Financial Statement

Jøtul AS
30. Sept 2018

Income Statement YTD Q3

(NOK 1000)

	01.01-30.09 2018	01.01-30.09 2017
OPERATING REVENUE AND COST		
Operating revenue		
Gross sales	436 577	460 115
Discounts	-122 165	-138 677
Net sales	**314 412**	**321 437**
Operating cost		
Direct materials	111 401	109 756
Direct personnel cost	33 697	44 762
Distribution costs	11 511	12 525
Sales commission	17 417	14 475
Contribution margin	**140 385**	**139 918**
Indirect production costs	66 744	80 642
Gross margin	**73 642**	**59 276**
Sales, general and administration costs	55 690	60 095
EBITDA	**17 952**	**-819**
Non-recurring items	7 691	4 688
EBITDA, incl. non-recurring items	**10 261**	**-5 507**
Depreciation	20 769	37 526
Operating profit	-10 508	-43 033
FINANCE REVENUE AND COST		
Financial income		
Other interest	1 825	1 987
TNMM adjustment	9 823	5 872
Other finance revenue	5 104	4 762
Total financial income	**16 752**	**12 620**
Financial cost		
Interest cost shareholder loan	7 180	1 974
Other interest cost	4 842	14 925
Other financial cost	722	575
Total financial cost	**12 743**	**17 474**
NET FINANCIAL ITEMS	**4 009**	**-4 854**
PROFIT BEFORE TAX	-6 499	-47 887
Income tax expenses	-310	-234
PROFIT FOR THE YEAR	**-6 809**	**-48 122**

Balance sheet per 30.09

(NOK 1000)

	30.09.2018	30.09.2017
ASSETS		
NON-CURRENT ASSETS		
Intangible fixed assets		
Trademark	112 444	191 579
Goodwill	**0**	168 534
Total intangible fixed assets	**112 444**	**360 113**
Tangible fixed assets		
Property	84	0
Plant and equipment	94 345	108 768
Total tangible fixed assets	**94 429**	**108 768**
Financial fixed assets		
Other financial fixed assets	110 070	131 116
Total financial fixed assets	**110 070**	**131 116**
TOTAL NON-CURRENT ASSETS	**316 944**	**599 997**
CURRENT ASSETS		
Inventory	**81 571**	**85 775**
Receivables		
Accounts receivables	72 813	77 316
Other receivables	59 201	93 917
Total receivables	**132 015**	**171 233**
Other current financial assets	28	2 700
Bank and cash equivalents	5 258	5 695
TOTAL CURRENT ASSETS	**218 872**	**265 402**
TOTAL ASSETS	**535 816**	**865 400**

Balance sheet per 30.09

(NOK 1000)

	30.09.2018	30.09.2017
EQUITY AND LIABILITIES		
EQUITY		
Paid in capital		
Issued capital	135 914	135 914
Share premium	865 112	565 112
Total paid in capital	**1 001 026**	**701 026**
Other equity		
Other equity/ retained earnings	-907 553	-604 662
Total other equity	**-907 553**	**-604 662**
TOTAL EQUITY	**93 473**	**96 364**
LIABILIIES		
NON-CURRENT LIABILITIES		
Other non-current liabilities		
Interest bearing loans and borrowings	0	479 331
Shareholder loan	339 274	90 668
Total other non-current liabilities	**339 274**	**569 999**
TOTAL NON-CURRENT LIABILITIES	**339 274**	**569 999**
CURRENT LIABILITIES		
Short term financial liabilities	30 092	131 815
Accounts payable	33 522	29 022
Liability for current tax	-160	-160
Other liabilities to public institutions	13 194	14 977
Other short term liabilities	26 421	23 382
TOTAL CURRENT LIABILITIES	**103 069**	**199 037**
TOTAL LIABILITIES	**442 343**	**769 036**
TOTAL EQUITY AND LIABILITIES	**535 816**	**865 400**

Cash Flow YTD Q3

(NOK 1000)

	30.09.2018	30.09.2017
Cash flow from operating activities		
Profit before tax	-6 499	-47 887
Income tax paid	-310	-446
Depreciation and impairment of PPE	22 559	37 526
Change in inventory	-5 107	4 407
Change in accounts receivables	-22 639	-39 775
Change in accounts payable	-393	-3 214
Other changes in operating assets and liabilities	-20 946	920
Capitalized interests	0	7 086
Net cash flow from operating activities	**-33 334**	**-41 383**
Cash flows from investing activities		
Purchase of property, plant and equipment	-9 355	-13 738
Sale of fixed assets	0	-23 838
Net cash flows from investing activities	**-9 355**	**-37 576**
Cash flows from financing activities		
Bank overdraft change	2 007	0
Proceeds from borrowings	675	73 982
Repayment of debt	545 104	0
Other cash flow from financing	-510 090	0
Net cash flows from financing activities	**37 696**	**73 982**
Net cash flow	**-4 993**	**-4 977**
Cash and cash equivalents at beginning of period	10 251	10 672
Cash and cash equivalents at end of period	**5 258**	**5 695**

Accounting policies

Accounting principles

All figures are in NOK'000 unless stated otherwise.

The annual financial statements have been prepared in compliance with IAS 34.

Revenue
Revenue recognition from the sale of goods occurs at the time of delivery. Revenue in foreign currency is recognised at the prevalent monthly exchange rates during the year. Services are recognised as they are performed.

Classification and assessment of balance sheet items
Assets that are held for permanent ownership or use are classified as non-current assets. Assets that relate to the flow of goods are classified as current assets. Receivables are classified as current asset if they are due to be repaid within one year of the time of payment. Liabilities are based on analogous criteria

Current assets are measured at the lower of cost and fair value. Current liabilities are recognised at their nominal amount.

Non-current assets are recognised at cost of acquisition. Fixed assets that depreciate in value, are depreciated on a straight-line basis over their expected economic life. Fixed assets are written down to fair value on impairment if required by accounting standards. Non-current liabilities in Norwegian kroner, with the exception of other provisions, are measured at their nominal amount on initial recognition. Provisions are discounted if the interest element is material.

Intangible assets
Expenditure related to intangible assets is capitalised to the extent that the criteria for recognition of an asset are met. This entails that such expenditure is capitalised when it is considered probable that the future economic benefits associated with the asset will flow to the company, and the cost of the asset can be reliably measured. Capitalised intangible assets are amortised on a straight-line basis over their expected useful life.

Fixed assets
Fixed assets are capitalised and depreciated on a straight-line basis over the expected useful life of the assets, provided they have a useful life exceeding three years and a cost price exceeding NOK 15000. Maintenance of fixed assets is expensed as incurred and classified as an operating expense. Additions or improvements are added to the cost of the asset and depreciated in line with the fixed asset. The differentiation between what constitutes maintenance and addition/improvement is based on the condition of the fixed asset on acquisition of the fixed asset.
Leased fixed assets are recognised as fixed assets if the lease agreement is considered a finance lease.

Subsidiaries
Subsidiaries are measured according to the cost method in the company financial statements. The investment is measured at the cost of the shares unless impairment has been necessary.

Dividends and group contribution are recognised as income in the same year that the amounts are provided for in the subsidiary. To the extent that dividends and/or group contributions exceed the share of post-acquisition retained earnings, the excess amount is considered a repayment of invested capital, and reduces the carrying value of the investment recognised in the balance sheet.

Foreign currency
Receivables, cash and liabilities in foreign currencies are translated at the balance sheet date rate of exchange. Foreign exchange gains and losses related to sale and purchase of goods in foreign currencies are recognised as foreign exchange gains/foreign exchange losses.

Forward contracts and fixed interest rate contracts
The company uses currency forward contracts to hedge the exchange rate on forecast future cash inflows in foreign currency. The company uses interest rate hedging contracts to ensure a predictable interest

Accounting policies

cost. For accounting purposes, the currency forward contracts and fixed interest rate contracts are classified as hedging instruments.

The fair value of the fixed interest rate contracts is calculated as the difference between the agreed fixed interest rate and the market interest rate.

Impairment of non-current assets
An impairment test is performed when there is an indication that the carrying value of a non-current asset is higher than its fair value. The test is conducted at the lowest level of non-current assets that has independent cash flows. If the carrying value is higher than both the sales value and the recoverable amount (present value of continued use/ownership), an impairment charge to the higher of sales value and recoverable amount is made. Previous impairment losses are reversed if the conditions for the impairment are no longer present (with the exception of e.g. impairment of goodwill).

Inventories
Inventories of purchased goods are measured at the lower of cost according to the FIFO principle and fair value. Own manufactured finished goods and work in progress are measured at full manufacturing cost. An impairment is charged if the fair value (sales price reduced by selling costs) is lower than the cost price. Selling costs include all remaining sales-, administration- and storage costs.

Receivables
Trade receivables and other receivables are recognised in the balance sheet at the nominal amount reduced by provisions for expected losses. Provisions for losses are made based on an individual assessment of the individual receivables. For smaller trade receivables, an unspecified provision is made to cover expected losses.

Warranty obligations
Expected costs for future warranties related to sales are expensed and recognised as a provision in the balance sheet. The provision is based on historical experience for warranties.

Loans
Loans are recognised at fair value at the time of inception. In subsequent periods, loans are measured at amortised cost using the effective interest method. Loans are classified as current liabilities unless there is an unconditional right to defer payment of the liability for more than 12 months from the balance sheet date.

Taxation
The income tax expense in the income statement includes both the tax payable for the period and changes in deferred tax. Deferred tax is calculated using the actual tax rate based on the temporary differences existing between the carrying amounts and tax values, as well as any tax losses carried forward at the end of the financial year. Tax increasing and tax reducing temporary differences that reverse or could reverse in the same period are offset. The company has not recognised deferred tax assets on net tax reducing differences that are not offset and losses carried forward.

Events after the balance sheet date
New information after the balance sheet date about the financial position of the company as at the balance sheet date is recognised in the annual financial statements.

Statement of cash flows
The statement of cash flows is prepared using the indirect method. Cash and cash equivalents include cash, bank deposits and other short-term, liquid deposits that may immediately and with insignificant currency risk be converted to known cash amounts and with a due date of less than three months from the date of acquisition.