(322,533)	-
Proceeds from borrowings	-	35,365
Proceeds from issuance of share premium	-	31,500
Proceeds from issuance of share capital	-	3,500
Payment of principal portion of lease liability	(36,982)	(23,395)
Net cash flows from financing activities	34,659	46,970
Net increase/(decrease) in cash and cash equivalents	21,234	29,488
Cash and cash equivalents at the beginning of the year	69,825	46,002
Exchange gains on cash and cash equivalents	-	(5,665)
Cash and cash equivalents at the end of the year	91,059	69,825