Jotul Holdings SA

INTERIM FINANCIAL REPORT
Half-year ended 30 June 2020

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Interim Management Report

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 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.

The first half-year in brief

In the first half of 2020, the Jotul Group reached a consolidated profit of MNOK -68.5 (H1 2019: MNOK -46.9). The operating result totaled MNOK -60.1 in H1 2020 (H1 2019: MNOK -16.7). The 2020 total comprehensive loss for the half-year was MNOK -52.3 (H1 2019: MNOK -54.1).

Sales for the period declined by 6% (MNOK 360.4 in H1 2020 vs. MNOK 383.6 in H1 2019), mainly driven from an unseasonal warm weather and low energy prices as well as initial start-up capacity from the new production facility in Poland. In addition, the COVID-19 impact in the second quarter contributed to a decline of approximately 8%, significantly less than previously anticipated. The decline in sales derives with no large variations from the main markets, with the exception of North America which saw a decline of approximately 18%. Order intake in the period is slightly down, with approximately 10%, with the exception for the East European and North American which have seen a recovery towards end of Q2 and in line with order intake of last year.

The negative impact of the COVID-19 pandemic is less than initially anticipated, and we have seen higher activities mainly in the European markets, particularly towards end May following the ease in restrictions of movements. The North American market on the other hand has continued to be suppressed through-out Q2 following imposed restrictions. However, towards the end of Q2 the market shows a recovery and the month of June with an order intake of 5% above last year.

In several of our main markets the pandemic initially impacted demand and productions and we also had lack of delivery from several suppliers due to COVID-19 close down. The Scandinavian market showed a quick recovery as the retail business were allowed to stay open. The other main European markets, notably France, Italy and Germany began the recovery as imposed restrictions were lifted towards end May. The North American market has seen market restrictions imposed in several states during Q2 and the production was closed until end June.

In light of the outbreak, we have implemented comprehensive mitigation actions. In addition to furloughs for employees affected by reduced activity, we have strengthened our management processes to monitor our working capital. Furlough schemes have been lifted, since end June in North America, and we have resumed to full capacity to meet order intake. To further secure liquidity situation and as previously communicated the company has entered a re-financing program with bondholders, shareholders and an increased capacity of the RCF facility has been negotiated with the bank.

The Group's gross margin declined year-on-year, mainly due to the decline in sales and higher reallocation cost of production facilities from Norway & Denmark to Poland during the transition period. Due to the COVID-19 situation we had to halt the presence of personnel from Norway and Denmark in the new factory in Poland from mid March to mid June, resulting in very low productivity.

EBITDA (Earnings before interests, taxes, depreciations and amortizations: Operating result less Depreciations) was MNOK -23.6 in the first six months of 2020 (H1 2019: MNOK 24.8). This contains effect of non-recurring items of MNOK 27.1 (H1 2019: MNOK 15.8). Adjusted EBITDA (net of non-recurring items) was MNOK 3.5 in H1 2020 (H1 2019: MNOK 40.7).

In the first half of 2020 non-recurring cost of MNOK 6 are primarily related to the relocation project and transfer of production and assembly from Norway and Denmark to the new operations in Poland and costs related to the liquidity financing that was concluded in June.

The Group's capital investments in the first half of 2020 amounted to MNOK 30.3 compared to MNOK 27.0 in the first half of 2019. The increase is related to investments in the new factory in Poland.

Jotul France acquired Aico France end of June 2019, and this entity had its first full-quarter effect on group financials in Q3 2019. The company contributed with MNOK 9.1 to net revenue and MNOK -0.1 to EBITDA in the first six months of 2020.

In the first six months of 2020, the Group had an average of 489 full-time employees (H1 2019: an average of 538 full-time employees).

Market

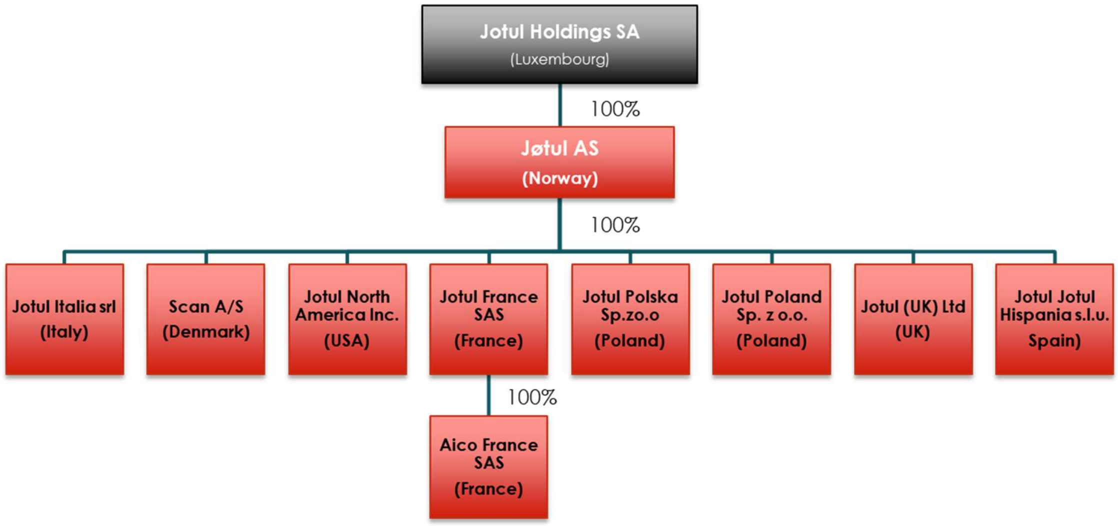
The Group's largest markets are the Nordic countries, France and USA. The company supplies fireplaces for wood, gas and pellets. The market is multi-local, and the competitors are largely local participants in national markets. This is driven by historical positions and a fragmented regulatory picture, where manufacturers of wood-burning stoves are required to comply with differing local rules and regulations. In most markets, the local participant is the market leader, such as the Jøtul brand is in Norway. In the short term, demand is influenced by local outside temperatures and the cost development for alternative heating sources – electricity, oil and gas.

Long term, market growth is driven primarily by climate changes, the willingness of consumers to invest in homes, as well as an increased focus on reduction of local particle emissions and the use of renewable energy. Important product characteristics for fireplaces are design, and the products' ability to utilize the energy in the wood and to burn the wood in a clean manner to minimize particle emissions. In Norway, strict combustion regulations were introduced early, and the Group's cast iron products are among the global leaders in this area.

The Group emphasizes positive margin development. As a vehicle for monitoring and following up the sales-related key performance indicators, Group management has introduced business reviews for all sales regions. Typical KPIs for sales are market contribution margin (includes rebate level and sold product mix), market share, the number of new customer relations engaged, and overall sales strategy for the individual geographical markets. Whenever corrective measures are needed to be performed, these are communicated in the business reviews and reported on routinely.

Group structure

The company structure of the Group as of 30 June 2020, including all branches and ownership percentages. Aico France SAS was acquired in June 2019.



Risk exposure

The Group's activities entail various types of financial risk associated with foreign currency, interest rates, raw materials prices, credit and liquidity. The Group utilizes foreign exchange ("FX") forward contracts to reduce its exposure to currency rate risk. The Group policy in this regard, is to secure through FX forward contracts 80% of the estimated exposure in EUR, USD and GBP on a 1-12-month perspective. Estimated exposure towards the mentioned currencies spanning 13-24 month forward is hedged at a rate of 60% of the exposure. No other currency exposure is considered material enough to be covered by the Group's FX hedging scheme. The Group does not apply hedge accounting.

The distribution of revenues in several markets provides opportunities for continued growth, and simultaneously spreads the market risk and reduces the dependence on individual markets and individual customers.

Technical risk is primarily associated with the operation of existing and installation of new equipment. This risk is considered low, based on experience and competence developed while building and maintaining the physical structures of the Group. There have been no serious incidents resulting in a prolonged stoppage in production in the last 10 years at any of the Group's manufacturing sites. Related to the establishment of the new factory in Poland, the Group has purchased several new machines to replace the oldest ones currently in operation, to reduce the technical risk further.

Sustainable development

The ability to offer high-quality and environmentally friendly products are central in Jotul Group's product development and manufacturing processes. The cast iron utilized in manufacturing is produced largely from recycled scrap iron using hydroelectric power and has consequently no significant negative impact on the external environment.

The Group's products are among the most energy efficient in the market and have a very clean combustion technology. The Group ensures that all products are energy labeled in accordance with local energy requirements. The company has R&D departments at the head office and largest manufacturing facility at Kråkerøy, at the operations in Denmark (SCAN), and in Jotul North America. This is to ensure meeting current and future demands related to emission regulations and customer preferences.

There are both international and national efficiency and emission-related requirements laid upon the industry of wood stove manufacturers. These include the Conformité Européene (CE) requirements European Norm (EN): EN13240 for freestanding stoves, and EN13229 for inserts. Additionally, the Group's products are obliged to comply with national standards, like Norway's Nasjonal Standard (NS): NS 3058 and NS 3059 and Denmark's Bekentgørelsen. Swedish national regulations are defined by Boverket. In Germany there are absolute demands defined in Stufe II, but a number of the Group's products also comply with Deutsches Institut für Normung (Din+) standards, which are voluntary. In the UK, there are the requirements from the Department for Environment, Food and Rural Affairs DEFRA (AEA). In Italy the national standard is called Aria Pollutia, and in France it is Flame Verite. As a more recent development, some countries, like Sweden, Poland (only in some regions), Belgium and the Netherlands, are adapting their national regulations regarding emissions, either completely or partly, to the EcoDesign standard that will be compulsory in the European Union from 2022. For the countries that have implemented parts or the entire standard, the wood stove manufacturers have to comply. The new standard for testing stoves to achieve the limits regulated in EcoDesign is EN 16510. This standard is more comprehensive than the previous EN13240. Jøtul stoves are also Ecolabeled and they are listed in the mandatory European consumer databank EPREL. Along with listings in several voluntary data banks like the Belgian, Swiss etc. USA has its regulation from the United States Environmental Protection Agency (US-EPA), while Australia and New Zealand have a shared regulation, AS/NZS 4012:2014.

Customer preferences to a large extent concern product design, so Jotul Group R&D efforts have to be managed according to both hard authority regulations and soft consumer preferences. In the first six months of 2020 R&D spending was MNOK 12.1 of which MNOK 4.6 was booked as capital expenditures.

Manufacturing principles

The Group employs lean manufacturing principles and strict controls of operational expenditures ("OPEX"). As a vehicle for monitoring and following up the key performance indicators in manufacturing and logistics, Group management has introduced business reviews for all manufacturing sites. Typical KPIs for factories are efficiency and productivity, operating expenses, inventory levels, production output related to plan, and on-time deliveries. Whenever corrective measures are needed to be performed, these are communicated in the business reviews and reported on routinely.

Code of conduct and ethical guidelines

The Jotul Group Code of Conduct is based on the UN Global Compact's ten principles which are in turn based on the UN Declaration of Human Rights, the ILO Declaration on Fundamental Principles and Rights at work, the Rio Declaration on Environment and Development, and the UN Convention Against Corruption. It is our view that a professional, active and responsible business includes compliance not only with local laws and regulations, but also compliance with well-established and widespread human rights conventions, agreements and ethical standards.

The Code of Conduct serves to address and mitigate the main risks in the area of environmental, social and employee matters, respect for human rights and anti-corruption matters. These are among others risk of non-compliance with environmental, sanitary, health, safety and labour law; risk of discrimination; risk of corruption and risk of reputation damage coming from non-compliance with the laws and regulations.

The Group is committed to respecting the privacy of individuals. All Group entities shall understand and comply with applicable privacy laws, including, but not limited to the General Data Protection Regulation (EU) 2016/679 (GDPR), and Group internal routines for data protection.

The Group implemented a policy on GDPR treatment of personal information in 2018 as part of the company Code of Conduct.

The Group has extensive focus on health and the workplace environment. The Group's production is traditional, and parts of the production are still considered heavy industry. Some work tasks involve physical challenges, and the distribution of female and male employees in production is therefore still skewed. The Group's goal is for full gender equality between men and women to be prevalent.

The Group's employee policies entail that race, religion, ethnicity, denomination, national origin, extraction, gender, age, sexual orientation, war veteran status, political association or invalidating conditions or other characteristics that are protected by law are not taken into consideration.

The Group is an inclusive workplace company, which entails a commitment to make arrangements for people with disabilities. There are implemented routines for whistleblowing related to complaint worthy incidents. Employees can here report e.g. bullying, discrimination and harassment. The company has a zero tolerance for such incidents.

The Jøtul Group works systematically to prevent corruption and bribery. It is forbidden to offer, promise or give as well as request, accept a promise of or receive a bribe. The management of the Jøtul Group and its legal entities are responsible for regular analysis of the risks of corruption related to their own operations. The management is responsible for maintaining an adequate anti-corruption programme and implementing any other measures regarded as necessary in order to prevent the corruption risks identified in the risk analysis. Jotul Group also

Listed debt instrument

Jotul Holdings SA issued a senior secured bond loan in an initial amount of MNOK 250 and issued subsequent bonds of MNOK 90, within a total framework amount of MNOK 340 on the Nordic bond market. The bonds carry a floating interest rate of 3M Norwegian InterBank Offered Rate (NIBOR) + 7.00 per cent. per annum and matures 31 January 2022.

The Group has prepared a bond prospectus which was approved by the Commission de Surveillance du Secteur Financier in Luxembourg on 12 April 2019 and was subsequently notified to the Swedish Financial Supervisory Authority. Jotul Holding SA's application for admission to trading on Nasdaq Stockholm's corporate bond list has been approved and first day of trading occurred on 6th May 2019.

Some details about the securities (relevant clauses in the Terms & Conditions of the bonds in parentheses):

- There are no restrictions on the transfer of securities, and the bonds are freely transferable (2f).
- There are no bonds with special control rights for the bondholder.
- Group companies or any of their affiliates may not participate in voting procedures among the bondholders (17d). There are certain time periods and deadlines in respect of, for instance, voting procedures that bondholders will need to take into account when participating in voting procedures (18 and 19c). Furthermore, in voting procedures there is a quorum requirement of 20 per cent. in the first procedure (17g), and certain decisions require consent from a qualified majority of 66 2/3, such as decisions regarding (i) waiving a breach of or amend an undertaking, (ii) release the security provided under the security documents, (iii) reduce the principal amount, interest rate or interest amount which shall be paid by the issuer, (iv) amend any payment day for principal or interest amount or waive any breach of a payment undertaking, and (v) amend the provisions regarding the majority requirements under the Terms and Conditions (17e).
- There are no shareholder agreements known to the company in relation to the restriction of voting rights. The shares in the Jotul Holdings SA are freely transferrable unless otherwise restricted by the articles of association or shareholders agreement or deeds of issue of convertible bonds. A transfer or issuance of shares to a non-shareholder must be approved by shareholders representing at least three-quarters of the capital given at a shareholders meeting. The articles of association may lower this threshold up to the favorable votes of shareholders representing at least half of the capital. However, in our case, Jotul Holdings SA has only one shareholder.
- The rules governing the appointment and replacement of board members and the amendment of the articles of association, described in article 7.1 of the articles, state that at least three members, appointed by the shareholder for six years and can be re-appointed at the expiry of their term. Directors can be removed at any time with or without cause by shareholder’s resolution. The articles of incorporation and subsequent amendments must be drawn up in writing and resolved upon by a shareholder resolution. Such resolution must be made in front of a Luxembourg notary.

- There are no significant agreements to which the company is a party and which take effect, alter or terminate upon a change of control of the company following a takeover bid, and the effects thereof, except where their nature is such that their disclosure would be seriously prejudicial to the company.
- There are no agreements between the company and its board members or employees providing for compensation if they resign or are made redundant without valid reason or if their employment ceases because of a takeover bid.

Future development

The Group has a strong global market position through its Jøtul brand and extensive distribution network, but the market situation has had a negative development in the last few years. The focus in the upcoming years is to implement further efficiency measures to restore the company's profitability. Most notably in this respect, is the company's recent move and relocation of its manufacturing and assembly activities from Norway and Denmark to Poland.

Jotul Poland Sp. z o.o. was established in January 2019 in Katy Wrocławskie, Poland and became operational beginning of January 2020. When fully operational, during 2020 it will improve the Group's cost competitiveness following a lower cost structure and cost base compared to Norway and Denmark.

The Group has ambitions to grow in the market and is focusing on increased distribution to further strengthen its global market position. A carrying element for competitive ability is to continue to be a leader in product development, focusing on both design, emissions and efficiency, in line with changes to relevant regulations.

Internal controls over financial reporting

Internal controls over financial reporting aim to provide reasonable assurance on the reliability of external and internal financial reporting, and their conformity with the applicable laws and regulations. They help to ensure that financial reporting presents a true and fair picture of the Group's net assets, financial position and operational results. In line with its Code of Conduct, the Jotul Group aims to provide transparent, accurate, continuous and timely financial information of the highest quality.

The Group's internal controls over financial reporting include those policies and procedures that pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of Jotul Group. Applied procedures provide reasonable assurance that transactions are recorded, as necessary, to permit preparation of financial statements in accordance with IFRS and that unauthorized acquisition, use or disposition of Group's assets that could have a material effect on the financial statements would be prevented or detected on a timely basis.

The Group's Finance manual describes in detail legal and operational responsibilities of senior staff, accounting and financing resources and reporting requirements, budget procedures and tax, cost sharing and legal structures. The monthly reporting process is also described in detail. Other areas are internal controls, financial guidelines and consolidation instructions.

All internal and external local and consolidated financial reporting is systematically reviewed by local finance staff or by Group's finance team. Typical analyses include comparisons with previous years and budget, financial and operational KPIs, flows of key captions on the income statement, statement of the financial position, changes in equity, and cash flow statement. All internal and external financial reporting processes are organised through a centrally managed reporting calendar.

Quarterly reporting to the financial market is reviewed by the Audit Committee and approved by the Board of Directors.

Liquidity forecasts and debt servicing ability are prepared bi-weekly by the Group's CFO and reviewed by the ultimate shareholder.

The monthly reporting process is normally conducted within the first seven business days of the month. The components spend six days on their local figures before reporting into the Group consolidation system Frango. On the seventh day, Group's finance team consolidates the Group statement. Subsequently, a business review with the ultimate shareholder is held for presentation of the statement, and financial and operational KPIs.

The budget process starts in the month of September, where all components are to prepare a forecast for the present year. This forecast forms the incoming balance of the budget. Each local budget is prepared based on local assumptions on sales and cost development. Subsequently this is revised, and amended if necessary, by Group finance team, consolidated in Frango, and presented to the ultimate shareholder.

Jotul Group's practices on the reporting of significant compliance incidents requires single subsidiaries to immediately report fraud or their significant compliance incidents to the Group. Identified control weaknesses that could impact the reliability of financial reporting are brought to the attention of management.

Other remarks

Jotul Holdings SA did not acquire any of its own shares during the first six months of 2020.

Corporate governance statement

The Jotul Group is governed by the Law dated 10 August 2016 modernising the companies law dated 10 August 1915, as amended and the Law dated 19 December 2002 on the commercial and companies register and on the accounting and annual accounts of undertakings, as amended.

Shareholder

As of 30 June 2020, share capital of Jotul Group is set at NOK 4,060,001 and is divided into 4,060,001 shares fully paid up with a nominal value of NOK 1.00 each. The Group has a sole shareholder Stove Investment Holdings S.à r.l.

Resolutions of the shareholder shall be adopted at a General Meeting. The General Meeting has full powers to adopt and ratify all acts and operations which are consistent with the Company's corporate object.

The shareholder may be convened to General Meetings by the Board or the supervisory auditor. General Meetings shall be held at the time and place specified in the notices.

The Annual General Meeting shall be held at the registered office or in any other place within the Grand Duchy of Luxembourg within six months following the end of the relevant financial year.

The Annual General Meeting will examine the reports of the Board of Directors and the auditor and, if thought fit, will approve the annual accounts. The meeting will also determine the allocation of profit and decide on the discharge of the directors and the auditor from any duties.

Board and management

Board of directors

All powers not expressly reserved to the shareholders by the Law (as mentioned above) or the Articles of association fall within the competence of the Board of directors, which has full power to carry out and approve all acts and operations consistent with the Company's corporate object.

On 30 June 2020, the Board of directors had 4 members of which 2 class A directors and 2 class B directors.:

Class A directors	Class B directors
Nils Agnar Brunborg	Ashley Stanley
Jonas Bloom	Karel Andrew Wouters

Jonas Bloom became an A director on 16 June 2020 and replaced Amund Wold Skaaden who was a director from 1 January to 16 June 2020.

As of 14 August 2020, Lyudmyla Buzyanovska became a B director and replaced Ashley Stanley.

The Board may only validly deliberate and act if a majority of its members is present or represented. Board Resolutions shall be validly adopted by a majority of the votes of the directors present or represented, provided that if the General Meeting has appointed one or several class A directors and one or several class B directors, at least one class A director and one class B director vote in favour of the resolution.

Each year, the Board must prepare the balance sheet and profit and loss account, together with an inventory stating the value of the Company's assets and liabilities, with an annex summarising the Company's commitments and the debts owed by the officers, directors and supervisory auditors to the Company. One month before the Annual General Meeting, the Board shall provide the supervisory auditors with a report on, and documentary evidence of, the Company's operations.

The Board of Directors met two times in 2020 with an average attendance rate of 100 per cent and adopted some decisions by circular resolution.

Audit committee

On 6 May 2019 the senior secured bonds issued by the Company were admitted to trading on Nasdaq Stockholm's corporate bond list. Following the admission, the Company became a public interest entity and following the shareholder's resolution of 12 September 2019, the Company created an audit committee which now consists of 3.

As of 30 June 2020, the audit committee have the following members:

- Thierry Derochette (chairman)
- Benjamin Chouraki
- Benoit Baudouin

Hugo Froment resigned from audit committee 14 May 2020.

Mandate of the current members expires on 12 September 2025.

The Committee assists the Board of Directors in its responsibility with respect to overseeing the Group's financial reporting, the statutory audit of the stand-alone and consolidated accounts, the independence of the external auditors, risk management and internal control, and standards of business conduct and compliance.

External auditor

In accordance with the Luxembourg law on commercial companies, the Company's annual and consolidated accounts are certified by an external auditor, appointed at the Annual General Meeting of Shareholders. On 30 June 2020, the shareholder appointed Deloitte Audit, société à responsabilité limitée ("Deloitte"), for a year. Deloitte's mandate will expire at the Annual General Meeting approving consolidated financial statements for financial year 2020.

CEO

Responsibility for the day-to-day management of the Group rests with the CEO, Nils Agnar Brunborg, who – on a regular basis and upon request of the Board – informs the Board of Directors about the status and development of the Group. The CEO is responsible for proposing the annual budget, to be approved by the ultimate shareholder. He is also responsible for determining the ordinary course of the business.

Responsibility statement

We, the undersigned directors of the Company, confirm, to the best of our knowledge, that the condensed consolidated financial statements of Jotul Group presented in this Interim Financial Report 2020 and prepared in conformity with International Accounting Standard 34, *Interim Financial Reporting* as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position, profit or loss of Jotul Group and the undertakings included within the consolidation taken as a whole; and the interim management report includes a fair review of the development and performance of the business and position of Jotul Group and undertakings included within the consolidation taken as a whole, together with a description of the principal risks and uncertainties they face.

Luxembourg, 4 November 2020

Jonas Bloom
CFO and Class A Director

Lyudmyla Buzyanovska
Class B Director

Condensed consolidated statement of comprehensive income

(in NOK '000s)	Notes	30 June 2020	30 June 2019
Revenue	3	360,427	383,644
Other operating income		4,374	5,062
Total operating income		**364,801**	**388,706**
Raw materials and consumables		(97,290)	(193,559)
Changes in inventories of finished goods and work in progress		(50,752)	75,606
Employee benefits expense		(115,411)	(136,096)
Depreciation and amortisation		(36,521)	(41,604)
Impairment losses on financial assets		(541)	(321)
Other operating expense		(124,394)	(109,463)
Total operating expenses		**(424,909)**	**(405,437)**
Operating result		**(60,108)**	**(16,731)**
Finance income		56,442	558
Finance expense		(53,518)	(29,480)
Net finance cost		**2,923**	**(28,922)**
Loss before income tax		**(57,185)**	**(45,653)**
Income tax		(11,352)	(1,212)
Net loss for the year		**(68,536)**	**(46,865)**
Other comprehensive income/(loss)			
Items that may be subsequently reclassified to profit or loss			
Foreign exchange differences on translation of foreign operations		16,208	(7,277)
Other comprehensive income/(loss) for the year net of tax		**16,208**	**(7,277)**
Total comprehensive loss for the year		**(52,328)**	**(54,142)**
Operating result		(60,108)	(16,731)
Depreciation and amortization		36,521	41,604
EBITDA		**(23,587)**	**24,873**
Operating result		(60,108)	(16,731)
Depreciation and amortization		36,521	41,604
Non-recurring items		27,097	15,845
Adjusted EBITDA		**3,510**	**40,718**

Condensed consolidated statement of financial position

(in NOK '000s)	Notes	30 June 2020	31 December 2019
ASSETS			
Non-current assets			
Property, plant and equipment	4	187,213	171,559
Intangible assets		115,908	110,959
Right-of-use assets		297,954	310,744
Derivative financial instrument		327	327
Other receivables		10,858	10,550
Deferred tax asset		1,354	1,335
Total non-current assets		**613,614**	**605,474**
Current assets			
Inventories	5	205,571	227,317
Derivative financial instrument		-	771
Trade and other receivables		89,418	73,813
Other receivables		2,440	2,961
Current income tax receivable		2,382	2,812
Cash and cash equivalents		24,260	56,681
Total current assets		**324,071**	**364,355**
Total assets		**937,685**	**969,829**

Condensed consolidated statement of financial position (continued)

(in NOK '000s)	Notes	30 June 2020	31 December 2019
EQUITY AND LIABILITIES			
Equity			
Share capital	6	4,060	600
Share premium	6	36,540	-
Foreign currency translation reserve		24,817	8,609
Retained earnings		(203,109)	(134,573)
Total equity		**(137,692)**	**(125,364)**
Non-current liabilities			
Senior secured bonds	7	291,920	340,000
Convertible preferred equity certificates ("CPECs")		177,321	177,321
Bank borrowings	8	34,430	-
Lease liabilities		355,837	353,830
Derivative financial instruments		200	258
Deferred tax liability	7	18,153	3,615
Long-term provisions	9	4,774	4,711
Total non-current liabilities		**882,635**	**879,735**
Current liabilities			
Senior secured bonds	7	4,355	5,099
Convertible preferred equity certificates ("CPECs")		1,616	1,234
Lease liabilities		48,044	48,576
Derivative financial instruments		4,089	1,606
Trade and other payables		131,533	146,254
Short-term provisions	9	-	10,883
Current income tax payable		3,105	1,806
Total current liabilities		**192,742**	**215,458**
Total equity and liabilities		**937,685**	**969,829**

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 year	-	-	-	(68,536)	(68,536)
Other comprehensive income for the year	-	-	16,208	-	16,208
Total comprehensive loss for the half-year	-	-	16,208	(68,536)	(52,328)
Transactions with owners in their capacity as owners:					
Contributions to equity	3,460	36,540	-	-	40,000
	3,460	36,540	-	-	40,000
Balance as at 30 June 2020	**4,060**	**36,540**	**24,817**	**(203,109)**	**(137,692)**

(in NOK '000s)	Share capital	Share premium	Foreign currency translation reserve	Retained earnings	Total
Balance as at 1 January 2019	**600**	**-**	**7,517**	**(47,740)**	**(39,623)**
Loss for the year	-	-	-	(46,865)	(46,865)
Other comprehensive income for the year	-	-	(7,277)	-	(7,277)
Total comprehensive loss	-	-	(7,277)	(46,865)	(54,142)
Balance as at 30 June 2019	**600**	**-**	**240**	**(94,605)**	**(93,765)**

Condensed consolidated statement of cash flows

(in NOK '000s)	30 June 2020	30 June 2019
Cash flows from operating activities		
Net loss for the year	(68,536)	(46,865)
Adjustments for:		
Income tax recognised in profit or loss	11,352	1,212
Depreciation and amortization	36,521	41,604
Net finance income	(2,923)	28,922
Changes in operating working capital	(4,604)	(98,781)
Cash generated from operating activities	(28,191)	(73,908)
Interest paid	(17,704)	(20,387)
Interest received	330	548
Income tax paid	(10,923)	521
Net cash flows from operating activities	**(56,488)**	**(93,226)**
Cash flows from investing activities		
Acquisition through business combination, net of cash acquired	-	(993)
Purchase of property, plant and equipment	(30,317)	(27,044)
Other cash flows from investing activity	(2,748)	(327)
Net cash flows used in investing activities	**(33,065)**	**(28,364)**
Cash flows from financing activities		
Proceeds from issuance of bonds	-	85,337
Payment of transaction costs related to bonds issuance	-	(449)
Proceeds from borrowings	34,430	-
Proceeds from capital increase	40,000	-
Payment of principal portion of lease liability	(17,298)	(14,575)
Net cash flows from financing activities	**57,132**	**70,313**
Net increase/(decrease) in cash and cash equivalents	**(32,421)**	**(51,277)**
Cash and cash equivalents at the beginning of the year	56,681	117,811
Cash and cash equivalents at the end of the year	**24,260**	**66,534**

Notes to the condensed consolidated financial statements

1. GENERAL INFORMATION

Jotul Holdings SA (hereinafter the “Company”) was incorporated in Luxembourg on 22 December 2015 for an unlimited period. On 18 December 2018, the legal form of the Company was changed from “société à responsabilité limitée” to “société anonyme”. The number and allocation of shares remain the same.

The Company is registered with the Trade and Companies Register of Luxembourg with the number B 203258 and has its registered office established at 6, Rue Eugène Ruppert, L-2453, Luxembourg.

The Company and the subsidiaries are referred to in this interim condensed consolidated financial report as the “Group”.

The Group manufactures, distributes and sells wood-burning stoves, wood-burning fireplaces, gas-burning stoves, gas-burning fireplaces and auxiliary equipment for these via distributors, importers and subsidiaries. The Group has manufacturing facilities in Norway, France, Poland and the United States of America and sells its products in approximately 45 countries.

Coronavirus pandemic

The outbreak of the COVID-19 pandemic affected most economies as per end of March 2020 and all businesses are currently facing challenges with the new economic situation. General uncertainty and social distancing measures have led to an overall reduction in consumer spending, while governments in several of the Group’s key markets including France, US, Italy, Spain, and the Nordics imposed restrictions on free movement of people.

The Jotul Group took precautions regarding Health, safety and environment (HSE) aspect for its employees and followed the guidelines outlined in the respective countries.

The negative impact of the COVID-19 pandemic was less than initially anticipated and impacted decrease in revenues by 6% (Note 3) together with other factors such as unseasonal warm weather and low energy prices as well as initial start-up capacity from the new production facility in Poland.

To further secure liquidity situation, the Company has entered a re-financing program. The Group decided to convert accrued interest on the senior secured bonds as of 30 April 2020 into payment-in-kind (“PIK’) bonds (Note 7). In addition, Nordea Bank AB has agreed to increase their commitment under the Group's super senior working capital facility by NOK 30,000,000 to NOK 105,000,000 and waive certain covenants under such facility. Moreover, in June 2020, the shareholder of the Company provided a cash capital contribution of NOK 40,000,000 (Note 6). Jotul France and Aico France also used an opportunity to withdraw loans with state guarantee (Note 8).

The COVID-19 has had severe impacts upon financial markets that showed volatility and uncertainty since the beginning of the pandemic. The financial markets indices were falling sharply and showed only partial improvement since the beginning of April 2020. This situation also adversely impacted the senior secured bonds that are issued by the Company and traded at Stockholm Nasdaq. As of 30 June 2020, their fair value decreased by 16.5% compared to the year-end 2019 (Note 7 and Note 12).

In the Board's opinion, the interim condensed consolidated financial report provides a fair view of the Company's and Group's financial position and results. The Group has established a strategy for post COVID-19, which will ensure the basis for continued growth. The Board confirms that the going concern assumption is valid.

2. BASIS OF PREPARATION OF HALF-YEAR REPORT

This interim condensed consolidated financial report for the half-year reporting period ended 30 June 2020 has been prepared in accordance with Accounting Standard IAS 34 Interim Financial Reporting as adopted and endorsed by the European Union.

The interim condensed consolidated financial report is prepared on the going concern and historical cost basis, except for certain financial instruments which are measured at fair value.

This interim condensed consolidated financial report presents the condensed consolidated statement of cash flows using the indirect method.

The interim condensed consolidated financial report is presented in Norwegian Krone ("NOK"). All information presented in NOK has been rounded to the nearest thousand unless stated otherwise.

The interim report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2019 and any public announcements made by Jotul Holdings SA during the interim reporting period.

The accounting policies adopted are consistent with those of the previous financial year.

New and amended standards adopted by the Group

A number of new or amended standards became applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

The amendments which are effective from 1 January 2020 that do not have material impact on the interim condensed consolidated financial statements:

- Amendment to IFRS 3 Business Combinations (issued on 22 October 2018) effective 1 January 2020
- Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform (issued on 26 September 2019) effective 1 January 2020
- Amendments to IAS 1 and IAS 8: Definition of Material (issued on 31 October 2018) effective 1 January 2020
- Amendments to References to the Conceptual Framework in IFRS Standards (issued on 29 March 2018) effective 1 January 2020

New standards, amendments and interpretations issued but not yet effective:

These amendments and standards are not expected to have any impact on the financial statements:

- IFRS 17 Insurance Contracts (issued on 18 May 2017) effective 1 January 2023
- Amendments to IAS 1 Presentation of Financial Statements Classification of Liabilities as Current or Non-current (issued on Classification of Liabilities as Current or Non-current (issued on 23 January 2020) effective 1 January 2023
- Amendments to IFRS 3 Business Combinations, IAS 16 Property, Plant and Equipment, IAS 37 Provisions, Contingent Liabilities and Contingent Assets as well as Annual Improvements 2018-2020 effective 1 January 2022
- Amendments to IFRS 4 Insurance Contracts effective 1 January 2021
- Amendment to IFRS 16 to help lessees accounting for covid-19-related rent concessions (issued on 28 May 2020) effective on 1 June 2020
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2 effective 1 January 2021

The standards will be adopted at the effective dates.

3. REVENUE

The Group derives revenue from contracts with customers for the sale of wood-burning stoves, wood-burning fireplaces, gas-burning stoves, gas-burning fireplaces and auxiliary equipment for these. The Group sells its products in approximately 45 countries. The revenue streams consist solely of the sale of goods to various customers in a range of markets that are recognised at a point in time.

(in NOK '000s)	30 June 2020	30 June 2019
Sale of goods	362,611	386,242
Discount allowed	(2,184)	(2,598)
Total revenue	**360,427**	**383,644**

The Group's business is exposed to seasonality with a high season which lasts from August to November.

4. PROPERTY, PLANT AND EQUIPMENT

During the period, total additions to property, plant and equipment amounted to NOK 16,707 thousand of which NOK 11,704 thousand related to acquisition of machinery for a new production facility in Poland.

5. INVENTORY

As of 30 June 2020, total inventory amounted to NOK 205,571 thousand (31 December 2019: NOK 227,317 thousand). The Group held higher level of inventories in anticipation of the relocation project at the end of 2019.

Total inventory write-off amounts to NOK 404 thousand during the period ended 30 June 2020 (30 June 2019: NOK 353 thousand). The write-off of inventories is included in operating expenses and is mainly due to scrapping of obsolete parts.

6. SHARE CAPITAL AND SHARE PREMIUM

On 4 June 2020, the sole shareholder of the Company resolved to contribute a total amount of NOK 40,000 thousand into share capital and share premium of the Company. Share capital of the Company was increased by NOK 3,460,001 raising it to a total of NOK 4,060,001 by way of the issue of 3,460,001 new shares of NOK 1 each. The remaining NOK 36,539,999 were contributed to the share premium.

As of 30 June 2020, capital contributed from the sole shareholder in a form of equity consisted of share capital of NOK 4,060 NOK (31 December 2019: NOK 600 thousand) and share premium of NOK 35,640 thousand (31 December 2019: nil).

7. SENIOR SECURED BONDS

	(in NOK '000s)
Opening balance at 1 January 2020	345,099
Fair value adjustment	(57,684)
Interest accrued during the period and converted to bonds	9,605
Interest accrued during the period	6,946
Interest paid during the year	(7,690)
Closing balance at 30 June 2020	**296,276**
Current	4,355
Non-current	291,920
Total	**296,276**

As of 30 June 2020, nominal value of the outstanding bonds amounted to NOK 349,605 thousand (31 December 2019: NOK 340,000 thousand) and their fair value totaled NOK 291,920 thousand (31 December 2019: NOK 340,000 thousand).

Following the non-payment of interest on 30 April 2020, the Company issued bonds with ISIN NO0010881733 in an aggregate amount equivalent to the amount of interest due to the holders of Bonds on such date. The Company instructed the paying agent to convert the issued bonds to PIK Bonds (as defined in the Terms and Conditions of the Bonds), at a premium of 2.50% per annum and with the same ISIN as the Bonds. This conversion was completed on 26 May 2020 and relevant record date is 22 May 2020. Nez issued bonds amounted to NOK 9,605 thousand.

Deferred tax liability relating to senior secured bonds amounted to NOK 14,090 thousand as of 30 June 2020 (31 December 2019: nil).

8. BORROWINGS

In April 2020, Jotul France and Aico France withdrew new borrowings with state guarantee provided by Banque Rhône-Alpes. Loans with state guarantee were implemented by French government to support businesses during the coronavirus pandemic. The loans bear an interest of 0.5% p.a. and are repayable after 12 months with a delay option of up to 5 years.

As of 30 June 2020, the outstanding balance of the loans amounted to NOK 34,430 thousand.

9. PROVISIONS

Provision relating to relocation of NOK 10,883 thousand recorded as of 31 December 2019 was fully utilized during the period. The Group finalized the relocation of its activities from Norway and Denmark to Poland in the second quarter of 2020.

10. SEGMENT REPORTING

Norway, France and North America are deemed to be the most important geographical markets for the Group.

During the first half of 2020 the Group has completed the relocation of its manufacturing activities from Norway and Denmark to Poland. This change had an impact on the identification of Group's reportable segments. From 1 January 2020, management of the Group has identified Poland as new reportable segment and included Denmark in the reportable segment "Other".

Segmental reporting is based on the Group's divisional geographical operations and mirrors internal reporting organization. Corporate assets, liabilities and expenses relate to corporate headquarters and include management of financial resources, investing and other activities not assignable to separately listed divisions.

The Group's reportable segments are as follows for the period ended 30 June 2020:

(in NOK '000s)	**Norway**	**Poland**	**North America**	**France**	**Other**	**Elimina-tions**	**Total**
External sales	159,082	14,107	78,887	91,343	17,008	-	360,427
Intersegment sales	79,749	39,751	45	3,292	18,850	(141,687)	-
Total revenue	238,831	53,858	78,932	94,635	35,858	(141,687)	360,427
Segment results	(14,286)	(35,704)	(3,424)	(4,612)	(668)	-	**(58,694)**
Unallocated corporate expenses included:							
Corporate administrative expenses							(1,414)
Operating result							**(60,108)**
Finance income							56,442
Finance expense							(53,518)
Loss before income tax							**(57,184)**
Income tax							(11,352)
Net loss for the year							**(68,536)**

The Group's reportable segments are as follows for the period ended 30 June 2019:

(in NOK '000s)	Norway	Denmark	North America	France	Other	Elimina-tions	Total
External sales	144,405	34,506	87,997	84,296	32,440	-	383,644
Intersegment sales	60,118	15,203	1,071	5,012	579	(81,983)	-
Total revenue	204,523	49,709	89,068	49,709	33,019	(81,983)	383,644
Segment results	(6,162)	(12,260)	5,633	(28)	(531)	-	**(13,348)**

Unallocated corporate expenses included:	
Corporate administrative expenses	(3,382)
Operating result	**(16,731)**
Finance income	558
Finance expense	(29,480)
Loss before income tax	**(45,653)**
Income tax	(1,212)
Net loss for the year	**(46,865)**

Segment assets

Segment assets are measured in the same way as in the financial statements.

(in NOK '000s)	30 June 2020	31 December 2019
Norway	413,765	473,963
Poland	233,652	- *
Denmark	- *	76,026
North America	100,560	93,531
France	95,298	93,474
Other	86,629	168,875
Total segment assets	**929,904**	**905,869**
Unallocated:		
Corporate assets	6,427	62,625
Deferred tax assets	1,354	1,335
Total assets	**937,685**	**969,829**

Segment liabilities

Segment liabilities are measured in the same way as in the financial statements.

(in NOK '000s)	30 June 2020	31 December 2019
Norway	304,053	119,693
Poland	93,266	- *
Denmark	- *	87,266
North America	36,454	15,589
France	48,946	64,705
Other	74,091	275,120
Total segment liabilities	**576,810**	**562,373**
Unallocated:		
Corporate liabilities	5,202	5,551
Deferred tax liabilities	18,153	3,615
Senior secured bonds	291,920	340,000
Convertible preferred equity certificates ("CPECs")	177,321	177,321
Interest accrued on bonds and CPECs	5,971	6,333
Total liabilities	**1,075,377**	**1,095,193**

* From 1 January 2020, management of the Group has identified Poland as a new reportable segment and included Denmark in the reportable segment “Other”.

11. RELATED PARTY BALANCES AND TRANSACTIONS

The direct sole shareholder of the Group is Stove Investment Holdings S.à r.l., a company settled in Luxembourg. The Group is ultimately held by OpenGate Capital UGP I, Ltd a company settled in Cayman Islands. The Group is managed by OpenGate Capital Management, LLC. Open Gate Capital is a private equity firms based in Los Angeles and Paris.

(in NOK '000s)	Transaction values for the period from 1 January to 30 June 2020	Transactio n values for the period from 1 January to 30 June 2019	Balance outstandin g as at 30 June 2020	Balance outstanding as at 31 December 2019
OpenGate Capital Management, LLC	3,000	3,000	3,000	-
OpenGate Capital Partners I, LP	-	156	(88,375)	(88,375)
OpenGate Capital Partners I-A, LP	-	159	(89,603)	(89,603)
OGCP I Employee Co-Invest LP	-	1	(577)	(577)

Transactions relating to OpenGate Capital Management, LLC include management fees and fees relating to the acquisition of the subsidiary.

Balances relating to OpenGate Capital Partners I, LP, OpenGate Capital Partners I-A, LP and OGCP I Employee Co-Invest LP relates to the CPECs issued by the Company.

All the above mentioned entities are controlled by the same ultimate parent company.

The above mentioned transactions between The Group and the respective entities were conducted on an arm’s length basis.

12. FAUR VALUE MEASUREMENT

Some of the Group’s accounting policies require the measurement of the fair value for both financial and non-financial assets and liabilities. The table below analyses assets and liabilities carried at fair value. The different levels are defined as follows:

Level 1: Quoted price in an active market for an identical asset or liability.
Level 2: The valuation is based on other observable factors than direct (price) or indirect (derived from prices) for the asset or liability.
Level 3: The valuation is based on factors that are not derived from observable markets (non-observable assumptions).

The following table analyses within the fair value hierarchy the Group’s financial instruments measured at fair value on recurring basis:

(in NOK '000s)	**Level 1**	**Level 2**	**Level 3**	**Total**
30 June 2020				
Financial assets				
Derivative financial instruments	-	327	-	**327**
Financial liabilities				
Senior secured bonds	-	291,920	-	**291,920**
Derivative financial instruments	-	4,289	-	**4,289**
31 December 2019				
Financial assets				
Derivative financial instruments	-	1,098	-	**1,098**
Financial liabilities				
Senior secured bonds	-	340,000	-	**340,000**
Derivative financial instruments	-	1,864	-	**1,864**

The carrying value of trade and other receivables, cash and cash equivalents, trade and other payables are deemed to approximate their fair values. Management has estimated NOK 327,000 thousand as fair value of CPECs as of 30 June 2020. Market approach was used as valuation methodology.

There were no transfers between the different levels of the fair value hierarchy during the year.

The senior secured bonds were listed at Nasdaq Stockholm in May 2019, however, the Group does not consider their market as active due no transactions being transacted on the market. The Group has derived the fair value from bid-ask spread reported by the financial advisor at any given moment, based on over the counter transactions. The fair value is therefore classified as Level 2 similarly to the previous year. As of 30 June 2020, the bonds were traded at 83.5% of its nominal value (31 December 2019: 100%). Accrued interest on the bonds amounts to NOK 4,355 thousand (31 December 2019: NOK 5,099 thousand).

During the period ended 30 June 2020, the Group recognized a fair value gain on senior secured bonds of NOK 57,684 thousand which is shown within Finance income. During the period ended 30 June 2020, the Group incurred a fair value loss of NOK 850 thousand which is shown within Finance expense.

Derivative financial instruments classified as Level 2 refer to the fair value of currency forward contracts. In determining the present value of currency forward contracts, the difference between the agreed forward rate and the rate for the currency as at the statement of financial position date, multiplied by the volume of the contract in the foreign currency, is used. The calculation is performed by the Group’s bank, which submits a market report as at the statement of financial position date to the Group.

13. SUBSEQUENT EVENTS

There were no significant events after the end of reporting period.