Jøtul AS (Jøtul Group)

Interim Financial Report (unaudited)
Half-year ended 30 June 2024

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Norway

Jøtul AS
Interim financial report
for the half-year ended 30 June 2024

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General information

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.

The group is headquarters in Norway and has subsidiaries in Poland, France, Italy, United States, Denmark, United Kingdom and in Spain. Jøtul AS owns 100% interest in all its subsidiaries, which consist of:

- Jotul Poland Sp.zo.o
- Jotul France SAS
- Jotul North America Inc.
- Jotul Italia Srl
- Scan AS
- AICO S.p.A.
- Jotul (UK) Ltd
- Jotul Hispania s.l.u. (fully owned by Jotul France SAS)

On the 29th of June 2024, AICO France SAS was merged into Jotul France SAS.

The financial statements as of 30 June 2024 and 30 June 2023 are unaudited. This report was approved by the Company's Board of Directors on 29 August 2024.

The first half-year in brief

The revenue in H1 2024 reduced by 41.6%, to MNOK 498.1, compared to MNOK 853.6 in the same period of last year. The sales to most of the Group's key markets have shown significant contraction in the first half of this year, especially when compared to a very strong H1 2023, which was record-high due to large opening order-book carried forward from 2022. The downturn in demand is driven by lower cost of energy (both electricity and natural gas), higher interest rates, lower home improvement spending, and slowdown in the construction industry (notably related to new houses and recreational homes). For wood burning stove manufacturers, the impact was further exacerbated by a significant accumulation of excessive inventory in the industry and at dealers' stores, driven by a large build-up and strong order intake during the peak of the demand in late 2022 and in the early months of 2023. This has been observed as a key driver of weak sales in late 2023 and continued to be an issue throughout most of in H1 2024 in key markets like North America, Northern Europe, Italy and Germany.

Considering the factors mentioned above, the total order intake has reduced from MNOK 697.6 in H1 2023 to MNOK 464.5 in H1 2024, being a 33.4% reduction. The total order book at the end of June 2024 was MNOK 81.4 compared to MNOK 329.5 at the end of June 2023. It is important to note that, under normal market circumstances, with continuous and balanced order intake throughout the year and normalized lead times, the order book as of end of June 2023 is not representative and should be considered as very high.

In the first half of 2024, the Jotul Group incurred a consolidated loss of MNOK -161.3 (H1 2023: profit of MNOK 114.9). The operating loss totaled MNOK -111.3 in H1 2024 (H1 2023: profit of MNOK 114.4). The total comprehensive loss for the half-year was MNOK -151.0 (H1 2023: profit of MNOK 149.3).

EBITDA (Earnings before interests, taxes, depreciation, and amortizations: Operating Result less Depreciations) was MNOK -63.0 in the first six months of 2024 (H1 2023: MNOK 156.3). This includes the effect of non-recurring items totaling MNOK 20.1 (H1 2023: MNOK 5.8), related mainly to costs incurred with exceptional temporary production interruptions, efficiency losses related to such interruptions, restructuring expenses, and monitoring fees. Adjusted EBITDA (net of non-recurring items) was MNOK -42.9 in H1 2024 (H1 2023: MNOK 162.1).

Net finance expenses were MNOK -52.4 in H1 2024 (H1 2023: MNOK -12.0). The increase of finance expenses in H1 2024 to MNOK -62.7 (H1 2023: MNOK -43.3) is due to higher interest rates, a temporary overlapping of bond interest expenses throughout part of January 2024 (related to the issuance of the 2024 bonds on January 15th and the redemption of the 2021 bonds on January 24th), certain financial expenses related to the covenant holidays negotiated with the creditors in June 2024, and overall higher utilization of the bank revolving credit facility. Finance income, which consists mainly of currency differences, was MNOK 10.3 in H1 2024, being less significant than in in the same period of last year (H1 2023: MNOK 31.3), on the account of less favorable currency exchange rates than last year.

In H1 2024 the total output of complete units from the factories reduced by 68.0% compared to H1 2023. The reduction follows the initiatives to align the production output to the weaker demand from the market.

After a couple of years with substantial increases of raw material and energy prices, 2023 was a year in which prices began to stabilize, although in most cases at a much higher level than in the past. Electricity prices have in particularly reduced, reduction which continued throughout H1 2024, on the account of higher productivity from renewable sources (e.g. hydropower in Norway). At the end of 2023, Jøtul entered a three-year hedging contract to secure a majority of the expected monthly volume of electricity consumption at the foundry in Norway, which is by far the highest electricity consuming production site of the Group. The agreement allows for reselling potential unused committed volumes, at market current prices. During H1 2024, the electricity prices were on average lower than the contracted prices, while the weak market conditions resulted in less consumption than previously estimated.

Due to inflation, currency effects and increased lead times for the supply of raw materials and components, alongside weakening demand from our customers, Jøtul experienced significant increases in inventory levels in H2 2022 and in H1 2023. Starting from H2 2023 and continuing in H1 2024, the inventory levels have been reducing. As of June 2024, the inventory balance was MNOK 412.9, whereas the June 2023 balance was MNOK 610.8, and the year-end 2023 balance was MNOK 510.7.

The Group's capital investments in the first half of 2024 amounted to MNOK 11.1 (H1 2023: MNOK 31.5). These investments are mainly related to product development to ensure that the Group remains at the forefront in terms of innovative products with high efficiency and low emission levels. For comparison, in H1 2023, in addition to higher spend on product development, other significant capital investments included the upgrade of the ERP platform in Poland and Norway, alongside leasehold improvements in connection with the Jotul Poland factory building expansion.

During H1 2024, the net cash flow from operating activities was MNOK -67.8 (H1 2023: MNOK -37.0), while the net cash flow was MNOK 22.5 (H1 2023: MNOK -90.7). The positive net cash flow in H1 2024 is mainly driven by the working capital development, most notably the reduction in inventory balances, alongside a MNOK 42.5 shareholder loan received in June 2024. The Cash and cash equivalents as of June 2024 were MNOK 92.1 (June 2023: MNOK 50.1) and the total available liquidity was MNOK 92.1 (June 2023: MNOK 93.7).

The Group's MNOK 475 listed Senior Secured Bonds due on October 6th, 2024, were refinanced on January 24th, 2024. The new bonds, which were issued on January 15th, 2024, have an amount of MNOK 510 and mature in two and a half years. Simultaneously, the Group has also successfully entered a new Revolving Credit Facility (RCF), with total available credit limit of MNOK 120 (excluding bank guarantees), to be used for working capital purposes as additional resources to regulate the seasonality lows. The new RCF replaces the previous MNOK 75 facility (including bank guarantees) and more the doubles the liquidity available through such credit facility. Indebtedness covenants apply to both the Bonds and the RCF. In addition, the RCF has a limit on the amount that can be drawn, being maximum 1x of the EBITDA (as defined in the financing agreements).

Due to covenant breach for Q1 2024 and expected covenant breach for the remaining quarters of the year, the Group conducted negotiations with the creditors and obtained covenant reporting holidays for all the reference periods of 2024. Also, until compliance is restored, the RCF facility is limited to MNOK 80. The negotiations were conducted throughout Q2 2024 and the creditors' approval was concluded successfully on June 20th, 2024. Further details are available in Note 20, Note 2.1 and Note 3.4 of the published 2023 audited annual report.

In a press release dated May 27th, 2024, and related to the initiation or a written procedure to amend or waive certain provisions under the terms and conditions of the Bonds agreement, Jøtul provided guidance on certain full year numbers for 2024. More precisely, Jøtul estimated that the Adjusted EBITDA for 2024 will likely be well below the range of MNOK 250 – MNOK 300 which was previously forecasted and provided as guidance in a press release issued on December 7th, 2023. The updated forecast for 2024 shows that, due to continued significantly weaker demand on the key markets, the Adjusted EBITDA for 2024 is expected to come in at MNOK 50 – MNOK 100. It is important to note that the Group has observed that destocking of previously mentioned excessive inventories at dealers' locations has already occurred in most of the key markets and the high season is expected to generate normalized demand. Nevertheless, such demand will depend on customer sentiment, and further headwind is possible if the economic downturn continues. The liquidity is currently weak due to seasonality effects but is deemed to improve from the end of August and remain satisfactory for the foreseeable future.

During the first six months of 2024, Jotul Group had an average of 593 employees (H1 2023: 821). The decrease was mainly driven by the fact that in H1 2023 the number of employees was still high as a result of a ramp up of production (started in late 2022) following an increase in order backlog. As of June 2024, the Group had 584 employees, 231 employees less than as of June 2023. The reduction was mainly driven by the reduction of production output following a weaker market in H2 2023 and H1 2024.

Going Concern

The board of directors have assessed the going concern basis by considering financial performance and forecasts of the Group as well as the following:

- The Group has successfully refinanced the Senior Secured Bonds in January 2024 for a period of two and a half years. Simultaneously, the Group has successfully entered a new Revolving Credit Facility (RCF), with total available credit limit of MNOK 120 (excluding bank guarantees), to be used for working capital purposes as additional resources to regulate the seasonality lows. The new RCF replaces the previous MNOK 75 (including bank guarantees) facility and more the doubles the liquidity that can be available through such credit facility if certain covenants are met. Subsequently, due to weaker than expected financial results, the covenants were breached as of Q1 2024. The Group engaged in negotiations with the creditors and obtained covenant holidays for all four quarters of 2024. The terms of the agreement secure the liquidity needs of the Group for the rest of the year. Further details about the covenant breach are included in Note 20 of the audited annual report.

- Although the trading in both H2 2023 and H1 2024 was disappointing and below expectations due to demand slow-down and overstocking in certain markets, the perspectives for the industry remain positive with expectation of a normalized high-season in H2 2024 and stable growth in the coming years. Such perspectives are supported by the projections that the price of electricity and natural gas, although not at the highest levels as seen in 2021 and 2022, are expected to remain relatively high (driven by electrification initiatives across our key markets, discontinuation of certain subsidies and price caps offered by central and regional authorities in some countries, etc.), which reconfirms the importance of wood as an alternative or complementary heating resource. Additionally, some jurisdictions (e.g. Germany) are imposing regulatory measures to discontinue the use of older, more polluting, stoves, which implies an increase in demand for newer, more efficient and cleaner products.
- The inflationary development on the cost side, noted throughout the past two – three years as part of the post-Covid-confinement recovery, followed by the effects of the energy crisis, is expected to be less significant going forward. In 2023 and throughout H1 2024 the Group observed that the prices of certain materials and of energy have mostly stabilized, but at a much higher level than before 2021/2022.
- The factory in Poland is mature and efficient, following a few years of growth and stabilization. It also provides a more agile set-up for adapting manufacturing output to market dynamics.

With the performance of the past years demonstrating that, despite some cyclical ups and downs, the Group's markets are structurally sound and show further opportunity for growth, and considering the foreseen improved business outlook starting from the second half of 2024, alongside the conclusion of the refinancing exercise (including the agreed covenant holidays as described in 2023 audited annual report), it is the board of directors' expectation that the Group will have adequate resources to continue trading for the foreseeable future.

In the Board's opinion, the consolidated financial statements provide a true and fair view of the Company's and Group's financial position and results. Also, in accordance with the Accounting Act §3-3a, the Board confirms that the financial statements have been prepared under the assumption of going concern.

Market

The Group's largest markets are the Nordic countries, France, Italy 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 conducts 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.

Manufacturing principles

Jøtul operates four manufacturing facilities, one cast iron production plant in Fredrikstad, Norway, one production and assembly plant in Wroclaw, Poland, one gas and wood stoves manufacturing site in Portland (ME), the United States, and a smaller manufacturing facility in Motz, France. 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 conducts business reviews for all manufacturing sites. Typical KPIs for factories are efficiency and productivity, operating expenses, inventory levels, production output related to plan/budget, on-time deliveries and several KPIs for ESG. Whenever corrective measures are needed to be performed, these are communicated in the business reviews and reported on routinely.

Risk exposure

The Group's activities entail various types of financial risk associated with foreign currency, interest rates, raw materials prices, credit and liquidity. To reduce its exposure to unfavourable foreign exchange fluctuations, the Group currently relies mainly on the effectiveness of natural hedging driven by the fact that it does not have major discrepancies between the inflows and the outflows of EUR and USD (main foreign currencies), while PLN is closely linked to the development of the EUR currency rates. Exposures to other currencies are deemed less significant. The Group is currently evaluating the re-introduction of foreign exchange forward contracts to cover its exposure to currency rate risk more effectively.

Technical risk is primarily associated with the operation of existing and the 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 major 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.

In the context of the war in the Ukraine, the Group confirms that it has minimal exposure to the Russian, Belarusian or Ukrainian markets, both in terms of supply base and in terms of sales. While some of the Group's suppliers might be sourcing raw materials from these countries, the Group assesses the risk of disruption as low.

Climate risks

When it comes to the transition to sustainability risks driven by regulatory requirements and customer behavior, Jøtul is permanently monitoring the latest developments in these areas. The goal is to always have a product portfolio that meets or exceeds the most stringent rules and regulations, and to monitor and adapt to the latest expectations from consumers in terms of product design/functionality, climate footprint, and overall corporate social responsibility. Jøtul spends around MNOK 40 per year on R&D and product development.

Operational risks driven by the adverse effects of climate change (e.g., more frequent occurrence of extreme weather conditions, conflicts, pandemics, etc.) are somewhat difficult to evaluate. Nevertheless, the board considers such risks to be remote, while adequate insurance policies are in place. The main geographical areas where Jøtul does business are considered more resilient in recovering from potential natural disasters, and less prone to disruptions caused by conflict. Moreover, the nature of Jøtul's business implies less exposure to scarce materials and components, which in its turn implies higher resilience in case of major global supply chain disruptions. Jøtul is actively working on building strategic, long-term relationships with its suppliers, on monitoring supplier financial health, and on having alternative sourcing solutions where suitable.

Corporate social responsibility and sustainability

Code of conduct and ethical guidelines

The Jøtul 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 does not have a formalized ethics program including an “ethics helpline”. Employees are instead informed to contact HR and line manager to report any non-compliance matters. Starting with the edition published in 2021, the Code of Conduct introduced a whistleblowing reporting channel.

Jøtul 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.

Jøtul 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 female staff constitutes 25% of the total workforce.

Absence due to sick leave in the business units with the highest number of employees was as follows:

- Jotul Poland 8.45%
- Jøtul AS 8.22%
- Jotul North America 1.40%

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. Wages, including overtime compensation and benefits, are stipulated in line with the level required by the applicable laws in respective countries. The Group is an inclusive workplace company, which also includes a commitment to make arrangements for people with disabilities. Incidents like bullying, discrimination of any kind and harassment are not accepted, and the company has a zero tolerance with such cases.

The health and safety of all the people who work for and with Jøtul is a top priority. Incidents are reported daily to the relevant site management. Performance is disclosed during monthly business reviews, which includes accidents, near misses and days lost. When an incident occurs, there is a follow-up process with the quality manager / EH&S, team leaders and staff to evaluate the situation and remediate the root cause. All incidents and accidents occurring in H1 2024 were assessed as minor and all employees resumed their duties.

Jøtul Group has zero tolerance for all forms of corruption and makes active efforts to ensure that this does not occur.

It is forbidden to offer, promise or give, as well as request, accept a promise of or receive a bribe. The Group also does not tolerate abusing of a position of trust for own or the Group’s gain, for example through the use of bribes.

The Jøtul Group works systematically to prevent corruption. The management of the Jøtul

Group and its legal entities take care of regular analysis of the risks of corruption related to their own operations. The management is also responsible for maintaining an adequate anti-corruption program and implementing any other measures regarded as necessary in order to prevent the corruption risks identified in the risk analysis.

The compliance to the Group's Code of Conduct is paramount and all employees are obliged to make active efforts to complied with the values defined in the Code, and with all applicable laws and regulations.

Sustainable development

The ability to offer high-quality and environmentally friendly products is central in Jøtul Group's product development and manufacturing processes. The cast iron utilized in manufacturing is produced 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 very clean combustion technology. Jøtul 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), in Jotul North America, and at AICO Italy. 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 imposed on the wood stove manufacturing industry. These include the Conformité Européene (CE) requirements European Norms (EN)13240 for freestanding stoves, and EN13229 for inserts, with which Jøtul complies for the entire product portfolio.

The new pan-European standard EN16510 relating to residential solid fuel burning appliances is effective starting from July 2023. With the introduction of this standard, local demands/regulations, such as the AT regulations in Austria, the NS (dust test) in Norway, etc., will be phased-out/replaced. Some countries will continue to have local initiatives connected to tax incentives for the commercialization of low-polluting products (e.g.: Italy's existing "Aria Pulita" regulations). The EN16510 will undergo a period of harmonization and is expected to reach maturity by July 2025. Jøtul will monitor and adopt the requirements of the standard as they develop and are enacted. Jøtul stoves are also Eco-labeled and they are listed in the mandatory European consumer databank EPREL, alongside the listing in several voluntary data banks like the Belgian, the Swiss, etc.

The United States has its own regulations from the United States Environmental Protection Agency (US-EPA), while Australia and New Zealand have shared regulations, being AS/NZS 4012:2014. For the United Kingdom there will be a separate UK label based on the EN 16510 standard.

Customer preferences to a large extent concern product design, so Jotul Group R&D efforts have to be managed according to both strict regulatory requirements and soft consumer preferences. Jøtul spends over MNOK 40 per year on R&D and product development.

Pollution and climate footprint

Unlike other sources of fuel, wood, which constitutes the core of our product portfolio, is an environmentally friendly source of fuel because of its carbon neutral status. Over the duration of its life a tree will absorb CO2 from the atmosphere and then release it if burned or when it decomposes.

The Jøtul Group is actively working on reducing its environmental impact by:

- Producing Eco-design products with clean-burn technology
- Recycling materials (all cast iron production is with recycled iron, and the foundry is run on hydroelectricity)
- Standardizing deliveries and reduce transportation related emissions
- Using recycling materials for packing and requesting suppliers to do the same
- Using electrical vehicles as much as possible
- Using electronical media as much as possible to reduce usage of printed paper
- Continuously informing our dealers and end-customers about correct wood-burning, to ensure knowledge regarding emissions and means of reducing them

The Group is implementing KPIs to measure performance on reaching short and long-term goals. Such KPIs are reported from the relevant functions on a quarterly and annual basis.

The Jøtul products trigger the end customer's mindset in both an emotional and functional way. Concerns related to climate change and pollution may affect the customer's decision to acquire or not a product. With correct information about the company's actions to improve its climate footprint, alongside the education about the wood's carbon neutral status and the circular aspects of our production process, the management believes Jøtul's products will continue to be appreciated as sustainable and effective heating solutions for a long time ahead.

Transparency Act

Jøtul is subject to the rules in the Norwegian Act on the transparency of businesses, and work with basic human rights and decent working conditions, also called the Transparency Act. This act aims to ensure companies' respect for basic human rights and decent working conditions and will give the general public access to the information.

The Act requires the company to publicly report on the due diligence assessments carried out in connection with the requirements of the Act. Jøtul published the report at the webpage location https://jotulgroup.com/transparency-act.

Debt instrument

The Group's MNOK 475 listed bonds were refinanced on January 24, 2024. The 2024 bonds, which were issued on January 15th, 2024, amount to NOK 510 million and mature in two and a half years. The proceeds from the new issue were mainly used to redeem the NOK 475 million bonds issued in 2021, including call option fees, to settle accrued interest and to finance transaction costs. The bonds bear an interest rate of 8.00% + 3-month NIBOR. There is a requirement to list the 2024 bonds on a regulated exchange by January 15th, 2025.

As of the date of this report, the instrument is not yet listed on a regulated exchange (Oslo Stock Exchange), however, the preparatory work is ongoing and the listing is expected to be concluded in due time.

Future development

The Group has a strong global market position and brand recognition, and an extensive distribution network. Despite that, except for the most recent three years, the financial performance over the past decade has been poor. Over the past years, the main strategic focus was the implementation of efficiency measures and cost optimizations to restore and improve the company's profitability. Most notably in this respect was the establishing in 2019/2020 of the manufacturing and assembly plant in Poland, and the closure of the manufacturing facilities in Denmark and Italy, and of the assembly lines of Jøtul AS. This improved the cost competitiveness following a lower cost structure, and provided improved agility and faster adaptability to higher or weaker market demand. Production efficiency has also gradually improved and, alongside other cost optimization initiatives, will remain part of the day-by-day continuous improvement process. As of now, the manufacturing structure and footprint of the Group is considered mature.

Jotul has ambitions to continue growing and is focusing on increased distribution to further strengthen its global market position. In addition to the continuous focus on design, emissions and efficiency, the Group is also planning to expand and grow its pellet stoves product offering and markets.

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 Jøtul 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® Accounting Standards as adopted by the EU 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 the 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. 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 personnel 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 organized through a centrally managed reporting calendar.

Quarterly reporting to the financial markets is approved by the Board of Directors and published withing two months from the quarter-end.

Liquidity forecasts and debt servicing ability are reviewed by Corporate Finance department and the Group's CFO and reviewed by the Group's 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 financial statements. Subsequently, a monthly business review with the ultimate shareholder is held for the presentation of the management report, which includes financial and operational KPIs.

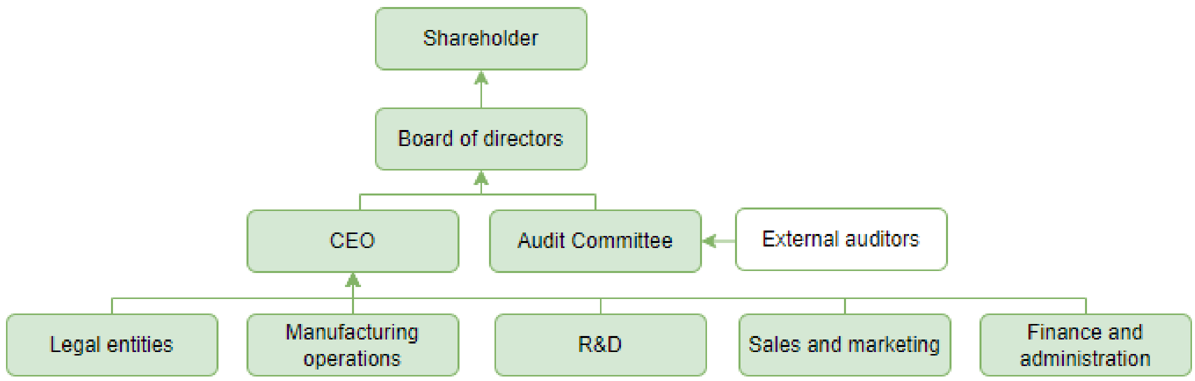
The budget process starts in the month of August, when all components are required to prepare a forecast for the current year. This forecast forms the starting point of the coming year's budget. Each local budget is prepared based on local assumptions on sales and cost development. Subsequently this is reviewed and updated, if necessary, then Group Finance consolidates and presents the overall budget to the executive management and to the shareholders. The budget for the coming year is approved and communicated prior to the beginning of the budget year.

Jøtul Group's practices on the reporting of significant compliance incidents requires each subsidiary to immediately report fraud or any other significant compliance incidents to the Group. Identified control weaknesses that could impact the reliability of financial reporting must be brought to the attention of management.

Corporate governance

The Jøtul AS Group is subject to the governance requirements from section 3-3b of the Accounting Act. As a Norwegian limited liability company with bonds previously listed on the Oslo Stock Exchange, and with a requirement to list the existing bonds on a regulated exchange, Jøtul is subject to various regulatory requirements affecting its corporate governance. The board of directors of Jøtul AS is responsible for the Group's corporate governance and management. The following chart provides an overview of the governance structure.

Governance structure



Shareholder

As of 30 June 2024, the share capital of Jøtul AS is set at NOK 139,413,732 and is divided into one share fully paid up. The Group has a sole shareholder, Jotul Holdings Sàrl.

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. General Meetings shall be held at the time and place specified in the notices.

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 is also entitled to approve any allocation of profit proposed by the Board and to decide on the discharge of directors or of the auditor from any duties.

Board of directors

On 30 June 2024, the Board of directors had the following seven members:

Nils Agnar Brunborg – Chair of the Board
Lars Tore Heggem – Director
René Valentin Christensen – Director
Anette Johansen – Director, Employees' representative
Bjørn Harald Bjørnli – Director, Employees' representative
Øyvind Arne Sandnes – Director
Sven Østgulen – Director

In July 2024, Bjørn Harald Bjørnli resigned from his role and from Jøtul AS to pursue other opportunities outside the company. Fred Thomas Johannesen was appointed as new Employees' representative on July 25th, 2024.

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.

The Board of Directors met several times in H1 2024 with an average attendance rate of 100 per cent and adopted some decisions by circular resolution. Members of the board also hold regular meetings with financial directors of Group entities.

The Board of Directors confirms having adequate insurance policies in place to cover their responsibilities of their roles and members of the board. The directors and offices insurance for Jøtul AS and all subsidiaries covers an amount of MNOK 150.

Audit committee

The Audit Committee was established on August 25th, 2022. The role of the Audit Committee is to assists the Board of Directors in its responsibility with respect to overseeing the Group's financial reporting, the audit of the stand-alone and consolidated accounts, the independence of the external auditors, the risk management and internal control, and the standards of business conduct and compliance.

The Audit Committee consists of two members, one being independent and both having finance and accounting background. The Board elected Sven Østgulen as Chairman, Øyvind Arne Sandnes being the other member of the Committee.

External auditor

Pricewaterhousecoopers AS is the Group's external auditor since October 8th, 2021. In 2023 the external auditor has attended three Audit Committee meetings, shared information about the audit plan and scope and provided the members of the Audit Committee with an opportunity to ask questions.

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 consolidated financial statements of Jøtul Group presented in this report and prepared in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board, give a true and fair view of the assets, liabilities, financial position, profit or loss of Jøtul Group and the undertakings included within the consolidation taken as a whole; and the management report includes a fair review of the development and performance of the business and position of Jøtul Group and undertakings included within the consolidation taken as a whole, together with a description of the principal risks and uncertainties they face.

The condensed consolidated financial statements of Jøtul Group presented in this Interim Financial Report have not been subject to an audit nor reviewed by the auditor.

Fredrikstad, 29 August 2024

Jøtul Board of Directors

Condensed consolidated statement of comprehensive income

(in NOK '000s)	Notes	Q2 2024 (Unaudited)	Q2 2023 (Unaudited)	30 June 2024 (unaudited)	30 June 2023 (unaudited)	31 December 2023
Revenue	3	230,546	399,844	498,107	853,614	1,574,779
Other operating income		620	1,126	985	2,507	6,455
Total operating income		**231,166**	**400,970**	**499,092**	**856,121**	**1,581,234**
Raw materials and consumables		(104,669)	(174,396)	(212,522)	(355,132)	(737,319)
Changes in inventories of finished goods and work in progress		(9,984)	20,990	(41,374)	38,682	91,776
Employee benefits expense		(84,717)	(104,886)	(169,049)	(206,301)	(412,652)
Depreciation, amortization and write-off		(24,409)	(21,894)	(48,294)	(41,962)	(88,983)
Other operating expense		(63,776)	(87,198)	(139,171)	(177,041)	(311,819)
Total operating expenses		**(287,555)**	**(367,384)**	**(610,410)**	**(741,754)**	**(1,458,997)**
Operating result		**(56,389)**	**33,586**	**(111,318)**	**114,367**	**122,237**
Finance income		1,322	18,793	10,302	31,276	45,970
Finance expense		(31,135)	(21,944)	(62,711)	(43,263)	(123,095)
Net finance cost		**(29,812)**	**(3,151)**	**(52,409)**	**(11,987)**	**(77,125)**
Profit / (loss) before income tax		**(86,201)**	**30,436**	**(163,727)**	**102,380**	**45,112**
Income tax		1,067	19,362	2,462	12,483	(7,388)
Net profit / (loss) for the period		**(85,134)**	**49,798**	**(161,265)**	**114,863**	**37,724**
Net profit /(loss) for the period attributable to:						
Equity holders of the parent		(85,134)	49,797	(161,265)	114,863	37,724
Non-controlling interests		-	-	-	-	-
		(85,134)	**49,797**	**(161,265)**	**114,863**	**37,724**

Condensed consolidated statement of comprehensive income (continued)

(in NOK '000s)	Notes	Q2 2024 (Unaudited)	Q2 2023 (Unaudited)	30 June 2024 (unaudited)	30 June 2023 (unaudited)	31 December 2023
Other comprehensive income/(loss)						
Items that may be subsequently reclassified to profit or loss						
Foreign exchange differences on translation of foreign operations		(5,474)	16,030	10,311	34,404	20,421
Items that may not be subsequently reclassified to profit or loss						
Re-measurement of post-employment benefit obligations		-	-	-	-	(805)
Other comprehensive income / (loss) for the period net of tax		**(5,474)**	**16,030**	**10,311**	**34,404**	**19,616**
Total comprehensive income / (loss) for the period		**(90,608)**	**65,828**	**(150,954)**	**149,267**	**57,340**
Total comprehensive income / (loss) for the period attributable to:						
Owners of the company		(90,608)	65,828	(150,954)	149,267	57,340
Non-controlling interests		-	-	-	-	-
		(90,608)	**65,828**	**(150,954)**	**149,267**	**57,340**

Condensed consolidated statement of financial position

(in NOK '000s)	Notes	30 June 2024 (unaudited)	30 June 2023 (unaudited)	31 December 2023
ASSETS				
Non-current assets				
Property, plant and equipment	4	110,083	116,265	116,629
Intangible assets		133,778	142,487	136,969
Right-of-use assets		242,803	264,465	243,290
Other receivables		8,732	8,226	9,354
Deferred tax asset		89,526	109,466	89,789
Total non-current assets		**584,922**	**640,909**	**596,031**
Current assets				
Inventories	5	412,926	610,767	510,697
Trade and other receivables		131,054	187,210	125,692
Other receivables		900	2,469	800
Current income tax receivable		7,321	-	3,471
Cash and cash equivalents		92,109	50,141	68,727
Total current assets		**644,310**	**850,587**	**709,387**
Total assets		**1,229,232**	**1,491,496**	**1,305,418**

Condensed consolidated statement of financial position (continued)

(in NOK '000s)	Notes	30 June 2024 (unaudited)	30 June 2023 (unaudited)	31 December 2023
EQUITY AND LIABILITIES				
Equity				
Share capital	6	139,414	139,414	139,414
Share premium	6	123,779	1,026,612	123,779
Other equity		48,242	52,718	37,931
Retained earnings		(325,349)	(989,778)	(164,084)
Total equity		**(13,914)**	**228,966**	**137,040**
Non-current liabilities				
Senior secured bonds	7	485,295	469,028	-
Loan from shareholder	8	82,612	-	37,907
Lease liabilities		263,291	294,795	268,939
Borrowings		7,245	15,214	15,465
Government grant		1,396	11,231	1,613
Deferred tax liability		8,395	86	8,206
Long-term provisions	9	10,846	7,964	11,130
Total non-current liabilities		**859,080**	**798,318**	**343,260**
Current liabilities				
Senior secured bonds		-	-	484,672
Loan from shareholder	8	-	33,380	-
Lease liabilities		65,484	63,150	63,645
Borrowings		8,662	-	8,662
Bank borrowing		79,683	10,479	-
Government grant		751	1,293	861
Trade and other payables		211,953	331,788	250,520
Short-term provisions	9	3,000	5,550	3,008
Accrued interest on bonds	7	13,873	12,799	13,707
Current income tax payable		410	5,773	43
Total current liabilities		**384,066**	**464,212**	**825,118**
Total equity and liabilities		**1,229,232**	**1,491,496**	**1,305,418**

Condensed consolidated statement of changes in equity

(in NOK '000s)	Share capital	Share premium	Other equity	Retained earnings	Total
Balance as at 1 January 2023	**139,414**	**1,026,612**	**18,315**	**(1,104,642)**	**79,699**
Transactions with owners in their capacity as owners:					
Contributions to equity	-	(902,833)	-	902,833	-
	-	(902,833)		902,833	-
Profit for the period	-	-	-	37,725	37,725
Other comprehensive income for the period	-	-	20,421	-	20,421
Re-measurement of post-employment benefit obligations	-	-	(805)	-	(805)
Total comprehensive profit	-	-	19,616	37,725	57,341
Balance as at 31 December 2023	**139,414**	**123,779**	**37,931**	**(164,084)**	**137,040**

(in NOK '000s)	Share capital	Share premium	Other equity	Retained earnings	Total
Balance as at 1 January 2024	**139,414**	**123,779**	**37,931**	**(164,084)**	**137,040**
Profit for the period	-	-	-	(161,265)	(161,265)
Other comprehensive income for the period	-	-	10,311	-	10,311
Re-measurement of post-employment benefit obligations	-	-	-	-	-
Total comprehensive profit	-	-	10,311	(161,265)	(150,954)
Balance as at 30 June 2024 (unaudited)	**139,414**	**123,779**	**48,242**	**(325,349)**	**(13,914)**

Condensed consolidated statement of cash flows

(in NOK '000s)	Notes	Q2 2024 (Unaudited)	Q2 2023 (Unaudited)	30 June 2024 (unaudited)	30 June 2023 (unaudited)	31 December 2023
Cash flows from operating activities						
Net Profit / (loss) for the year		(85,134)	49,797	(161,265)	114,863	37,724
Adjustments for:						
Income tax recognized in profit or loss		(1,067)	(19,362)	(2,462)	(12,483)	7,388
Depreciation and impairment		24,409	21,894	48,294	41,962	88,983
Net finance costs		29,812	3,151	52,409	11,987	77,125
Changes in operating working capital		36,721	(29,898)	40,988	(146,835)	(95,404)
Cash generated from operating activities		**4,741**	**25,582**	**(22,036)**	**9,494**	**115,816**
Interest paid on senior secured bonds	7	(16,385)	(12,810)	(30,872)	(24,937)	(50,787)
Interest paid on leasing		(3,645)	(3,632)	(7,308)	(7,139)	(14,729)
Other interest paid		(3,324)	(3,894)	(8,881)	(7,449)	(7,441)
Interest received		508	490	1,018	844	1,830
Income tax paid		(1,297)	(7,399)	(2,623)	(7,851)	(9,619)
Income tax received		2,896	-	2,896	-	-
Net cash flows from operating activities		**(16,506)**	**(1,663)**	**(67,806)**	**(37,038)**	**35,070**
Cash flows from investing activities						
Purchase of property, plant and equipment	4	(822)	(2,597)	(2,019)	(7,761)	(17,117)
Purchase of intangible assets		(4,755)	(16,418)	(8,997)	(23,731)	(29,735)
Net cash flows used in investing activities		**(5,577)**	**(19,015)**	**(11,016)**	**(31,492)**	**(46,852)**

Condensed consolidated statement of cash flows (continued)

(in NOK '000s)	Notes	Q2 2024 (Unaudited)	Q2 2023 (Unaudited)	30 June 2024 (unaudited)	30 June 2023 (unaudited)	31 December 2023
Cash flows from financing activities						
Proceeds from Bank borrowing		(486)	(2,974)	79,683	10,479	-
Proceeds from senior secured bonds		596	(9,336)	500,693	(9,336)	-
Proceeds from Shareholder loan		42,500	-	42,500	-	-
Repayment senior secured bonds		0	-	(484,672)	-	-
Repayment of borrowings		(9,635)	-	(9,635)	-	(8,964)
Payment of principal portion of lease liability		(13,902)	(12,199)	(27,265)	(23,275)	(49,905)
Net cash flows from financing activities		**19,073**	**(24,510)**	**101,304**	**(22,132)**	**(58,869)**
Net increase/(decrease) in cash and cash equivalents		**(3,010)**	**(45,187)**	**25,894**	**(90,662)**	**(70,651)**
Cash and cash equivalents at the beginning of the period		100,390	93,274	68,727	131,096	131,096
Exchange gains on cash and cash equivalents		(1,859)	2,055	900	9,707	8,282
Cash and cash equivalents at the end of the period		**95,521**	**50,141**	**92,109**	**50,141**	**68,727**

Notes to the condensed consolidated interim financial report

1. General information

Jøtul AS (hereinafter the "Company") was incorporated in 2006. The Company is registered with the organization number 989 519 247.

The Company and the subsidiaries are referred to in these condensed consolidated financial statements as the "Group". The Group manufactures, distributes and sells wood-burning stoves, inserts and fireplaces, pellet-burning stoves, inserts and fireplaces, gas-burning stoves, inserts and fireplaces, and auxiliary equipment/accessories for these via distributors, importers and subsidiaries. The Group has manufacturing facilities in Norway, Poland, the United States of America and France, and it sells its products in approximately 45 countries.

The Group's financial year starts on 1 January and ends on 31 December of each year.

2. Basis for preparation

This interim condensed consolidated financial report for the half-year reporting period ended 30 June 2024 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 2023 and any public announcements made by Jøtul AS during the interim reporting period.

The accounting policies adopted are consistent with those of the previous financial year. During 2023 and in 2024, the Group did not introduce new accounting standards and did not change any of the accounting standards in use.

Going concern

The board of directors have assessed the going concern basis by considering financial performance and forecasts of the Group as well as the following:

- The Group has successfully refinanced the Senior Secured Bonds in January 2024 for a period of two and a half years. Simultaneously, the Group has successfully entered a new Revolving Credit Facility (RCF), with total available credit limit of MNOK 120 (excluding bank guarantees), to be used for working capital purposes as additional resources to regulate the seasonality lows. The new RCF replaces the previous MNOK 75 (including bank guarantees) facility and more the doubles the liquidity that can be available through such credit facility if certain covenants are met. Subsequently, due to weaker than expected financial results, the covenants were breached as of Q1 2024. The Group engaged in negotiations with the creditors and obtained covenant holidays for all four quarters of 2024. The terms of the agreement secure the liquidity needs of the Group for the rest of the year. Further details about the covenant breach are included in Note 20 of the audited annual report.
- Although the trading in both H2 2023 and H1 2024 was disappointing and below expectations due to demand slow-down and overstocking in certain markets, the perspectives for the industry remain positive with expectation of a normalized high-season in H2 2024 and stable growth in the coming years. Such perspectives are supported by the projections that the price of electricity and natural gas, although not at the highest levels as seen in 2021 and 2022, are expected to remain relatively high (driven by electrification initiatives across our key markets, discontinuation of certain subsidies and price caps offered by central and regional authorities in some countries, etc.), which reconfirms the importance of wood as an alternative or complementary heating resource. Additionally, some jurisdictions (e.g. Germany) are imposing regulatory measures to discontinue the use of older, more polluting, stoves, which implies an increase in demand for newer, more efficient and cleaner products.
- The inflationary development on the cost side, noted throughout the past two – three years as part of the post-Covid-confinement recovery, followed by the effects of the energy crisis, is expected to be less significant going forward. In 2023 and throughout H1 2024 the Group observed that the prices of certain materials and of energy have mostly stabilized, but at a much higher level than before 2021/2022.
- The factory in Poland is mature and efficient, following a few years of growth and stabilization. It also provides a more agile set-up for adapting manufacturing output to market dynamics.

With the performance of the past years demonstrating that, despite some cyclical ups and downs, the Group's markets are structurally sound and show further opportunity for growth, and considering the foreseen improved business outlook starting from the second half of 2024, alongside the conclusion of the refinancing exercise (including the agreed covenant holidays as described in 2023 audited annual report), it is the board of directors' expectation that the Group will have adequate resources to continue trading for the foreseeable future.

In the Board's opinion, the consolidated financial statements provide a true and fair view of the Company's and Group's financial position and results. Also, in accordance with the Accounting Act §3-3a, the Board confirms that the financial statements have been prepared under the assumption of going concern.

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 2024, and which do not have material impact on the interim consolidated financial statements, are:

- IAS 1 Presentation of Financial Statements – Amendments regarding the classification of Liabilities as Current or Non-current (issued 23 January 2020, 15 July 2020 and 31 October 2022) effective on 1 January 2024;
- Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback (issued on 22 September 2022) effective on 1 January 2024;
- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements (issued on 25 May 2023) effective on 1 January 2024.

New standards, amendments and interpretations issued but not yet effective

Amendments which are effective for the financial periods starting from and after 1 January 2025 and which are not expected to have a material impact on the financial statements:

- Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability (issued on 15 August 2023) effective on 1 January 2025;
- Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7) (issued on 30 May 2024) effective on 1 January 2026.
- IFRS 19 Subsidiaries without Public Accountability: Disclosures2 (issued on 9 May 2024) effective on 1 January 2027*.
- IFRS 18 Presentation and Disclosure in Financial Statements (issued on 9 April 2024) effective on 1 January 2027*.

* *Subject to EU endorsement*

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, pellet-burning stoves, and auxiliary equipment for these. The Group sells its products in approximately 45 countries.

(in NOK '000s)	30 June 2024 (unaudited)	30 June 2023 (unaudited)
Sale of goods	500,314	856,128
Discount allowed	(2,207)	(2,514)
Total revenue	**498,107**	**853,614**

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

4. Property, plant and equipment

During the period, total additions to tangible property, plant and equipment amounted to NOK 2,019 thousand related to small investments in equipment and fittings.

5. Inventory

As of 30 June 2024, total inventory amounted to NOK 412,926 thousand (31 December 2023: NOK 510,697 thousand).

Total inventory write-off amounts to NOK 3,391 thousand during the period ended 30 June 2024 (30 June 2023: NOK 10,969 thousand). The write-off of inventories is included in operating expenses and is mainly due to scrapping of obsolete parts. There was a higher expense in H1 2023 mainly due to write-offs relates to clean-up and scrapping of obsolete inventories at the AICO Italy division.

6. Share capital and share premium

As of 30 June 2024, capital contributed from the sole shareholder in a form of equity consisted of share capital of NOK 139,414 thousand (31 December 2023: NOK 139,414 thousand) and share premium of NOK 123,779 thousand (31 December 2023: 123,779 thousand).

7. Senior secured bonds

On October 2021, Jøtul AS issued senior secured floating rate bonds of up to NOK 750 million. The bonds bear an interest rate of 6.95% + 3-month NIBOR and have a maturity of three years. The initial aggregate principal amount is NOK 475 million with a possibility to issue subsequent bonds in an aggregate amount of NOK 275 million. The bonds are accounted for at amortized cost.

The 2024 bonds, which were issued on January 15th, 2024, amount to NOK 510 million and mature in two and a half years. The proceeds from the new issue were mainly used to redeem the NOK 475 million bonds issued in 2021, including call option fees, to settle accrued interest and to finance transaction costs. The bonds bear an interest rate of 8.00% + 3-month NIBOR. There is a requirement to list the 2024 bonds on a regulated exchange by January 15th, 2025.

The movement during the period is as follows:

2021 Bond

	(in NOK '000s)
Opening Balance at 1 January 2024	498,147
Interest accrued on bonds during the period	779
Interest paid during the period	(14,486)
Repayment	(484,672)
Remeasurement at amortized cost	232
Closing balance at 30 June 2024 (unaudited)	**-**

2024 Bond

	(in NOK '000s)
Opening Balance at 1 January 2024	-
PIK bonds issued during the period	500,693
Interest accrued on bonds during the period	30,258
Interest paid during the period	(16,385)
Remeasurement due to amendment of terms	(16,750)
Remeasurement at amortized cost	1,352
Closing balance at 30 June 2024 (unaudited)	**499,168**

The remeasurement due to amendment of terms relates to the written procedure initiated on May 27th, 2024, and approved on June 20th, 2024, which amended certain provisions under the terms and conditions of the Bonds agreement through which covenant reporting holidays were agreed for all reference periods of 2024. The amount of this remeasurement includes a bondholder consent fee of MNOK 12.75, while the remaining difference derives from related transaction and advisory fees.

8. Shareholder loan

There are two shareholder loans as of 30 June 2024, one originating from 2021 and another one granted in June 2024. The sum of the two loans including interest as of June 30th, 2024, is NOK 82,612 thousand.

2021 shareholder loan:

On June 1st, 2021, a loan agreement with an amount of EUR 5 million was entered into, whereas Jøtul AS is the borrower and Jotul Holdings Sarl is the lender. The purpose of the loan was to finance the acquisition and integration of AICO SpA by Jøtul AS, alongside other ongoing working capital financing needs. The loan bears a fixed interest rate of 9% per annum.

On February 27th, 2024, this agreement’s maturity was extended to June 1st, 2025, while all the other terms remain unchanged.

As of June 30th, 2024, the balance of this loan is NOK 39,997 thousand, which includes accrued interest of NOK 7,454 thousand and a foreign exchange effect of NOK 3,584 thousand.

<u>2024 shareholder loan:</u>

On June 20th, 2024, a loan agreement with an amount of NOK 42.5 million was entered into, whereas Jøtul AS is the borrower and Jotul Holdings Sarl is the lender. The loan was provided by the shareholder in connection with a written procedure launched by Jøtul AS on May 27th, 2024, by which Jøtul AS requested certain amendments to the terms of the existing bonds. As part of the terms of the written procedure, the shareholder was required to make available a shareholder loan in this amount. The loan bears a fixed interest rate of 9% per annum. The loan matures the later date of the tenth anniversary of the agreement and 1 business day after the final maturity date of the bonds (as per the terms and conditions of the bond agreement).

As of June 30th, 2024, the balance of this loan is NOK 42,615 thousand, including NOK 115 thousand of accrued interest.

There were no repayments of shareholder loan in the reporting period.

9. Provisions

There are no significant changes in provisions as of 30 June 2024.

10. Segment reporting

Norway, Poland, France, Italy and North America are deemed to be the most important geographical markets for the Group. 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 2024:

(in NOK '000s)	**Norway**	**Poland**	**France**	**Italy**	**North America**	**Other**	**Elim.**	**Total**
External sales	157,313	21,099	195,970	52,886	70,839	-	-	498,107
Intersegment sales	192,129	191,741	285	25,435	29	-	(409,619)	-
Total revenue	**349,442**	**212,840**	**196,254**	**78,321**	**70,868**	**-**	**(409,619)**	**498,107**
Segment results	(39,347)	(44,670)	5,641	(18,214)	(17,091)	2,362	-	(111,318)
Unallocated corporate expenses included:								
Operating result								**(111,318)**
Finance income								10,302
Finance expense								(62,711)
Loss before income tax								**(163,727)**
Income tax								2,462
Net profit/(loss) for the period								**(161,265)**

Segment assets

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

(in NOK '000s)	30 June 2024
Norway	457,056
Poland	359,340
Italy	153,665
North America	122,234
France	87,353
Other	3,585
Unallocated	46,000
Total segment assets	**1,229,232**

Segment liabilities

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

(in NOK '000s)	30 June 2024
Norway	995,711
Poland	120,525
France	58,662
Italy	44,158
North America	17,061
Other	7,030
Total segment liabilities	**1,243,146**

The Group's reportable segments are as follows for the period ended 30 June 2023:

(in NOK '000s)	Norway	Poland	France	Italy	North America	Other	Elim.	Total
External sales	339,116	36,016	262,150	105,928	110,404	-	-	853,614
Intersegment sales	351,553	485,636	498	88,106	42	-	(925,835)	-
Total revenue	**690,669**	**521,652**	**262,648**	**194,034**	**110,446**	**-**	**(925,835)**	**853,614**
Segment results	85,732	11,570	30,074	(19,067)	4,371	(2,672)	4,361	114,367
Unallocated corporate expenses included:								
Operating result								**114,367**
Finance income								31,276
Finance expense								(43,263)
Loss before income tax								**102,380**
Income tax								12,483
Net profit/(loss) for the period								**114,863**

Segment assets

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

(in NOK '000s)	30 June 2023
Norway	481,404
Poland	456,512
Italy	249,396
France	122,093
North America	134,199
Other	1,892
Unallocated	46,000
Total segment assets	**1,491,496**

Segment liabilities

(in NOK '000s)	30 June 2023
Norway	889,958
Poland	158,553
France	83,526
Italy	93,019
North America	29,992
Other	7,482
Total segment liabilities	**1,262,530**

Geographical information

The Group's revenue from external customers by the country of destination and information about its segment assets (non-current assets excluding financial instruments, deferred tax assets and other financial assets) by geographical location are detailed below as at 30 June 2024:

(in NOK '000s)	Revenue	Property, plant and equipment	Intangible assets	Right-of-use assets
France	186,711	1,314	1,591	15,057
Norway	109,886	34,462	109,531	133,177
United States	69,123	11,060	8,376	12,292
Italy	38,654	5,914	13,488	7,493
Germany	21,835	-	-	-
Sweden	14,640	-	-	-
Czech Republic	8,054	-	-	-
Canada	8,277	-	-	-
Poland	10,023	56,372	14	73,310
Great Britain (UK)	9,906	99	-	617
Spain	8,578	30	9	107
Other countries	12,420	832	769	750
Total	**498,107**	**110,083**	**133,778**	**242,803**

The Group's revenue from external customers by the country of destination and information about its segment assets (non-current assets excluding financial instruments, deferred tax assets and other financial assets) by geographical location are detailed below as at 30 June 2023:

(in NOK '000s)	Revenue	Property, plant and equipment	Intangible assets	Right-of-use assets
France	247,844	1,280	2,596	17,869
Norway	165,604	33,663	115,404	133,818
United States	110,162	12,803	7,177	15,187
Italy	85,326	6,663	13,198	10,089
Germany	77,546	-	-	-
Sweden	40,584	-	-	-
Czech Republic	29,160	-	-	-
Canada	9,329	-	-	-
Poland	14,173	60,463	3,046	84,075
Great Britain (UK)	22,679	107	-	277
Spain	14,306	32	15	1,309
Other countries	36,902	1,255	1,052	1,840
Total	**853,614**	**116,265**	**142,487**	**264,465**

Major customers

The Group does not have any single customer whose revenue streams exceed 10% of the Group's revenue in H1 2024 and in 2023.

11. Related party balances and transactions

The Group is ultimately held by (i) OpenGate Capital Partners I, LP, an exempted limited partnership registered in the Cayman Islands, (ii) OpenGate Capital Partners I-A, LP I, an exempted limited partnership registered in the Cayman Islands, and (iii) OGCP I Employee Co-Invest, LP, an exempted limited partnership registered in the Cayman Islands (collectively, the "Funds"). OpenGate Capital Management, LLC, a limited liability company formed under the laws of the State of Delaware, is an investment adviser to private equity funds, including but not limited to the Funds, which is registered with the United States Securities and Exchange Commission and is based in Los Angeles, California and Paris, France.

(in NOK '000s)	Purchases for the period from 1 January to 30 June 2024	Sales for the period from 1 January to 30 June 2024	Balance payable outstanding as at 30 June 2024	Balance receivable outstanding as at 30 June 2024
OpenGate Capital Management, LLC	(4,346)	-	(4,343)	-
Jotul Holdings Sarl	(44,087)	-	(82,612)	-

(in NOK '000s)	Purchases for the period from 1 January to 30 June 2023	Sales for the period from 1 January to 30 June 2023	Balance payable outstanding as at 30 June 2023	Balance receivable outstanding as at 30 June 2023
OpenGate Capital Management, LLC	(4,000)	-	-	-
Jotul Holdings Sarl	(1,804)	-	(33,380)	-

Transactions relating to OpenGate Capital Management, LLC include mainly certain corporate infrastructure monitoring services.

Additionally, Jøtul has an intercompany loan liability with Jotul Holdings Sarl, which as of June 2024 has a total balance of NOK 82,612 thousand, including accrued interest of NOK 7,569 thousand. Included in the NOK 82,612 thousand balance is the new intercompany loan of MNOK 42.5 granted on June 20th, 2024. For more details refer to Note 8.

The above-mentioned transactions were conducted on an arm's length basis.

12. Subsequent events

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