



# JOTUN

Jotun Protects Property



## Financial report

1 January – 31 August 2022

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## Jotun Group – Interim Financial Report

- Strong double-digit revenue growth
- Increased earnings
- Jotun Russia sold in July
- Significant 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 22 per cent to NOK 18 243 million over the first eight months of 2022 (2021: NOK 14 975 million). The strong topline growth is driven by both price increases to compensate for higher raw material prices and volume gains. All segments have delivered double-digit sales growth year to date.

### OPERATING PROFIT

Operating profit increased to NOK 2 653 million in the first eight months of 2022 (2021: NOK 2 496 million), driven by the strong growth in operating revenue. Operating profit year to date is also positively influenced by the sale of Jotun Russia.

Following the suspension of production in Russia in early March, Jotun A/S sold its wholly owned subsidiary in Russia in July. Change of ownership ensured continued employment for most of Jotun's employees in Russia, and the divestment resulted in a gain of NOK 54 million. The exit from Russia will have limited impact for the Group moving forward, as the Russian operations represented only 2 to 3 per cent of the Group's operating income and profits on an annual basis.

### INVESTMENTS

Investments in tangible and intangible assets amounted to NOK 852 million as of August 2022 (2021: NOK 795 million). The new factory in Qatar, the ongoing construction of a new production facility in Egypt and new regional R&D and head office in UAE account for the majority of investments year to date.

### NET INTEREST-BEARING DEBT

Net interest-bearing debt for the Group was NOK 2 756 million as of 31 August 2022, compared to NOK 1 807 million as of 31 December 2021. While total interest-bearing debt in the Group has remained stable, cash holdings in the Group have been reduced, mainly due to increased working capital needs in the units. In addition, increased dividends of NOK 770 million have been paid to Jotun A/S shareholders in the first eight months of 2022 compared to NOK 599 million last year.

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 0.7.

### SHAREHOLDERS' EQUITY

Shareholders' equity, including non-controlling interests, increased during the first eight months of 2022 to NOK 13 863 million (31 December 2021: NOK 12 468 million), yielding an equity ratio of 54 per cent as of 31 August

2022 (31 December 2021: 53 per cent). The increase in shareholders' equity is driven by profit after tax of NOK 1 549 million and positive currency translation effects.

### CASH FLOW

Operating activities generated a positive cash flow of NOK 220 million as of 31 August 2022 (2021: NOK 947 million). The decrease in operating cash flow compared to last year is mainly attributable to increased working capital and financial costs. 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 sufficient cash and available credit facilities to serve the liquidity needs of the Group.

### SUMMARY OF HISTORICAL DEVELOPMENT

EBITA margin in the second tertiary increased to 15 per cent compared to 14 per cent last year, and is slightly above the average for the last five years as indicated in the figure below.



The year-over-year improvement in EBITA-margin in the second tertiary is explained by lower operating costs in per cent of revenue combined with increased gross profit per liter. In addition, the Russia transaction has a positive effect on profitability in the second tertiary. Despite an improvement in EBITA-margin in the second tertiary, the EBITA-margin year to date is 15% compared to 17% in the same period last year. The drop is mainly explained by lower gross margin due to higher raw material costs.

### OUTLOOK

Jotun expects good sales growth for the remainder of 2022. High raw material prices will still be a challenge in the near term, but selling price increases will continue to compensate and there are signs that raw material prices have now peaked and started to ease.

The outlook beyond 2022 is characterised by significant uncertainty. How rising inflation and lower global growth forecasts will affect paint and coatings markets is difficult to predict. In addition, challenges related to the war in Ukraine, the energy crisis, global supply chain issues, and the pandemic persist.

Jotun has a business model that has proven to be robust through global crises and cyclical downturns, and maintains its long-term growth strategy and investment plans.

1 January – 31 August 2022

## Jotun Group – Financial consolidated information (Unaudited)

### CONDENSED CONSOLIDATED INCOME STATEMENT

(NOK million)	31/8 2022	31/8 2021	31/12 2021
Operating revenue	18 243	14 975	22 809
Share of profit from associates and joint ventures	410	343	496
Cost of goods sold	-10 298	-7 933	-12 480
Other operating expenses	-5 094	-4 336	-6 811
Depreciation, amortisation and impairment	-607	-553	-876
<b>Operating profit</b>	<b>2 653</b>	<b>2 496</b>	<b>3 138</b>
Net financial items	-417	-181	-248
<b>Profit before tax</b>	<b>2 236</b>	<b>2 315</b>	<b>2 890</b>
Income tax	-687	-648	-779
<b>Profit for the period</b>	<b>1 549</b>	<b>1 667</b>	<b>2 111</b>

### CONDENSED CONSOLIDATED BALANCE SHEET

(NOK million)	31/8 2022	31/8 2021	31/12 2021
Intangible assets	1 209	1 118	1 150
Property, plant and equipment	7 907	7 326	7 612
Financial fixed assets	1 593	1 333	1 494
<b>Total non-current assets</b>	<b>10 710</b>	<b>9 778</b>	<b>10 257</b>
Inventories	4 905	4 047	4 034
Trade and other receivables	7 740	6 120	5 753
Cash and cash equivalents	2 442	2 924	3 388
<b>Total current assets</b>	<b>15 087</b>	<b>13 091</b>	<b>13 175</b>
<b>Total assets</b>	<b>25 797</b>	<b>22 868</b>	<b>23 432</b>
Share capital	103	103	103
Other equity	13 357	11 734	12 014
Non-controlling interests	404	314	352
<b>Total equity</b>	<b>13 863</b>	<b>12 151</b>	<b>12 468</b>
Non-current liabilities	3 765	4 407	3 567
Current interest-bearing debt	2 112	1 459	2 266
Other current liabilities	6 057	4 852	5 131
<b>Total liabilities</b>	<b>11 934</b>	<b>10 717</b>	<b>10 964</b>
<b>Total equity and liabilities</b>	<b>25 797</b>	<b>22 868</b>	<b>23 432</b>

### CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(NOK million)	31/8 2022	31/8 2021
Equity as of 1 January	12 468	11 128
Profit for the period	1 549	1 667
Dividends	-840	-692
Other comprehensive income	686	49
<b>Equity as of 31 August</b>	<b>13 863</b>	<b>12 151</b>

### CONDENSED CONSOLIDATED CASH FLOW STATEMENT

(NOK million)	31/8 2022	31/8 2021
Operating profit	2 653	2 496
Adjustments to reconcile operating profit to net cash flows:		
Share of profit from associates and joint ventures	-410	-343
Dividend paid from associates and joint ventures	548	719
Depreciation, amortisation and impairment	607	553
Change in accruals, provisions and other	-3	115
Change in operating working capital	-2 191	-1 876
<b>Cash generated from operating activities</b>	<b>1 205</b>	<b>1 663</b>
Net financial items	-402	-193
Tax payments	-583	-523
<b>Net cash flow from operating activities</b>	<b>220</b>	<b>947</b>
<b>Net cash flow from investing activities</b>	<b>-423</b>	<b>-769</b>
Dividends paid to Jotun A/S shareholders	-770	-599
Dividends paid to non-controlling interests	-70	-94
Payment of principal portion of lease liabilities	-98	-92
Net proceeds from borrowings	79	598
<b>Net cash flow from financing activities</b>	<b>-859</b>	<b>-187</b>
<b>Net increase / decrease (-) in cash</b>	<b>-1 061</b>	<b>-9</b>
Net currency translation effect	115	-23
Cash at beginning of period	3 388	2 956
<b>Cash at end of period</b>	<b>2 442</b>	<b>2 924</b>

Sandefjord, Norway, 06 October 2022

The Board of Directors  
Jotun A/S

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