



# JOTUN

Jotun Protects Property



## Financial report

1 January – 30 April 2022



1 January – 30 April 2022

## Jotun Group – Interim Financial Report

- Double-digit revenue growth
- Higher raw material prices impacting profit
- Production in Russia suspended indefinitely
- Increased uncertainty in outlook

The condensed consolidated financial statements for the Jotun Group consist of Jotun A/S and 58 subsidiaries, three joint ventures in China and Korea and five associates in UAE and Saudi Arabia. Subsidiaries are fully consolidated independent of shareholding, while Jotun's share of profits from joint ventures and associates is presented on a separate line in the consolidated income statement.

### OPERATING REVENUE

Operating revenue increased by 14 per cent to NOK 8 459 million over the first four months of 2022 (2021: NOK 7 441 million). Adjusted for negative currency translation effects due to a stronger Norwegian Krone, the underlying sales growth was 16 per cent. The strong topline growth was driven by both volume and price increases to compensate for the sharp rise in raw material prices. This contributed to double-digit sales growth in all segments compared to the same period last year.

The suspension of production in Russia from early March, following the conflict in Ukraine, has had limited impact on the topline growth in the first tertiary as the Russian operations only represent 2 to 3 per cent of operating income and profits for the Group.

### OPERATING PROFIT

Operating profit declined to NOK 1 143 million in the first four months of 2022 (2021: NOK 1 469 million). The decline was mainly caused by reduced gross margin following the unprecedented increase in raw material prices that has been affecting the paints and coatings industry for the last two years. In addition, operating profit was hampered by increased costs, partly related to the suspended operations in Russia.

### INVESTMENTS

Investments in tangible and intangible assets amounted to NOK 482 million as of April 2022 (2021: NOK 404 million). The new factory in Qatar, the ongoing construction of a new production facility in Egypt and relocation of the factory in Pakistan account for the majority of investments year to date.

### NET INTEREST-BEARING DEBT

The net interest-bearing debt for the Group was NOK 3 286 million as of 30 April 2022, compared to NOK 1 807 million as of 31 December 2021. The increase in net interest-bearing debt is primarily driven by short-term borrowings in the subsidiaries to finance working capital needs. This is mainly due to rising raw material prices and the ongoing disruptions in the global supply chain. In addition, dividend payments of NOK 385 million have been paid to Jotun A/S shareholders. Despite an increase in net interest-bearing debt, the Group has a solid financial position with a net interest-bearing debt to EBITDA ratio of 0.9.

### SHAREHOLDERS' EQUITY

Shareholders' equity, including non-controlling interests, increased slightly during the first four months of 2022 to NOK 12 670 million (31 December 2021: NOK 12 468 million), yielding an equity ratio of 51 per cent as of 30 April 2022 (31 December 2021: 53 per cent). The increase in

shareholders' equity is driven by profit after tax of NOK 659 million and positive currency translation effects.

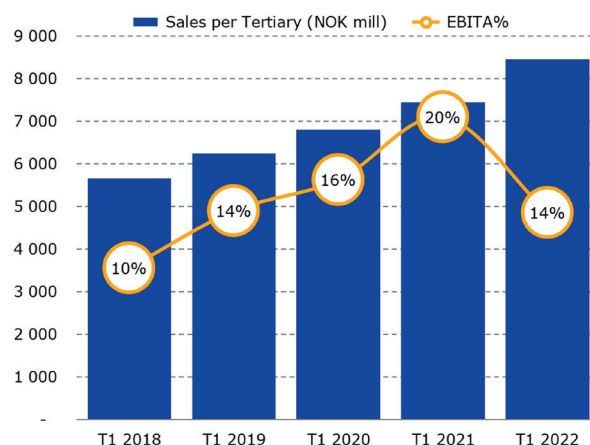
### CASH FLOW

Operating activities generated a negative cash flow of NOK 622 million as of 30 April 2022 (2021: positive cash flow of NOK 399 million). The decrease in operating cash flow compared to last year is attributable to increased working capital. The change in working capital is explained by both an increase in customer receivables driven by strong sales growth and an increase in inventory mainly due to higher raw material prices.

The Group's liquidity position remains solid. Jotun A/S has approximately NOK 0.4 billion in available cash and NOK 0.5 billion in unused, short-term credit facilities, ensuring sufficient coverage of short-term liquidity needs. In addition, Jotun A/S has NOK 1.8 billion in unutilised, long-term revolving credit facilities (RCFs), which serve as a strategic liquidity reserve for the Group.

### SUMMARY OF HISTORICAL DEVELOPMENT

Operating revenue and EBITA margin development for the first tertiary from 2018 to 2022 is as follows:



EBITA margin for the first tertiary decreased to 14 per cent compared to 20 per cent last year. This development is mainly caused by increasing raw material costs.

### OUTLOOK

The ongoing conflict between Russia and Ukraine is expected to have greater financial consequences going forward. Additionally, in the short term, there is increased uncertainty due to higher inflation, global logistical challenges and the current Covid situation in China. These uncertainties are countered by positive developments in certain key markets, including the marine newbuilding market, which may contribute to further growth.

Raw material prices continued to increase in the first tertiary and will continue to have a negative impact on gross margins over the next tertiary. Continued focus on price increases and cost control will help to offset these effects.

Despite the ongoing challenges and uncertainty, Jotun has managed well through the difficulties to date. The company is positioned to achieve further profitable growth through its broad industrial and international footprint. Jotun therefore maintains its long-term growth strategy and investment plans.

1 January – 30 April 2022

## Jotun Group – Financial consolidated information (Unaudited)

### CONDENSED CONSOLIDATED INCOME STATEMENT

| (NOK million)                                      | 30/4<br>2022 | 30/4<br>2021 | 31/12<br>2021 |
|--|--------------|--------------|---------------|
| Operating revenue                                  | 8 459        | 7 441        | 22 809        |
| Share of profit from associates and joint ventures | 187          | 212          | 496           |
| Cost of goods sold                                 | -4 734       | -3 764       | -12 480       |
| Other operating expenses                           | -2 472       | -2 147       | -6 811        |
| Depreciation, amortisation and impairment          | -297         | -273         | -876          |
| <b>Operating profit</b>                            | <b>1 143</b> | <b>1 469</b> | <b>3 138</b>  |
| Net financial items                                | -163         | -62          | -248          |
| <b>Profit before tax</b>                           | <b>980</b>   | <b>1 407</b> | <b>2 890</b>  |
| Income tax   | -321         | -376         | -779          |
| <b>Profit for the period</b>                       | <b>659</b>   | <b>1 031</b> | <b>2 111</b>  |

### CONDENSED CONSOLIDATED BALANCE SHEET

| (NOK million)                       | 30/4<br>2022  | 30/4<br>2021  | 31/12<br>2021 |
|-------------------------------------|---------------|---------------|---------------|
| Intangible assets                   | 1 192         | 1 085         | 1 150         |
| Property, plant and equipment       | 7 876         | 6 974         | 7 612         |
| Financial fixed assets              | 1 855         | 1 292         | 1 494         |
| <b>Total non-current assets</b>     | <b>10 923</b> | <b>9 352</b>  | <b>10 257</b> |
| Inventories                         | 4 604         | 3 206         | 4 034         |
| Trade and other receivables         | 7 402         | 6 090         | 5 753         |
| Cash and cash equivalents           | 1 997         | 2 632         | 3 388         |
| <b>Total current assets</b>         | <b>14 003</b> | <b>11 928</b> | <b>13 175</b> |
| <b>Total assets</b>                 | <b>24 926</b> | <b>21 280</b> | <b>23 432</b> |
| Share capital                       | 103           | 103           | 103           |
| Other equity                        | 12 171        | 10 683        | 12 014        |
| Non-controlling interests           | 397           | 271           | 352           |
| <b>Total equity</b>                 | <b>12 670</b> | <b>11 056</b> | <b>12 468</b> |
| Non-current liabilities             | 3 745         | 4 293         | 3 567         |
| Current interest-bearing debt       | 2 252         | 1 123         | 2 266         |
| Other current liabilities           | 6 260         | 4 808         | 5 131         |
| <b>Total liabilities</b>            | <b>12 257</b> | <b>10 224</b> | <b>10 964</b> |
| <b>Total equity and liabilities</b> | <b>24 926</b> | <b>21 280</b> | <b>23 432</b> |

### CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| (NOK million)                | 30/4<br>2022  | 30/4<br>2021  |
|------------------------------|---------------|---------------|
| Equity as of 1 January       | 12 468        | 11 128        |
| Profit of the period         | 659           | 1 031         |
| Dividends                    | -787          | -684          |
| Other comprehensive income   | 330           | -418          |
| <b>Equity as of 30 April</b> | <b>12 670</b> | <b>11 056</b> |

### CONDENSED CASH FLOW STATEMENT

| (NOK million)  | 30/4<br>2022  | 30/4<br>2021 |
|--|---------------|--------------|
| Operating profit   | 1 143         | 1 469        |
| Adjustments to reconcile operating profit to net cash flows: |               |              |
| Share of profit from associates and joint ventures           | -187          | -212         |
| Dividend paid from associates and joint ventures             | -             | 541          |
| Depreciation, amortisation and impairment                    | 297           | 273          |
| Change in accruals, provisions and other                     | 350           | -467         |
| Change in operating working capital                          | -1 811        | -872         |
| <b>Cash generated from operating activities</b>              | <b>-209</b>   | <b>732</b>   |
| Net financial items  | -205          | -37          |
| Tax payments   | -209          | -296         |
| <b>Net cash flow from operating activities</b>               | <b>-622</b>   | <b>399</b>   |
| <b>Net cash flow used in investing activities</b>            | <b>-482</b>   | <b>-404</b>  |
| Dividends paid to Jotun A/S shareholders                     | -385          | -299         |
| Dividends paid to non-controlling interests                  | -17           | -86          |
| Payment of principal portion of lease liabilities            | -48           | -45          |
| Net proceeds from borrowings                                 | 102           | 202          |
| <b>Net cash flow from financing activities</b>               | <b>-348</b>   | <b>-229</b>  |
| <b>Net increase / decrease (-) in cash</b>                   | <b>-1 452</b> | <b>-233</b>  |
| Net currency translation effect                              | 61            | -91          |
| Cash at beginning of period                                  | 3 388         | 2 956        |
| <b>Cash at end of period</b>                                 | <b>1 997</b>  | <b>2 632</b> |

Sandefjord, Norway, 24 May 2022

The Board of Directors  
Jotun A/S

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