



FINANCIAL REPORT Q4 2022



Jøtul AS
31 December 2022

Registered Office:

Langøyveien, 1678 Kråkerøy
3004 Fredrikstad
Norway

Jotul AS
Financial report
for the year from 1 January to 31 December 2022

Contents

Management comments.....	3
Business.....	3
Q4 in brief	3
Condensed consolidated statement of comprehensive income	6
Condensed consolidated statement of financial position - Assets.....	7
Condensed consolidated statement of financial position - Liabilities	8
Condensed consolidated statement of changes in equity.....	9
Condensed consolidated statement of cash flows	10

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.

On 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.

Q4 in brief

YTD Q4 2022, the Jøtul Group reached a consolidated profit of MNOK 164.1 (Q4 2021: MNOK -34.8). The operating result amounted to MNOK 170.2 in YTD Q4 2022 (Q4 2021: MNOK -34.8). The total comprehensive income for YTD Q4 2022 was MNOK 167.4 (Q4 2021: loss of MNOK -29.5).

In Q4 2022, the Jøtul Group recognized a deferred tax asset of MNOK 84.7 coming from the cumulated losses carried forward by Jøtul AS over the previous periods. The recognition was possible and justified by the fact that the Norwegian division has turned to profitability in the past couple of years, and it is foreseen that the tax losses will be utilized in the next few years.

Sales for the year increased by 27.2% to MNOK 1,614.0 YTD Q4 2022 from MNOK 1,269.0 in YTD Q4 2021. All key markets for wood burning stoves continue to show strong demand, particularly the Nordics, Germany and France. Home improvement spending continues to be a strong driver, and is even further enhanced by the significant increases in electricity and gas prices across all markets, experienced throughout most of 2022, 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

Jøtul AS
Financial report
for the year from 1 January to 31 December 2022

to comply with new standards concerning efficiency and emissions. On the downside, since mid-2022 we have been experiencing a notable slowdown on the pellet stoves markets in Italy and France, driven primarily by the scarcity and increased cost of pellets as fuel.

Considering the factors mentioned above, the total order intake was up from MNOK 390.8 in Q4 2021 (YTD Q4 2021: MNOK 1,377.4) to MNOK 411.9 in Q4 2022 (YTD Q4 2022: MNOK 1,868.5). The total order book at the end of 2022 was MNOK 485.5 compared to MNOK 230.9 at the end of 2021.

Despite the very high demand from the market, it is important to acknowledge that the ability to deliver to such demand is under pressure due to the fact that some suppliers of components are struggling to meet such growth. Jøtul is working on establishing new sourcing and on insourcing some components.

The manufacturing operations in Poland improved further in terms of output in 2022. In Q4 2022 the total output of complete units from our Polish factory increased by 39% compared to Q4 2021, while on a full year basis the increase was +13%. The manufacturing operations are now considered mature, including the AICO production line ramped-up in Poland during 2021 and early 2022, and we continue working on further efficiency improvements and optimizations.

Jøtul Group experienced substantial increase of raw material prices in 2021 and in 2022. In addition, the cost of energy increased significantly, both in Norway and in Poland. These major and extraordinary inflationary developments are for the most part compensated with selling prices increases, however there is a partial unfavorable timing effect. Throughout the second half of 2022, the Group observed that the prices of certain materials have started to stabilize.

EBITDA (Earnings before interests, taxes, depreciation, and amortizations: Operating Result less Depreciations) was MNOK 244.8 YTD Q4 2022 (YTD Q4 2021: MNOK 121.4). This contains effect of non-recurring items of MNOK 26.2 YTD Q4 2022 (YTD Q4 2021: MNOK 35.4). Adjusted EBITDA (net of non-recurring items) was MNOK 271.0 YTD Q4 2022 (YTD Q4 2021: MNOK 156.9).

In 2022 non-recurring costs of MNOK 26.2 relate mainly to an inventory clean-up correction in AICO, the shareholder's monitoring fees and costs related to a production asset breakdown in Norway.

The Group's capital investments in YTD Q4 2022 amounted to MNOK 46.8 compared to MNOK 35.3 in YTD Q4 2021. The higher investments in 2022 were mainly related to product development to ensure that the Group remains at the forefront with regards to efficiency and emission levels for our products, alongside higher spending in connection with the upgrade of the IT infrastructure.

YTD Q4 2022, the net cash flow from operating activities was MNOK 125.5 compared to MNOK -112.4 in YTD Q4 2021. The net cash-flow in YTD Q4 2022 was at MNOK 22.9 (YTD Q4 2021 MNOK 21.2). Cash and cash equivalent as per Q4 2022 was MNOK 131.2.

Available Revolving Credit Facility (less ancillary facilities of MNOK 22) as per Q4 2022 was MNOK 52 giving total available liquidity of MNOK 183.

Jotul AS
Financial report
for the year from 1 January to 31 December 2022

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 2022. 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 1.9:1, which is less than 5.0:1. As of 31 December 2022, the Net Interest-Bearing Debt was MNOK 395.0 and the Adjusted "Bond" EBITDA was MNOK 213.2.

During YTD Q4 2022, the Group had an average of 766 full-time employees (YTD Q4 2021: an average of 759 full-time employees).

Jotul AS
Financial report
for the year from 1 January to 31 December 2022

Condensed consolidated statement of comprehensive income

(in NOK '000s)	31 December 2022 (unaudited)	31 December 2021
Revenue	1,613,927	1,269,000
Other operating income	3,309	3,972
Total operating income	1,617,236	1,272,972
Raw materials and consumables	(701,390)	(559,852)
Changes in inventories of finished goods and work in progress	15,805	13,225
Employee benefits expense	(361,355)	(307,829)
Depreciation, amortisation and write-off	(74,532)	(86,685)
Other operating expense	(325,516)	(297,069)
Total operating expenses	(1,446,988)	(1,238,211)
Operating result	170,248	34,762
Finance income	44	8,412
Finance expense	(82,764)	(72,365)
Net finance cost	(82,720)	(63,953)
Profit / (loss) before income tax	87,528	(29,191)
Income tax	76,548	(5,563)
Net profit / (loss) for the year	164,076	(34,754)
Other comprehensive income/(loss)		
<i>Items that may be subsequently reclassified to profit or loss</i>		
Foreign exchange differences on translation of foreign operations	3,319	5,286
Other comprehensive income / (loss) for the year net of tax	3,319	5,286
Total comprehensive income / (loss) for the year	167,396	(29,467)
Operating result	170,248	34,762
Depreciation and amortization	74,532	86,685
EBITDA	244,780	121,447
Non-recurring items	26,175	35,405
Adjusted EBITDA	270,955	156,851

Jotul AS
 Financial report
 for the year from 1 January to 31 December 2022

Condensed consolidated statement of financial position - Assets

(in NOK '000s)	31 December 2022 (unaudited)	31 December 2021
ASSETS		
Non-current assets		
Property, plant and equipment	104,137	118,043
Intangible assets	133,572	113,877
Right-of-use assets	225,008	239,733
Other receivables	7,725	9,585
Deferred tax asset	85,588	1,269
Total non-current assets	556,030	482,506
Current assets		
Inventories	428,104	352,567
Trade and other receivables	204,864	203,295
Other receivables	2,934	2,962
Current income tax receivable	397	4,433
Cash and cash equivalents	131,186	108,257
Total current assets	767,485	671,514
Total assets	1,323,515	1,154,020

Jotul AS
 Financial report
 for the year from 1 January to 31 December 2022

Condensed consolidated statement of financial position - Liabilities

(in NOK '000s)	31 December 2022 (unaudited)	31 December 2021
EQUITY AND LIABILITIES		
Equity		
Share capital	139,413	139,414
Share premium	1,026,612	1,026,612
Foreign currency translation reserve	18,472	15,153
Retained earnings	(1,116,605)	(1,280,682)
Total equity	67,892	(99,503)
Non-current liabilities		
Senior secured bonds	466,057	461,861
Lease liabilities	268,700	285,088
Borrowings	29,847	27,476
Government grant	1,809	2,547
Deferred tax liability	1,658	1,967
Long-term provisions	7,394	10,394
Total non-current liabilities	775,465	789,334
Current liabilities		
Lease liabilities	52,611	48,721
Loan from shareholder	33,568	30,551
Bank borrowing	-	17,198
Government grant	1,583	1,441
Trade and other payables	378,490	348,289
Short-term provisions	633	4,154
Accrued interest on bonds	11,626	8,713
Current income tax payable	1,646	5,122
Total current liabilities	480,157	464,189
Total equity and liabilities	1,323,515	1,154,020

Jotul AS
Financial report
for the year from 1 January to 31 December 2022

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 2021	139,414	1,026,612	9,866	(1,245,928)	(70,034)
Loss for the year	-	-	-	(34,754)	(34,754)
Other comprehensive income for the year	-	-	5,286	-	5,286
Total comprehensive loss	-	-	5,286	(34,754)	(29,469)
Balance as at 31 December 2021	139,414	1,026,612	15,152	(1,280,682)	(99,503)
Balance as at 1 January 2022	139,414	1,026,612	15,153	(1,280,683)	(99,505)
Profit for the year	-	-	-	164,076	164,076
Other comprehensive income for the year	-	-	3,319	-	3,319
Total comprehensive income	-	-	3,319	164,076	167,396
Balance as at 31 December 2022	139,414	1,026,612	18,472	-1,116,607	67,892

Jotul AS
Financial report
for the year from 1 January to 31 December 2022

Condensed consolidated statement of cash flows

(in NOK '000s)	31 December 2022 (Unaudited)	31 December 2021
Cash flows from operating activities		
Net profit / (loss) for the year	164,076	(34,754)
<i>Adjustments for:</i>		
Income tax recognised in profit or loss	(76,548)	5,563
Depreciation and impairment	74,532	86,685
Net finance costs	82,720	63,953
Changes in operating working capital	(51,350)	(102,756)
Cash generated from operating activities	193,430	18,691
Interest paid on senior secured bonds	(38,964)	(76,937)
Interest paid on shareholder loan	-	(18,100)
Interest paid on leasing	(13,181)	(14,825)
Other interest paid	(12,215)	(15,746)
Interest received	-	80
Income tax paid	(8,043)	-
Income tax received	4,433	(5,576)
Net cash flows from operating activities	125,460	(112,413)
Cash flows from investing activities		
Purchase of property, plant and equipment	(12,711)	(8,835)
Purchase of intangible assets	(34,118)	(26,501)
Acquisition of subsidiaries, net of cash acquired	-	(3,620)
Net cash flows used in investing activities	(46,829)	(38,956)
Cash flows from financing activities		
Proceeds from issuance of bonds	-	382,299
Repayment of borrowings	-	(247,635)
Proceeds from borrowings	-	76,370
Proceeds from Bank borrowing	(17,198)	(1,442)
Payment of principal portion of lease liability	(38,504)	(36,982)
Net cash flows from financing activities	(55,702)	172,610
Net increase/(decrease) in cash and cash equivalents	22,929	21,240
Cash and cash equivalents at the beginning of the year	108,257	88,465
Exchange gains on cash and cash equivalents	-	(1,448)
Cash and cash equivalents at the end of the year	131,186	108,257