



# JOTUN

Jotun Protects Property



**FINANCIAL REPORT**

1 January – 30 April 2023

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## Jotun Group – Interim Financial Report

- Solid double-digit revenue growth
- Strong earnings growth
- Positive gross margin development
- Continued 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.

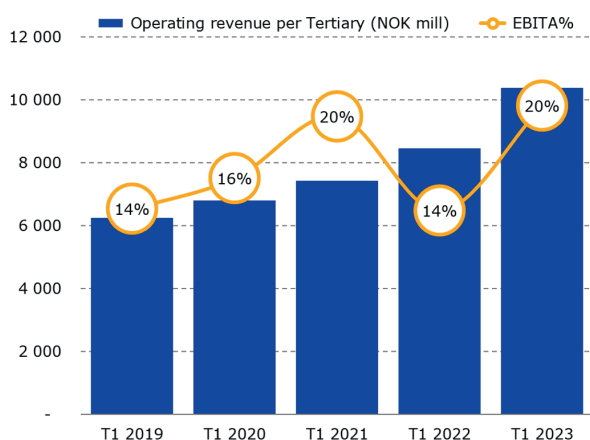
### Operating revenue and profit

Operating revenue increased by 23 per cent to NOK 10 389 million in the first four months of 2023 (2022: NOK 8 459 million). Adjusted for positive currency translation effects due to a weaker Norwegian krone, the underlying sales growth was 17 per cent. The strong topline growth was driven by volume growth and continued effects from price increases to compensate for the sharp rise in raw material prices experienced during the pandemic.

Sales growth was strong in the Decorative, Marine and Protective segments, while growth in the Powder segment was hampered by weak market demand, particularly in the West Europe and Scandinavia region. All regions achieved double-digit sales growth in the first tertiary, except Americas and West Europe and Scandinavia. The West Europe and Scandinavia region was affected by weak demand for decorative paint in Scandinavia.

Operating profit increased by 86 per cent to NOK 2 122 million in the first four months of 2023 (2022: NOK 1 143 million), driven by strong sales growth, a positive gross margin development, and good cost control.

The positive gross margin trend is primarily explained by continued effects of price increases. However, lower raw material prices are also starting to have a positive effect.



### Operating Cash flow

Operating activities generated a positive cash flow of NOK 369 million as of April 2023 (2022: negative cash flow of NOK 622 million). The increase in operating cash flow compared to last year is mainly attributable to increased operating result.

### Investments

Investments in tangible and intangible assets amounted to NOK 497 million as of April 2023 (2022: NOK 482 million). Ongoing construction of a new regional office and R&D centre in Malaysia, a new warehouse with supply chain offices in Qatar and a new water-based factory in Indonesia account for of the main investments year to date.

### Net interest-bearing debt

The net interest-bearing debt for the Group was NOK 2 150 million as of 30 April 2023, compared to NOK 1 690 million as of 31 December 2022. The increase in net interest-bearing debt is driven by reduced cash balance which is attributable to build-up of working capital and dividends 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 0.4.

### Shareholders' equity

Shareholders' equity, including non-controlling interests, increased during the first four months of 2023 to NOK 16 257 million (31 December 2022: NOK 14 493 million), yielding an equity ratio of 56 per cent as of 30 April 2023 (31 December 2022: 55 per cent). The increase in shareholders' equity is driven by profit after tax of NOK 1 456 million and positive currency translation effects year to date, partly offset by the dividends for 2022 to Jotun A/S shareholders (declared in 2023).

### Outlook

Jotun expects continued sales growth in the upcoming tertiary primarily driven by the Decorative, Marine and Protective segments. The growth in Powder sales is expected to be more moderate.

Raw material prices started declining in the second half of 2022, and the lower raw material prices will increasingly impact gross margin positively. This development will result in year-on-year margin improvement in the upcoming tertiary. However, this is partly countered by inflationary pressure in other operating expenses.

Although the overall outlook is positive, significant uncertainty persists, including higher inflation and interest rates around the world and increased currency volatility in key markets. Despite the uncertainties, the company is well-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 2023

## Jotun Group – Financial consolidated information (Unaudited)

### CONDENSED CONSOLIDATED INCOME STATEMENT

(NOK million)	30/4 2023	30/4 2022	31/12 2022
Operating revenue	10 389	8 459	27 858
Share of profit from associates and joint ventures	390	187	729
Cost of goods sold	-5 526	-4 734	-15 941
Other operating expenses	-2 798	-2 472	-7 923
Depreciation, amortisation and impairment	-332	-297	-986
<b>Operating profit</b>	<b>2 122</b>	<b>1 143</b>	<b>3 737</b>
Net financial items	-262	-163	-546
<b>Profit before tax</b>	<b>1 860</b>	<b>980</b>	<b>3 191</b>
Income tax	-404	-321	-1 024
<b>Profit for the period</b>	<b>1 456</b>	<b>659</b>	<b>2 167</b>

### CONDENSED CONSOLIDATED BALANCE SHEET

(NOK million)	30/4 2023	30/4 2022	31/12 2022
Intangible assets	1 283	1 192	1 241
Property, plant and equipment	8 835	7 876	8 144
Financial fixed assets	2 373	1 855	1 766
<b>Total non-current assets</b>	<b>12 491</b>	<b>10 923</b>	<b>11 151</b>
Inventories	4 892	4 604	4 821
Trade and other receivables	8 840	7 402	7 071
Cash and cash equivalents	2 834	1 997	3 312
<b>Total current assets</b>	<b>16 566</b>	<b>14 003</b>	<b>15 204</b>
<b>Total assets</b>	<b>29 057</b>	<b>24 926</b>	<b>26 355</b>
Share capital	103	103	103
Other equity	15 759	12 171	14 010
Non-controlling interests	395	397	380
<b>Total equity</b>	<b>16 257</b>	<b>12 670</b>	<b>14 493</b>
Non-current liabilities	2 931	3 745	2 797
Current interest-bearing debt	2 732	2 252	2 796
Other current liabilities	7 137	6 260	6 269
<b>Total liabilities</b>	<b>12 800</b>	<b>12 257</b>	<b>11 862</b>
<b>Total equity and liabilities</b>	<b>29 057</b>	<b>24 926</b>	<b>26 355</b>

### CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(NOK million)	30/4 2023	30/4 2022
Equity as of 1 January	14 493	12 468
Profit of the period	1 456	659
Dividends	-879	-787
Other comprehensive income	1 187	330
<b>Equity as of 30 April</b>	<b>16 257</b>	<b>12 670</b>

### CONDENSED CASH FLOW STATEMENT

(NOK million)	30/4 2023	30/4 2022
Operating profit	2 122	1 143
Adjustments to reconcile operating profit to net cash flows:		
Share of profit from associates and joint ventures	-390	-187
Dividend paid from associates and joint ventures	-	-
Depreciation, amortisation and impairment	332	297
Change in accruals, provisions and other	609	350
Change in operating working capital	-1 636	-1 811
<b>Cash generated from operating activities</b>	<b>1 038</b>	<b>-209</b>
Net financial items	-312	-205
Tax payments	-356	-209
<b>Net cash flow from operating activities</b>	<b>369</b>	<b>-622</b>
<b>Net cash flow from investing activities</b>	<b>-497</b>	<b>-482</b>
Dividends paid to Jotun A/S shareholders	-428	-385
Dividends paid to non-controlling interests	-24	-17
Payment of principal portion of lease liabilities	-50	-48
Net proceeds from borrowings	-44	102
<b>Net cash flow from financing activities</b>	<b>-546</b>	<b>-348</b>
<b>Net increase / decrease (-) in cash</b>	<b>-674</b>	<b>-1 452</b>
Net currency translation effect	195	61
Cash at beginning of period	3 312	3 388
<b>Cash at end of period</b>	<b>2 834</b>	<b>1 997</b>

Sandefjord, Norway, 26 May 2023

The Board of Directors

Jotun A/S

Odd Gleditsch d.y.  
Chairman

Jørgen Arnesen

Nicolai A. Eger

Jannicke Nilsson

Nils K. Selte

Camilla Hagen Sørli

Per Kristian Aagaard

Björg Engevik Nilssen

Morten Fon  
President and CEO