Jøtul AS

Annual report
and Independent auditor’s report
for the year ended 31 December 2022

Registered Office:

Langøyveien, 1678 Kråkerøy
3004 Fredrikstad
Norway

Jotul AS
Annual report
for the year ended 31 December 2022

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Business

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.

On June 1st, the Group acquired the Italian pellet stove company AICO S.p.A. (AICO), which owns and distributes the Ravelli pellet stoves brand. Both the acquirer and the acquired company were owned by the same ultimate shareholder before this transaction. The financial statements of AICO are included in the consolidation accounts of the Group starting from June 1st, 2021.

The year in brief – Jøtul Group

The revenue in 2022 increased with 27.2%, to MNOK 1,614.5 compared to MNOK 1,269.0 in 2021. All key markets for wood burning stoves continue to show strong demand, particularly the Nordics, Germany and France. Home improvement spending continues to be a strong driver, and is even further enhanced by the significant increases in electricity and gas prices experienced throughout most of 2022 across all markets, which confirms wood burning as an important heating alternative and contributes to sustained strong revenues. Furthermore, the German market has seen strong demand following requirements to phase out older stoves to comply with new standards concerning efficiency and emissions. On the downside, since mid-2022 the Group has been experiencing a notable slowdown on the pellet stoves markets in Italy and France, driven primarily by the scarcity and increased cost of pellets as fuel.

Considering the factors mentioned above, the total order intake was up from MNOK 1,377.4 in 2021 to MNOK 1,868.5 in 2022. The total order book at the end of 2022 was MNOK 485.5 compared to MNOK 230.9 at the end of 2021.

Despite the very high demand from the market, it is important to acknowledge that the ability to deliver to such demand is under pressure due to the fact that some suppliers of components are struggling to meet such growth. Jøtul is working on establishing new sourcing and on insourcing some components.

In 2022, the Jøtul Group reached a consolidated operating income of MNOK 1,625.2 (2021: MNOK 1,273.0). The operating result of the year totaled MNOK 175.2 in 2022 (2021: MNOK 34.8). The 2022 total comprehensive income was MNOK 179.2 (2021: MNOK -29.5).

EBITDA (Earnings before interests, taxes, depreciation, and amortizations: Operating Result less Depreciations) was MNOK 250.7 in 2022 (2021: MNOK 121.4). This includes the effect of non-recurring items totaling MNOK 26.3 (2021: MNOK 35.4) due mainly to an inventory clean-up correction in AICO S.p.A., the shareholder's monitoring fees and costs related to a production asset breakdown in Norway. Adjusted EBITDA (adjusted Earnings before interests, taxes, depreciation and amortization: Operating result less Depreciations and non-recurring items) was MNOK 276.9 in 2022 (2021: MNOK 156.9).

Cash and cash equivalent as per 31 December 2022 was MNOK 131.1. Available RCF (less ancillary facility of MNOK 22.0) was MNOK 52.0 giving a total available liquidity of MNOK 183.1.

During the year, Jotul Group had an average of 763 full-time employees (2021: 758).

The manufacturing operations in Poland improved further in terms of output in 2022, with an increase of +13% compared to the previous year. The manufacturing operations are now considered mature, including the AICO production line ramped-up in Poland during 2021 and early 2022, and the Group continues working on further efficiency improvements and optimizations.

Jøtul Group experienced substantial increase of raw material prices in 2021 and in 2022. In addition, the cost of energy increased significantly, both in Norway and in Poland. These major and extraordinary inflationary developments are for the most part compensated with selling prices increases, however there is a partial unfavorable timing effect. Throughout the second half of 2022, the Group observed that the prices of certain materials have started to stabilize.

The year in brief – Jøtul AS standalone

The revenue in 2022 increased with 39.8%, to MNOK 1,144.2 compared to MNOK 818.5 in 2021. 55.5% of all Jøtul AS revenues are with external customers, the remaining 44.5% being sales to subsidiaries. External revenue grew with 20.6% in 2022 vs 2021.

All direct markets of Jotul AS show strong demand, in particular the Nordics and Germany. Home improvement spending continues to be a strong driver, driven primarily by the sharp increase in electricity and gas prices across all markets, which confirms wood burning as an important heating alternative and contributes to sustained strong revenues.

In 2022, the Jøtul AS reached an operating result of MNOK 152.7 (2021: MNOK 83.9). The pretax result totaled MNOK 72.0 in 2022 (2021: MNOK 48.8). The company has accumulated losses carried forward from the prior years.

In November 2022, the Jøtul Group successfully listed on the Oslo Stock Exchange its senior secured bond issued in October 2021 with the ISIN number NO0011104069. The bond loan matures in October 2024.

Cash and cash equivalent as per 31 December 2022 was MNOK 39.8. Available RCF was MNOK 40.0 giving a total available liquidity of MNOK 79.8.

In 2022, Jotul AS had an average of 158 full-time employees (2020: 159).

Jøtul AS experienced substantial increase of raw material prices during 2022. In addition, the Kråkerøy melting plant also experienced significant increases in the cost of energy. These increases are for the most part compensated with price increases on our products but have a negative timing effect. Throughout the second half of 2022, Jøtul AS observed that the prices of certain materials have started to stabilize.

On May 26th, 2022, Jøtul AS sold the Spanish subsidiary Jotul Hispania s.l.u. to Jotul France SAS. Prior to this transaction, Jotul France was already exercising management oversight over the Spanish division.

Going Concern

The board of directors have assessed 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 October 2021 for a period of three years. Simultaneously, the Group has also successfully renewed its Revolving Credit Facility (RCF) with Nordea bank, with total available credit of 75m NOK, to be used for working capital purposes as additional resourced to regulate the seasonality lows.
- FY2022 revenues are 27% higher than last year and 8% higher than budget, driven by strong market dynamics and improved output performance.
- The order book as of December 2022 is 110% higher than last year, paving the way for continued favorable revenue development in 2023. The growth and demand are in particular strong for our wood stoves portfolio, which is the core of our product offering. Key driver for the strong market is mainly the high price of electricity and natural gas, which is leading to the increasing use of wood as alternative or complementary heating resource. These market conditions are expected to remain throughout 2023 and most of 2024.

- The inflationary development on the cost side, noted throughout the past two years as part of the post-Covid-confinement recovery, followed by the effects of the energy crisis, is expected to be less significant in 2023. Nevertheless, the market proved ability to recover such cost in-creases via selling price increases, allowing the Group to successfully defend its margins.
- The factory in Poland, which started operations in early 2020, stabilized throughout late 2020 and in 2021, and the Group now sees more mature and efficient manufacturing operations.
- The revenues in 2023 are estimated to exceed the 2022 level. The order intake is expected to remain very strong, driven by strong demand in all the Group's main markets in particular for wood burning stoves. While considering, on top of this, the matured operations and continued efficiency improvement projects, the Group estimates strong financial performance in 2023.

For further information refer to Note 2.1.

With the current Group performance, the favorable business outlook, and the conclusion of the refinancing exercise, 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

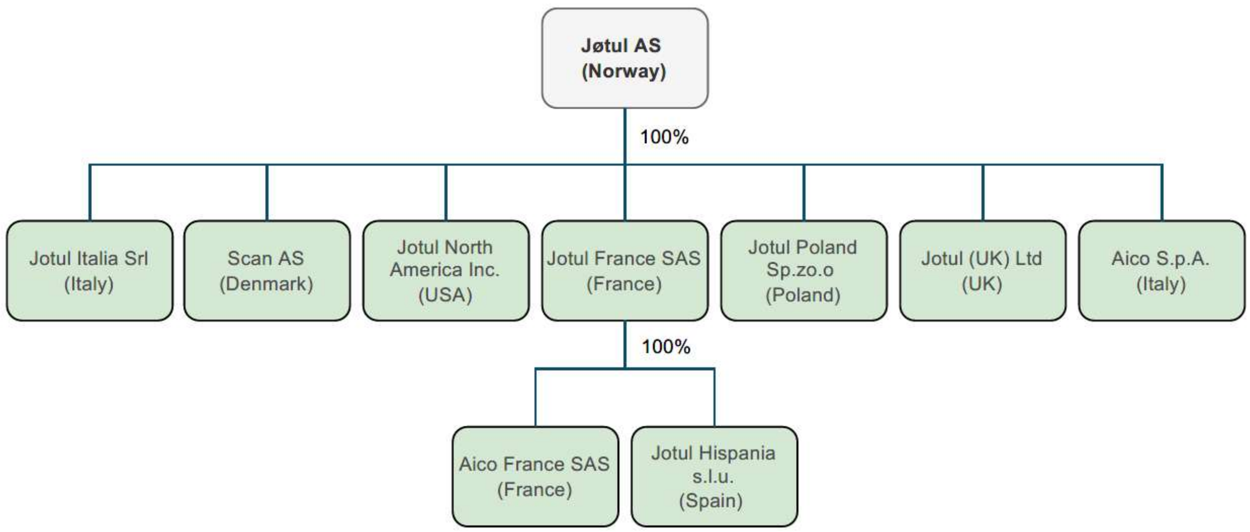
The Group's largest markets are the Nordic countries, France, Italy and USA. The company supplies fireplaces for wood, gas and pellets. The market is multi-local, and the competitors are largely local participants in national markets. This is driven by historical positions and a fragmented regulatory 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.

Group structure

The company structure of the Group as of 31 December 2022 is the following:



On May 26th, 2022, Jøtul AS sold the Spanish subsidiary Jotul Hispania s.l.u. to Jotul France SAS. Prior to this transaction, Jotul France was already exercising management oversight over the Spanish division, thus this transformation is considered an optimization of the Group's structure.

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 equipment 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 in 2019/2020, the Group has purchased several new machines to replace the oldest ones currently in operation, which reduces 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. The Group has discontinued any supply of goods to the Russian and Belarusian markets.

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.

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

Starting with the edition published in 2021, the Code of Conduct introduced a whistleblowing reporting channel.

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 constituted 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 5.96%

- Jøtul AS 6.65%
- Jotul North America 2.50%

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 2022 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 a 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 will be introduced 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. Full-year R&D spending in 2022 was MNOK 40.2 of which MNOK 23.3 was booked as capital expenditure (2021: R&D spending of MNOK 41.8 of which MNOK 23.2 was booked as capital expenditure).

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 CO_2 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 make a statement of the due diligence assessments carried out regarding this act. This must be made public, and Jøtul will publish this at the webpage location https://intl.jotul.com/investor-relations within the statutory deadline of 30 June 2023.

Debt instrument

In October 2021, Jøtul Group issued a senior secured bond loan in an amount of MNOK 475. This loan was used to repay the previous bond loan issued at Jøtul Holdings SA (previous parent and consolidation level of the Group), in addition to providing additional financing to the business. The bonds carry a floating interest rate of 3M Norwegian InterBank Offered Rate (NIBOR) + 6.95 per cent per annum and matures in October 2024.

Under the terms and conditions of the bond agreement, the Group had the obligation to list the instrument within 12 months from issuance date (i.e., by October 6th, 2022) on a regulated exchange. The listing was completed, with an approved delay, and the first day of trading was November 14th, 2022.

Future development

The Group has a strong global market position and brand recognition, and an extensive distribution network. Nevertheless, 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 the production efficiency is also gradually and constantly improving. Efficiency and cost optimization initiatives will continue as part of the day-by-day continuous improvement process, however the manufacturing structure and footprint is considered mature.

The Group 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.

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 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 business review with the ultimate shareholder is held for presentation of the management report, which includes financial and operational KPIs.

The budget process starts in the month of August, where all components are 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 revised, and amended if necessary, by Group finance, consolidated in Frango, and presented to the executive management and to the shareholder.

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 listed on the Oslo Stock 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 31 December 2022, the share capital of Jotul 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 31 December 2022, 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

Sven Østgulen was appointed as Director starting from August 24th, 2022.

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 2022 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 50.

Audit committee

On August 25th, 2022, as part of strengthening the corporate governance, but also driven by regulatory requirements in preparation for the listing of the debt instrument (bond) on the Oslo Stock Exchange, the Group established an Audit Committee. 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 2022 the external auditor has attended one 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.

Fredrikstad, 4 May 2023

Nils Agnar Brunborg
CEO, Chair of the Board

Øyvind Arne Sandnes
Director

Lars Tore Heggem
Director

René Valentin Christensen
Director

Anette Johansen
Director, Employees' representative

Bjørn Harald Bjørnli
Director, Employees' representative

Sven Østgulen
Director

To the General Meeting of Jøtul AS

Independent Auditor’s Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Jøtul AS, which comprise:

- the financial statements of the parent company Jøtul AS (the Company), which comprise the balance sheet as at 31 December 2022, the income statement and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- the consolidated financial statements of Jøtul AS and its subsidiaries (the Group), which comprise the statement of financial position as at 31 December 2022, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion

- the financial statements comply with applicable statutory requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and
- the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Our opinion is consistent with our additional report to the Audit Committee.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company and the Group as required by relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.

We have been the auditor of the Company for 2 years from the election by the general meeting of the shareholders on 8 October 2021 for the accounting year 2021.

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Statsautoriserte revisorer, medlemmer av Den norske Revisorforening og autorisert regnskapsførerselskap

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters	How our audit addressed the Key Audit Matter
Valuation of inventories	
The book value of the Group's inventory amounts to NOK 440,381 thousand, which represents approximately 33% of the Group's total assets at the balance sheet date. Inventory is valued at the lower of cost and net realisable value, and consists of raw materials, work in progress, finished goods and spare parts and other inventories. We focused on this area due to the material amounts involved, and because of the level of management judgement required in allocating direct and indirect manufacturing costs, and in estimating the inventory's net realisable value. We refer to note 15 for further details on the inventory's composition and provision for obsolescence, as well as note 2.6 regarding the applied principles for valuation of inventory.	We reviewed and evaluated management's principles for valuation of inventory, including determination of estimated provision for obsolescence. We gained an understanding of management's processes for calculating manufacturing costs related to work in progress and finished goods, and for estimating the provision for obsolescence. To test the recorded acquisition cost of raw materials, we tested a sample of book values against supporting invoices. To test the determined manufacturing costs of work in progress and manufactured finished goods, we considered the method used to calculate the manufacturing costs. This also entailed assessing which costs should be included as direct and indirect costs. Furthermore, we tested the input data in the calculations against incoming invoices and hourly rates used, and performed independent analytical review procedures over overhead costs. We reviewed and evaluated management's method for identification and calculation of obsolescence. Management's method was based on models where inventory turnover was a key component. The models reflected previous experience with turnover and obsolescence levels. We challenged management by discussing the total size of the booked obsolescence with them. Through our presence at the inventory count we checked whether damaged goods were identified, assessed, and valued. Furthermore, we tested the provision for obsolescence by checking booked value against the specification of identified obsolete goods including the overviews of goods with low turnover. We tested the completeness and accuracy of the turnover reports used as basis for the calculation of obsolescence. We also performed an analysis of the level of obsolescence provision compared to previous years.

We noted no material errors during the course of our procedures.

We read the relevant notes and found the information and explanations provided consistent and sufficient.

Other Information

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report and the other information accompanying the financial statements. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report nor the other information accompanying the financial statements.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report and the other information accompanying the financial statements. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the other information accompanying the financial statements and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report and the other information accompanying the financial statements otherwise appear to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report or the other information accompanying the financial statements. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable statutory requirements.

Our opinion on the Board of Director's report applies correspondingly to the statements on Corporate Governance and Corporate Social Responsibility.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for the preparation and true and fair view of the consolidated financial statements of the Group in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements of the Company use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations. The consolidated financial statements of the Group use the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

The Company's financial statements have been made public after the deadline for publication of financial statements in section 5-5 of the Norwegian Securities Trading Act.

Report on Other Legal and Regulatory Requirements

Report on Compliance with Requirement on European Single Electronic Format (ESEF)

Opinion
As part of the audit of the financial statements of Jøtul AS, we have performed an assurance engagement to obtain reasonable assurance about whether the financial statements included in the annual report, with the file name *Jotul-AS-2022-12-31-en*, have been prepared, in all material respects, in compliance with the requirements of the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) and regulation pursuant to Section 5-5 of the Norwegian Securities Trading Act, which includes requirements related to the preparation of the annual report in XHTML format, and iXBRL tagging of the consolidated financial statements.

In our opinion, the financial statements, included in the annual report, have been prepared, in all material respects, in compliance with the ESEF regulation.

Management's Responsibilities
Management is responsible for the preparation of the annual report in compliance with the ESEF regulation. This responsibility comprises an adequate process and such internal control as management determines is necessary.

Auditor's Responsibilities
For a description of the auditor's responsibilities when performing an assurance engagement of the ESEF reporting, see: https://revisorforeningen.no/revisjonsberetninger

Oslo, 4 May 2023
PricewaterhouseCoopers AS

Hallvard Helgetun

Hallvard Helgetun
State Authorised Public Accountant

Consolidated statement of comprehensive income

(in NOK '000s)	Notes	2022	2021
Revenue	5	1,614,471	1,269,000
Other operating income	6	10,720	3,972
Total operating income		**1,625,191**	**1,272,972**
Raw materials and consumables		(714,280)	(559,852)
Changes in inventories of finished goods and work in progress		30,483	13,225
Employee benefits expense	7	(361,927)	(307,829)
Depreciation, amortization and write-off	12,13,25	(75,448)	(86,685)
Other operating expense	8	(328,791)	(297,069)
Total operating expenses		**(1,449,963)**	**(1,238,210)**
Operating result		**175,228**	**34,762**
Finance income	9	5,152	8,412
Finance expense	10	(81,256)	(72,365)
Net finance cost		**(76,104)**	**(63,953)**
Profit / (loss) before income tax		**99,124**	**(29,191)**
Income tax	11	76,917	(5,563)
Net profit / (loss) for the year		**176,041**	**(34,754)**
Other comprehensive income/(loss)			
Re-measurement of post-employment benefit obligations		1,150	-
Foreign exchange differences on translation of foreign operations		2,013	5,286
Other comprehensive income/(loss) for the year net of tax		**3,163**	**5,286**
Total comprehensive income / (loss) for the year		**179,204**	**(29,468)**

Consolidated statement of financial position

(in NOK '000s)	Notes	31 December 2022	31 December 2021
ASSETS			
Non-current assets			
Property, plant and equipment	12	107,740	118,043
Intangible assets	13	129,393	113,877
Right-of-use assets	25	225,008	239,733
Other receivables	14	7,725	9,585
Deferred tax asset	11	85,847	1,269
Total non-current assets		**555,713**	**482,507**
Current assets			
Inventories	15	440,381	352,567
Trade and other receivables	16	200,722	203,294
Other receivables	14	2,934	2,962
Current income tax receivable		398	4,433
Cash and cash equivalents	17	131,096	108,257
Total current assets		**775,531**	**671,513**
Total assets		**1,331,244**	**1,154,020**

Consolidated statement of financial position (continued)

(in NOK '000s)	Notes	31 December 2022	31 December 2021
EQUITY AND LIABILITIES			
Equity			
Share capital	18	139,414	139,414
Share premium	18	1,026,612	1,026,612
Foreign currency translation reserve		17,165	15,152
Re-measurement of post-employment benefit obligations		1,150	-
Retained earnings		(1,104,641)	(1,280,682)
Total equity		**79,700**	**(99,504)**
Non-current liabilities			
Senior secured bonds	19	466,057	461,861
Lease liabilities	25	267,317	285,088
Borrowings	20	29,847	27,476
Government grant	20	1,809	2,547
Deferred tax liability	11	186	1,967
Long-term provisions	23	8,739	10,395
Total non-current liabilities		**773,955**	**789,334**
Current liabilities			
Lease liabilities	25	53,994	48,721
Loan from shareholder	21	33,568	30,551
Bank borrowing	17	-	17,198
Government grant	20	1,583	1,441
Trade and other payables	22	370,065	348,290
Short-term provisions	23	2,176	4,154
Accrued interest on bonds	19	11,626	8,713
Current income tax payable		4,577	5,122
Total current liabilities		**477,589**	**464,190**
Total equity and liabilities		**1,331,244**	**1,154,020**

Fredrikstad, 4 May 2023

Nils Agnar Brunborg
CEO, Chair of the Board

Øyvind Arne Sandnes
Director

Lars Tore Heggem
Director

René Valentin Christensen
Director

Anette Johansen
Director, Employees' representative

Bjørn Harald Bjørnli
Director, Employees' representative

Sven Østgulen
Director

Consolidated statement of changes in equity

(in NOK '000s)	Share capital	Share premium	Foreign currency translation reserve	Re-measurement of post-employment benefit obligations	Retained earnings	Total
Balance as at 1 January 2021	**139,414**	**1,026,612**	**9,866**	**-**	**(1,245,928)**	**(70,036)**
Loss for the year	-	-	-	-	(34,754)	(34,754)
Other comprehensive income for the year	-	-	5,286	-	-	5,286
Total comprehensive loss	-	-	5,286	-	(34,754)	(29,468)
Balance as at 31 December 2021	**139,414**	**1,026,612**	**15,152**	**-**	**(1,280,682)**	**(99,504)**

(in NOK '000s)	Share capital	Share premium	Foreign currency translation reserve	Re-measurement of post-employment benefit obligations	Retained earnings	Total
Balance as at 1 January 2022	**139,414**	**1,026,612**	**15,152**	**-**	**(1,280,682)**	**(99,504)**
Profit for the year	-	-	-	-	176,041	176,041
Other comprehensive income for the year	-	-	2,013	-	-	2,013
Re-measurement of post-employment benefit obligations	-	-	-	1,150	-	1,150
Other comprehensive income for the year	-	-	2,013	1,150	-	3,163
Total comprehensive profit	-	-	2,013	1,150	176,041	179,204
Balance as at 31 December 2022	**139,414**	**1,026,612**	**17,165**	**1,150**	**(1,104,641)**	**79,700**

Consolidated statement of cash flows

(in NOK '000s)	Notes	31 December 2022	31 December 2021
Cash flows from operating activities			
Net profit/(loss) for the year		176,041	(34,754)
Adjustments for:			
Income tax recognized in profit or loss	11	(76,917)	5,563
Depreciation and impairment	12,13,25	75,448	86,685
Net finance costs	9,10	76,104	63,953
Changes in operating working capital		(50,516)	(102,756)
Cash generated from operating activities		**200,160**	**18,691**
Interest paid on senior secured bonds	19	(40,151)	(76,937)
Interest paid on shareholder loan	21	-	(18,100)
Interest paid on leasing	25	(13,792)	(14,825)
Other interest paid		(14,208)	(15,746)
Interest received		797	80
Income tax paid		(8,043)	(5,576)
Income tax received		-	-
Net cash flows from operating activities		**124,763**	**(112,413)**
Cash flows from investing activities			
Purchase of property, plant and equipment	12	(13,729)	(8,835)
Purchase of intangible assets	13	(32,142)	(26,501)
Acquisition of subsidiaries, net of cash acquired		-	(3,620)
Proceeds from disposal of property, plant and equipment		-	-
Proceeds from disposal of intangible assets		-	-
Net cash flows used in investing activities		**(45,871)**	**(38,956)**
Cash flows from financing activities			
Proceeds from issuance of bonds		-	382,299
Repayment of borrowings		-	(247,635)
Proceeds from borrowings		-	76,370
Proceeds from Bank borrowing		(17,198)	(1,442)
Payment of principal portion of lease liability	25	(38,855)	(36,982)
Net cash flows from financing activities		**(56,053)**	**172,610**
Net increase/(decrease) in cash and cash equivalents		**22,839**	**21,241**
Cash and cash equivalents at the beginning of the year		108,257	88,465
Exchange gains on cash and cash equivalents		-	(1,449)
Cash and cash equivalents at the end of the year	**17**	**131,096**	**108,257**

Notes to the consolidated financial statements

1. GENERAL INFORMATION

Jotul 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 consolidated financial statements as the “Group”.

The Group manufactures, distributes and sells wood-burning stoves, wood-burning fireplaces, gas-burning stoves, gas-burning fireplaces and auxiliary equipment for these via distributors, importers and subsidiaries. The Group has manufacturing facilities in Norway, 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. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as adopted in the European Union.

2.1 Basis of preparation

The consolidated financial statements are prepared under the historical cost basis, except for certain financial instruments which are measured at fair value.

These consolidated financial statements present the consolidated statement of cash flows using the indirect method.

The consolidated financial statements are presented in Norwegian Krone (“NOK”).

Going concern
The board of directors have assessed 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 October 2021 for a period of three years. Simultaneously, the Group has also successfully renewed its Revolving Credit Facility (RCF) with Nordea bank, with total available credit of 75m NOK, to be used for working capital purposes as additional resourced to regulate the seasonality lows.
- FY2022 revenues are 27% higher than last year and 8% higher than budget, driven by strong market dynamics and improved output performance.

- The order book as of December 2022 is 110% higher than last year, paving the way for continued favorable revenue development in 2023. The growth and demand are in particular strong for our wood stoves portfolio, which is the core of our product offering. Key driver for the strong market is mainly the high price of electricity and natural gas, which is leading to the increasing use of wood as alternative or complementary heating resource. These market conditions are expected to remain throughout 2023 and most of 2024.
- The inflationary development on the cost side, noted throughout the past two years as part of the post-Covid-confinement recovery, followed by the effects of the energy crisis, is expected to be less significant in 2023. Nevertheless, the market proved ability to recover such cost in-creases via selling price increases, allowing the Group to successfully defend its margins.
- The factory in Poland, which started operations in early 2020, stabilized throughout late 2020 and in 2021, and the Group now sees more mature and efficient manufacturing operations.
- The revenues in 2023 are estimated to exceed the 2022 level. The order intake is expected to remain very strong, driven by strong demand in all the Group's main markets in particular for wood burning stoves. While considering, on top of this, the matured operations and continued efficiency improvement projects, the Group estimates strong financial performance in 2023.

With the current Group performance, the favorable business outlook, and the conclusion of the refinancing exercise, 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.

2.2 Foreign currency translation

(a) Foreign currency transactions and balances

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are translated at the foreign exchange rate ruling at that date. Foreign exchange differences are recognized in the Finance expense or Finance income. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated at foreign exchange rates ruling at the dates the fair value was determined.

(b) Group companies

The income statement and balance sheet for Group entities with a functional currency that differs from the presentation currency are translated as follows:

i. the balance sheet is translated at the end-rate at the statement of financial position date
ii. the income statement is translated at the average monthly rates (if the average exchange rate does not give a reasonable estimate of the accumulated effect of using the transaction date exchange rate, then the transaction date exchange rate is used)
iii. currency translation differences are recognized in other comprehensive income and as a separate reserve within equity.

During the year ended 31 December 2021 and 2022, the following exchange rates were used:

	2022		**2021**	
Currency*	**Closing**	**Average**	**Closing**	**Average**
EUR/NOK	10.5522	10.1128	9.9888	10.1735
USD/NOK	9.9066	9.6198	8.8363	8.5979
GBP/NOK	11.9556	11.8613	11.9358	11.8269
SEK/NOK	0.9474	0.9514	0.9738	1.003
PLN/NOK	2.2462	2.1568	2.1729	2.2273
DKK/NOK	1.4190	1.3591	1.3435	1.3679

*United States Dollar (USD), Euro (EUR), Pound Sterling (GBP), Swedish Krona (SEK), Polish złoty (PLN) and Danish Krone (DKK).

2.3 Consolidation principles

The consolidated financial statements as at 31 December 2022 include the accounts of the Company and those of all directly or indirectly controlled subsidiaries.

2.3.1 Subsidiaries

Subsidiaries are all entities over which the Group exercises control. Control exists when the company has power, directly or indirectly, over an entity, is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are fully consolidated from the date on which control is transferred. They are no longer consolidated from the date that control ceases. When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related components of net assets. Any resulting gain or loss is recognized in profit and loss.

According to IFRS 3, business combination is accounted for using the acquisition method as at the acquisition date which is the date on which control is transferred to the Group. The Group measures the identifiable assets acquired and the liabilities assumed at fair values. Expenses related to the business combination are expensed as incurred. The consideration transferred is measured at the fair value, which is the sum of the assets transferred, obligations assumed, and equity instruments issued. Contingent consideration is recognized at fair value as part of the consideration transferred.

If the total of the consideration transferred and the fair value of previously held ownership interest exceeds the fair value of identifiable net assets in the acquired company, the difference is recognized as goodwill. If the total is less than the net assets of the company, the difference is recognized as bargain purchase in the income statement.

Intra-group transactions, balances, income and expenses are eliminated as well as elements of gains and losses related to an asset that has been recognized as a result of a group transaction. The financial statements of the subsidiaries are, if necessary, re-stated to conform with the Group's accounting policies.

Accounting for business combinations under IFRS 3 does not apply to business combinations between entities under common control. A business combination involving entities under common control is a business combination in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory.

In this case, the Group applies acquisition method in accordance with IFRS 3 that is described above.

2.3.2 Scope of consolidation

Entities included in the scope of consolidation that are fully consolidated are listed below:

Subsidiary	Registered office	% ownership		Functional currency
		2022	2021	
Jotul AS	Kråkerøy, Norway	100%	100%	NOK
Jotul North America Inc.	Portland, United States	100%	100%	USD
Jotul France SAS	Dardilly, France	100%	100%	EUR
Jotul UK Ltd.	Worcestershire, England	100%	100%	GBP
Jotul Hispania	Zaragosa, Spain	100%	100%	EUR
Scan AS	Vissenbjerg, Denmark	100%	100%	DKK
Jotul Italia S.R.L.	Milano, Italy	100%	100%	EUR
Jotul Poland Sp. z o.o.	Katy Wroclawskie, Poland	100%	100%	PLN
Aico France SAS	Bron, France	100%	100%	EUR
Aico S.p.A.*	Milano, Italy	100%	100%	EUR

*The company has been acquired on 1 June 2021.

2.4 Property, plant and equipment

Property, plant and equipment are recognized at cost less accumulated depreciation and impairment. Cost includes all costs necessary to bring the asset to working condition for its intended use. Assets are capitalized if it has a cost price of more than NOK 15,000.

Subsequent expenditure is added to the carrying value of the fixed asset, or recognized separately, when it is probable that the future economic benefits related to the addition will flow to the Group, and the cost can be measured reliably. The carrying value of replaced parts is expensed. Other repair and maintenance costs are expensed as incurred.

Depreciation is recognized on a straight-line basis over the expected useful lives of the asset as follows:

Land:	nil
Buildings	25-40 years
Machinery	10-15 years
Vehicles	3-5 years
Equipment and fittings	3-8 years

Depreciation is not provided on assets during their construction.

Depreciation methods and useful lives, as well as residual values, are reassessed annually. Carrying values are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. When the carrying value of a fixed asset is higher than its estimated recoverable amount, the asset value is written down to the recoverable amount. An item of property, plant and equipment is derecognized on disposal or when no future economic benefits are expected from its use. Any gain or loss on disposals are included in profit or loss when incurred.

2.5 Intangible assets

Intangible assets include trademarks, customer relationships, software, development costs and production rights. Those intangible assets acquired in a business combination are recorded initially at fair value and are amortized on a straight-line basis.

Expenditure on research and development activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, and expenditure on internally generated goodwill and brands are expensed as incurred. Expenditure on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalized if the product or process is technically feasible, costs can be reliably measured, future economic benefits are feasible, and the Group intends to and has sufficient resources to complete development and made the decision to use or sell the asset. The expenditure capitalized includes the cost of materials, direct labour and an appropriate proportion of overheads.

Other development expenditure is expensed as incurred. Capitalized development expenditure is measured at cost less accumulated amortization and impairment losses.

Intangible assets with definite useful lives are amortized on a straight-line basis over the estimated useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. Intangible assets with indefinite useful lives are tested annually for impairment. If the carrying amount exceeds the recoverable amount, an impairment loss will be recognized. If an intangible asset with an indefinite life has changed to a definite life the change is made on a prospective basis. The expected useful lives are as follows:

Trade names	Indefinite useful life
Customer relationships	8 years
Software	3-5 years
Research and development costs	3-10 years

2.6 Inventory

Inventories are carried at the lower of cost and net realizable value. The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. The cost of inventories is assigned using the first-in, first-out (FIFO) method. For finished goods and work in progress, acquisition cost consists of expenditure for product design, materials used, direct payroll costs, other direct costs and indirect manufacturing costs (based on normal capacity). Net realizable value is the estimated sales price less estimated costs to complete and selling costs.

2.7 Impairment of non-financial assets

The carrying amounts of the Group’s non-financial assets, other than inventories and deferred tax assets, are annually reviewed for impairment. If any such indication exists, then the asset’s recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value-in-use and its fair value less costs to sell. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognized if the asset’s carrying amount exceeds its estimated recoverable amount. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. Goodwill impairment is not reversed.

2.8 Financial assets

The Group classifies its financial assets in the following categories: at fair value through profit or loss ("FVTPL") and measured at amortized cost.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

This category includes the Group's trade and other receivables not subject to the factoring agreement.

All financial assets not classified as measured at amortized cost as described above are measured at FVTPL. This includes all derivative financial assets. The Group uses foreign currency forwards to hedge its risks associated with foreign exchange rates. Financial assets classified as at FVTPL are subsequent to initial recognition, measured at fair value with changes in fair value recognized in profit or loss.
Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

2.9 Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash on hand, deposits held on call with banks all of which are available for use by the Group unless otherwise stated.

2.10 Impairment of financial assets

Financial assets not carried at FVTPL (e.g. trade receivables) are annually assessed to determine whether there is any objective evidence that it is impaired using the forward-looking expected credit loss ("ECL") approach. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of the assets that can be estimated reliably. An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between the carrying amount, and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. The Group applies the simplified approach calculate ECLs based on lifetime expected credit losses. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. All impairment losses and impairment loss reversals are recognized in profit or loss.

2.11 Financial liabilities

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are immediately recognized in profit or loss.

Financial liabilities are classified at FVTPL when the financial liability is held for trading and when it is designated as at FVTPL because it forms part of a contract containing one or more embedded derivatives and IFRS 9 permits the entire combined contract to be designated at FVTPL and also when the financial liability forms part of a group of financial assets and financial liabilities which is managed, and its performance is evaluated on a fair value basis. All transaction cost related to financial liabilities at FVTPL are expensed as incurred.

Derivatives are only used for economic hedging purposes and not as speculative investments. However, where derivatives do not meet the hedge accounting criteria, they are classified as 'held for trading' for accounting purposes and are accounted for at fair value through profit or loss. They are presented as current assets or liabilities to the extent they are expected to be settled within 12 months after the end of the reporting period.
Changes in the fair value of the financial liabilities designated at FVTPL are presented in profit or loss except when the amount of changes in the fair value is attributable to change in credit risk of that liability, for which it is recognized in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to financial liability's credit risk are not subsequently reclassified to profit or loss but are transferred to retained earnings when the financial liability is derecognized.

All other borrowings are subsequently stated at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognized as finance cost over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date.

2.12 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method.

2.13 Equity

Ordinary shares are classified as equity. Expenses directly attributable to the issue of new shares or options, net of tax, are recognized in equity as a reduction of the consideration received.

Currency translation differences are recognized as part of other comprehensive income as a separate line item in the statement of changes in equity.

2.14 Provisions

Provisions are recognized when the Group has a present legal or constructive obligation, as a result of past events. The amount recognized represent management's best estimate of the expenditures that will be required to settle the obligation as of the reporting date Provisions are measured by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability.

A provision for restructuring is recognized when the Group has approved a detailed and formal restructuring plan, and the restructuring has either commenced or has been announced publicly. Costs relating to the ongoing activities of the Group are not provided for.

Provisions for the expected cost of warranty obligations under local sale of goods legislation are recognized at the date of sale of the relevant products, at the directors' best estimate of the expenditure required to settle the Group's obligation.

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions. Payments made to state managed retirement benefit plans are accounted for as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

2.15 Revenue

The Group manufactures, distributes and sells wood-burning stoves, wood-burning fireplaces, gas-burning stoves, gas-burning fireplaces and auxiliary equipment for these via distributors, importers and subsidiaries. The Group has manufacturing facilities in Norway, Poland, the USA and France, and sells its products in approximately 45 countries. The revenue streams consist solely of the sale of goods to various customers (dealers and/ or distributors) in a range of markets.
The Group has agreements with dealers who market and sell the products. Based on these agreements, the dealers place orders for stoves and accessories and each of these orders represent distinct deliveries which are recognized separately.

The price charged by the Group for sale of the products to the dealers is based on the Group's guiding price list in the market, less agreed discounts. The transaction price does not include any non-cash consideration.

Variable consideration relates to discounts (performance bonus) on achievement of specified milestones. There are fixed discounts to dealers which are recognized immediately, and there is a variable part represented by growth bonuses, as well as yearly or quarterly bonuses. They are estimated based on actual customer sales volume. The variable part is classified as reduction of revenues.

The Group has a 5-year warranty for all its stoves, limited to external cast iron parts and sheet steel parts, according to law. For internal parts there is a 2-year warranty according to law. This warranty is not treated as a separate performance obligation and is accounted in accordance with IAS 37 as a provision. The Group does allow good returns unless they fall under warranty.

The consideration payable to a customer is accounted for as a reduction of revenues and is recognized for expected volume discounts payable to customers in relation to sales made until the end of the reporting period.

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

Generally, revenue is thus recognized on delivery of the goods. The Group uses either EXW ("Ex Works") or DDP ("Delivery Duty Paid") Incoterms delivery conditions.

For EXW orders the transfer of control of the asset is at shipping point. When shipping EXW orders the dealers organize pick up of the stoves and accessories, and let the Group know when their trucks will arrive at the warehouse to pick up the goods. The Group recognizes the revenue when the truck leaves the warehouse. For DDP control of the goods is transferred upon the delivery to the dealer.

The normal credit term is 30 to 90 days upon delivery. Using the practical expedient in IFRS 15, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

The Group does not have any incremental cost when entering into a new dealer agreement.

2.16 Income tax

Income tax expense comprises current tax and deferred tax. Income tax expense is recognized in profit or loss, except when it relates to items recognized directly in equity, in which case it is recognized in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted in the countries where the Group's entities operate and generate taxable income at the reporting date.

Deferred tax is calculated on all temporary differences between the tax bases of assets and liabilities and the Group carrying amounts of assets and liabilities. Deferred tax is determined using the tax rates and tax laws enacted or substantively enacted as at the reporting date.
Deferred tax assets are recognized to the extent that it is probable that taxable profits will be available.

2.17 Leases

For any new contracts entered into on or after 1 January 2019, the Group considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the Group assesses whether the contract meets three key evaluations which are whether:

- The contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group;
- The Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract;
- The Group has the right to direct the use of the identified asset throughout the period of use.

Assets and liabilities arising from a lease are initially measured on a present value basis.
Lease payments include fixed payments (including in-substance fixed payments), less any lease incentives receivable, variable lease payment that depend on an index or a rate, and amounts expected to be paid by the Group under residual value guarantees. The lease payments also include the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease term begins at the commencement date and includes any rent-free periods provided to the lessee by the lessor.

The lease payments are discounted using the lessee's incremental borrowing rate (the "IBR") being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk and makes adjustments specific to the lease. Considering that vast majority of lease payments relate to real estate leases, the lease specific adjustment is determined for these lease contracts. The same lease specific adjustment is applied to other lease contracts which share the same characteristics in terms of risk-free interest rate and credit risk.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost less any accumulated depreciation and impairment losses and adjusted for any re-measurement of lease liabilities. Right-of-use assets include the amount of the lease liability recognized, any lease payments made at or before the commencement date less any lease incentives received, any initial direct costs, and restoration costs.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the asset's estimated useful life and the lease term. Right-of-use assets are subject to impairment, as described in note 2.7.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture having value when new below USD 5 thousand (equivalent of NOK 44 thousand).

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Variable lease payments that do not depend on an index or rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognized as an expense in the period in which the event or condition that triggers those payments occurs and are included in profit or loss.

For contracts that contain a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

In 2020, the Group has adopted the practical expedient whereby it has not accounted for rent concessions which are directly consequence of the COVID-19 pandemic as lease modifications.

2.18 Government grants

Government grants are recognized where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. Government grants relating to costs are deferred and recognized in profit or loss as a reduction of related expenses over the period necessary to match them with the costs that they are intended to compensate.
Government loan at a below-market rate of interest is treated as government loan and shall be recognized and measured in accordance with IFRS 9. The benefit of such rate shall be measured as the difference between the initial carrying value of the loan determined in accordance with IFRS 9 and the proceed received. The related benefit is recognized as a compensation in the profit or loss.

2.19 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses. An operating segment is also a component of the Group whose operating results are reviewed regularly by the entity's Chief Operating Decision Maker ("CODM") to make decisions about resources to be allocated to the segment and assess its performance.

Chief Executive Officer and Chief Financial Officer of the Group are identified as its CODM, which is the individual or body of individuals responsible for the allocation of resources and assessment of performance of the operating segments.

The operating segments were identified on the basis of the internal reports used by management to allocate resources to the segments and assess their performance. Operating segments of the Group represent geographical segments which are engaged in operations in individual countries or group of countries.

Management of the Group has identified four reportable segments which represent Norway, North America, Poland and France. Segment "Other" aggregates operations in Great Britain, Spain, Italy and Denmark.

2.20 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy. The different levels have been defined as follows:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and

- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

2.21 New and revised standards

2.21.1 Adoption of new and revised standards

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 2022 that do not have material impact on the consolidated financial statements:

- Amendments to IFRS 3 Business combinations – reference to Conceptual Framework; Effective 1 January 2022;
- Amendments to IAS 16 Property, Plant and Equipment: Proceeds before Intended Use; Effective 1 January 2022;
- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts – Cost of Fulfilling a Contract; Effective 1 January 2022;
- Annual improvements to the standards: Improvement cycle 2018 – 2020; Effective 1 January 2022.

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

Amendments which are effective for the financial periods starting from and after 1 January 2023 and which are not expected to have a material impact on the financial statements:

- IFRS 17 Insurance Contracts (including amendments); Effective 1 January 2023;
- Amendments to IAS 1 Presentation of Financial Statements Classification of Liabilities as Current or Non-current; Effective 1 January 2024;
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies; Effective 1 January 2023;
- Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates; Effective 1 January 2023;
- Amendments to IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction; Effective 1 January 2023;
- Amendments to IFRS 16 Leases: Lease Liability in a Sale and Lease back (issued on 22 September 2022); Effective 1 January 2024.

The standards will be adopted at the effective dates.

**Not yet endorsed by European Financial Reporting Advisory Group*

2.22 Use of estimates and judgements

The preparation of financial statements requires Management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are considered to be relevant. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In particular, information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included below:

Deferred tax assets
The Group records deferred tax assets and liabilities based on the differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases. Deferred tax assets are also recognized for the estimated future effects of tax losses carried forward to the extent that it is probable that taxable profit will be available against which the losses can be utilized.

Significant management judgement is required to determine the amount of deferred tax assets that can be recognized. The Group reviews the deferred tax assets in the different jurisdictions in which it operates periodically to assess the possibility of realizing such assets based on projected taxable profit, the expected timing of the reversals of existing temporary differences, the carry forward period of temporary differences and tax losses carried forward and the implementation of tax-planning strategies.

Impairment of trademarks
Trademarks held by the Group represent intangible assets with indefinite useful lives and as such are subject to annual impairment test. The impairment testing requires application of certain assumptions and judgements as described in Note 13.

Other areas that involve significant estimates or judgements

- estimation uncertainties and judgements made in relation to lease accounting
- estimated useful life of intangible assets
- impairment of property, plant and equipment, intangible assets with definite useful life and right-of-use assets
- estimation of provisions, including inventory obsolescence provision when inventory is not used or sold for a long period of time and is not expected to be sold in the future (this type of inventory has to be written down and evaluated for write-off), and accounts receivable provisions related to non-collection risks.

3. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks such as market risk (interest rate risk, currency risk) liquidity risk and credit risk.

The Group's aim is to achieve an appropriate balance between risk and return and minimize potential adverse effects on the Group's financial performance. The Group's risk management policies are designed to identify and analyze these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. Management regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practices. Financial risk management is carried out by various operating units under policies approved by the Board of Directors.

3.1 Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices which will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

3.1.1 Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Group's main interest rate risk arises from financial instruments with variable interest rates, which expose the Group to cash flow interest rate risk.

The following financial instruments are exposed to interest rate risk:

	Nominal amount	
(in NOK '000s)	**31 December 2022**	**31 December 2021**
Loan receivable	8,550	10,800
Senior secured bonds	475,000	475,000

The following table demonstrates the sensitivity to a reasonably possible change in 3-month NIBOR interest rates, with all other variables held constant, on the Group's profit before tax (through the impact on floating rate borrowings):

31 December 2022

	Effect on profit before tax	
(in NOK '000s)	**10% increase**	**10% decrease**
Loan receivable	28	(28)
Senior secured bonds	1,558	(1,548)

31 December 2021

	Effect on profit before tax	
(in NOK '000s)	**10% increase**	**10% decrease**
Loan receivable	10	(10)
Senior secured bonds	461	(451)

3.1.2 Currency risk

Foreign currency risk is the risk that that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchanges rates.

The Group has international operations and is exposed to foreign exchange risk in several currencies. This risk is particularly relevant for United States Dollar (USD), Euro (EUR), Pound Sterling (GBP), Swedish Krona (SEK), Polish złoty (PLN) and Danish Krone (DKK). Currency risk arises from trading transactions, recognized assets and liabilities, and net investments in foreign operations.

The Board has established guidelines that require Group management to manage currency risk associated with the companies' functional currencies. The currency risk arises when future transactions or recognized assets or liabilities are denominated in a currency other than the functional currency of the entity.

Foreign subsidiaries generate revenues predominantly in the local currency, except for the Polish operations generating revenue in PLN as well as EUR, and the cost base is also in the local currency. The parent company have receivables and payables outstanding in foreign currencies, and these are subject to fluctuations in exchange rates. The net exchange rate exposure related to the foreign currency balances is minimal.

Senior secured bonds of the Group are denominated in NOK and are not exposed to foreign currency exchange risk.

3.2 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group manages liquidity risk by maintaining adequate cash balances and banking facilities, facilities granted by the shareholders, continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Please refer to Note 19 which specifies maturity of Senior secured bonds as well as Note 2.1 which provides more details about their refinancing.

Cash flow forecasts are prepared in the various operational entities in the Group and aggregated by the Group's finance manager. The finance manager together with the Group CFO monitor the rolling forecasts of the Group's liquidity requirements to ensure that the Group has sufficient cash equivalents to cover operational obligations, and simultaneously maintain sufficient flexibility through access to unused drawing rights available in the Group's multi-currency cash pool facility at all times, such that the Group will not exceed its drawing rights/limits or covenants related to the Group's borrowings. Such forecasts consider the Group's planned borrowings and compliance with terms and covenants. Surplus cash in the Group companies, other than what is considered necessary working capital, is transferred to the Group's treasury function. The Group's treasury function utilizes surplus cash for the repayment of the multi-currency overdraft liability.

The table below details the Group's contractual financial obligations classified in accordance with the maturity structure as at 31 December 2022. The amounts in the table are undiscounted contractual cash flows and contain also future interest payments that are not included in the statement of financial position as of 31 December 2022.

(in NOK '000s)	**Within 1 year**	**2 years**	**3 years**	**4 years**	**More than 4 years**	**Total**
Lease liabilities	25,746	44,205	41,086	39,403	170,871	321,311
Loan from shareholder	33,568					33,568
Senior secured bonds	49,480	525,465				574,945
Borrowings	8,701	8,701	8,701	8,701		34,804
Trade and other payables	370,065					370,065
	487,560	**578,371**	**49,787**	**48,104**	**170,871**	**1,334,693**

The table below details the Group's contractual financial obligations classified in accordance with the maturity structure as at 31 December 2021. The amounts in the table are undiscounted contractual cash flows and contain also future interest payments that are not included in the statement of financial position as of 31 December 2021.

(in NOK '000s)	Within 1 year	2 years	3 years	4 years	More than 4 years	Total
Lease liabilities	38,454	40,222	39,132	36,961	207,218	361,987
Loan from shareholder	32,725					32,725
Senior secured bonds	36,575	36,575	503,346			576,496
Borrowings	403	8,236	8,236	8,236	8,236	33,347
Trade and other payables	348,290					348,290
	456,447	**85,033**	**550,714**	**45,197**	**215,454**	**1,352,845**

3.3 Credit risk

Credit risk is the risk that any counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. Credit risk is considered on Group level. Credit risk arises in transactions involving loans receivable, cash and cash equivalents, deposits in banks and credit institutions in addition to transactions with wholesalers and consumers, including trade receivables. Routines have been implemented to ascertain that sales are only made to distributors and importers that have satisfactory creditworthiness. Counterparties to derivative contracts and financial investments are limited to credit institutions with high credit rating.

If independent credit ratings are available for wholesale customers, these are used in determining credit limits. If no independent credit rating is available, an assessment is made based on the customer's financial position, history and potentially other factors. Individual limits for risk exposure are set based on internal and external assessments of creditworthiness.

The Group's routines for use of credit limits, and the compliance with the routines, are reviewed on a regular basis.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at 31 December is:

(in NOK '000s)	31 December 2022	31 December 2021
Other receivables	10,659	12,547
Trade and other receivables (excluding prepayments)	190,689	168,812
Cash and cash equivalents	131,096	108,257
Maximum exposure to credit risk	**332,444**	**289,616**

There are no significant concentrations of credit risk, whether through exposure to individual customers and regions.

Other receivables

Other receivables consist of non-current deposit receivable and loan receivable that are neither overdue nor impaired. Management considers there is a low risk of non-recoverability due to the good credit history of the borrower, existence of sufficient funds to settle the outstanding amount, based on data that is determined to be predictive of the risk of loss and applying experienced credit judgement.

Trade and other receivables

Exposure to credit risk for trade and other receivables is disclosed in note 16.

The Group uses factoring. Under the factoring arrangements, the Group transfers relevant trade receivables to a factor including substantially all the risks and rewards attached to those trade receivables. The transferred trade receivables are fully derecognized when transferred to the factor. As of 31 December 2022, the Group has factoring facilities of MEUR 16, out of which a portion of MEUR 6.7 was used, representing 42% of the available facilities.

The factor has a possibility to transfer back the transferred receivables only in these cases:

- the receivable becomes disputed receivable
- the receivable is unpaid and (i) the Group does not file a valid claim under the credit insurance policy or (ii) any third party takes action with a view to exercising any right or claim in respect of this receivable.

During 2022, total receivables transferred to factor amount to NOK 1,056,992 thousand (2021: NOK 786,498 thousand).

Cash and cash equivalents

Credit risk with respect to cash and cash equivalent is limited because the counterparties are reputable banks with good credit ratings as shown in the following table:

	Rating agency: Standard & Poor's	
	Short term	**Long term**
Nordea Bank	A-1+	AA-
National Westminster Bank (Natwest)	A-2	BBB
Unicredit Banca	A-2	BBB
Caixa Bank	A-2	A-
Bank Inter	A-2	A-
Bank BNP Paribas	A-1	A+
PKO Bank Polski *	P-1	A2
Banque Rhône-Alpes	A-1	A
Bank of America	A-2	A-
Scotia Bank	A-1	A-
Danske Bank	A-1	A+

* Standard & Poor's rating not available. Moody's rating used instead.

3.4 Capital management risk

The Group's objectives and guidelines for the management of capital is established through the Group's financial policy. The Group's financial policy is reviewed every year and adopted by the Board. Management's objectives when managing the capital of the Group are to safeguard the Group's ability to continue as a going concern in order to provide returns for the shareholders of the Group and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital for the Group.

The main objectives of the Group's financial policy is to, at all times, ensure that the Group has sufficient liquidity to maintain normal operations, carry out capital additions and use of capital in a manner that reduces risk and costs, and to use all surplus liquidity to repay current bank borrowings. All decisions related to loan financing in the Group's subsidiaries are made by Group management, i.e. no subsidiaries are mandated to enter into borrowing agreements, establish cash overdraft facilities, provide guarantees or enter into leasing contracts. The Group's multi-currency cash pool is a suitable tool for structuring the Group's bank transactions and to optimize net finance items, including currency gains and losses. All subsidiaries are included in the multi-currency cash pool and have no significant bank arrangements in addition to this.

The capital structure of the Group consists of borrowings offset by cash and cash equivalents balances and equity of the Group.

The Group has covenant requirements related to both the bond agreement and the RCF agreement. All covenants were met in 2022 and reported in accordance with the relevant agreements. There are no indications that the covenants will not be met for 2023.

3.5 Operational risk

The Group has operations in Norway, Denmark, Poland, France, England, Spain, Italy and the USA, consisting of manufacturing and sales in Norway, Poland, France and the USA, and only sales in the other mentioned countries.
Group management's assessment is that the operational risk is limited. However, certain raw materials are critical. The Group has in this area ensured that it has several and alternative suppliers.

In Norway, the power supply to the foundry is important, and the Group has secured supplies through a spare high voltage transformer and a separate agreement with power suppliers for maintenance of the high voltage installation. Casts are a critical factor at the foundry in Norway, and these are safeguarded in a warehouse that has customary fire protection. The cast designs are also stored electronically and may be recreated in an automated cutting machine.

The undisturbed continuity of the foundry machinery is critical, and a sufficient inventory of critical spare parts held both locally and with suppliers secures continuous operations. The Group's casts fit standardized foundry machines in Europe so that hire production can be established within a reasonable time, if need be.

The production in Poland takes place with machines that are available in the market and which can be replaced within a reasonable time. Hire production with external suppliers is also possible for parts for the products, which then can be assembled in the Group's own factory.

The Group does not own vehicles for transportation of goods; it sources such services. Several suppliers are used, and the Group does not consider transport availability as a risk in the current situation. Access to workforce, both trained and untrained is sufficiently available in the countries in which the Group operates. Technical data, drawings, procedures etc. are stored electronically with reliable external back-up systems.

The Group has minimal exposure to the Russian, Belarusian or Ukrainian markets, both in terms of supply base and in terms of sales. No direct sourcing, nor sales to Russia and Belarus are currently occurring. The Group is currently exporting to Ukraine, however the share of sales to that market represented only 0.1% of the Group's revenue in 2022. While some suppliers might be sourcing raw materials from Russia, Belarus or Ukraine, the Group assesses the risk of disruption as negligible.

Electricity represents a significant cost for the Group, in particular at the foundry in Kråkerøy. Over the past years, Norway has experienced very low electricity costs compared to the rest of Europe, therefore increases observed in the second half of 2021 and throughout 2022 were perceived as very significant. The Group has increased the selling prices to absorb these extreme electricity price developments. Similarly, the increase in the cost of natural gas, which is an important cost element in the Polish factory, has been passed through as increases to selling prices.

4. ACQUISITION OF SUBSIDIARY

There was no acquisitions completed during 2022.

As of 1 June 2021, The Group acquired 100% of the shares in Aico S.p.A. from Stove Investment Holdings S.à r.l., thereby obtaining control of Aico S.p.A. Aico S.p.A. operates as a sales entity. According to the share purchase agreement, the price paid for shares was agreed to EUR 1 (equivalent of NOK 10). The purchase accounting did not lead to the recognition of additional identifiable assets and liabilities. A bargain purchase of NOK 263 thousand has been identified after a final reassessment leading to an adjustment downwards of the value of the acquired assets. According to IFRS 3, it has been recognized as a gain in profit or loss. With the acquisition, Jøtul aims to increase the distribution network and improve the efficiency of the operations in the Italian and European markets. The transaction-related costs amount to nil.

This transaction represents a business combination under common control for which the Group applied the acquisition method in accordance with IFRS 3.

The amounts recognized in respect of the identifiable assets acquired and liabilities assumed are set out in the table below:

(in NOK '000s)	At cost	Fair value at date of gain of control
Property, plant and equipment	8,492	6,572
Intangible assets	9,238	7,852
Inventories	63,502	63,502
Trade and other receivables	106,050	106,050
Other receivables	627	419
Current income tax receivable	322	322
Bank overdrafts	(3,620)	(3,620)
Long-term provisions	(16,472)	(16,472)
Trade and other payables	(164,362)	(164,362)
Net assets acquired	**3,777**	**263**

Total consideration transferred for shares	**-**
Net cash outflow arising on acquisition	-
Consideration for acquisition of shares	-
Net cash paid on acquisition	**-**

In 2021 Aico S.p.A contributed NOK 88,567 thousand of revenue and NOK 30,138 thousand to the Group's net loss for the period between the date of acquisition and the reporting date.

If the acquisition of Aico S.p.A. had been completed on the first day of the financial year 2021, the Group revenue for that year would have been NOK 1,264,102 thousand and Group loss before taxes would have been NOK 54,441 thousand.
For the major acquired receivables:

- The fair value of the receivables amount to NOK 40,363 thousand;
- The gross contractual amounts receivable amount to NOK 51,787 thousand;
- The best estimate at the acquisition date of the contractual cash flows not expected to be collected amount to NOK 10,511.

5. 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. The revenue streams consist solely of the sale of goods to various customers in a range of markets that are recognized at a point in time.

The increase in revenue in 2022 compared to 2021 is mainly driven by continued high home improvement spending, further enhanced by the significant increase in electricity and gas prices across all markets, which confirms wood burning as an important heating alternative and contributes to sustained strong revenues. Furthermore, certain markets, such as Germany, have seen strong demand following requirements to phase out older stoves to comply with new standards concerning efficiency and emissions.

Please refer to note 26 for the presentation of revenues by segment.

6. OTHER OPERATING INCOME

(in NOK '000s)	2022	2021
Gain on disposal of property, plant and equipment	-	533
Other operating income	10,720	3,439
Total other operating income	**10,720**	**3,972**

Other operating income contains mainly the effect of the write-off of old liabilities related to goods received not invoiced, in addition to R&D and electricity refunds and other smaller elements.

7. EMPLOYEE BENEFITS EXPENSE

(in NOK '000s)	2022	2021
Salaries and wages	(273,408)	(229,167)
Social security contribution	(53,941)	(51,366)
Pension fund contribution	(16,699)	(6,787)
Other employee benefits	(17,879)	(20,509)
Total employee benefits expense	**(361,927)**	**(307,829)**

In Norway, the Group is required by law (Act relating to mandatory service pensions) to have a pension plan. Jøtul AS meets the requirements of the law.

Included in employment benefits expense is remuneration of key management personnel as listed below for the year ended 31 December 2022:

(in NOK '000s)			Salary (1)	Variable pay (2)	Additional remuneration (3)	Total	Net pension expenses
Nils Agnar Brunborg	CEO	01.01-31.12	3,458	413	204	4,075	321
Adrian Postolache	CFO	01.01-31.12	1,475	160	120	1,755	-
Total			4,933	573	324	5,830	321

(1) Incl. holiday allowance
(2) Bonus
(3) Other fixed pay such as fixed car allowance

The CEO has a notice period of six months in addition to rights to compensation for six months and a bonus agreement which is limited to a maximum of 50% of the base salary. The CFO has a notice period of three months and also has a bonus agreement which is limited to a maximum of 40% of the base salary.
No loans or credits have been given to leading employees or key management personnel.

Included in employment benefits expense is remuneration of key management personnel as listed below for the year ended 31 December 2021:

(in NOK '000s)			Salary (1)	Variable pay (2)	Additional remuneration (3)	Total	Net pension expenses
Nils Agnar Brunborg	CEO	01.01-31.12	3,487	990	204	4,681	321
Adrian Postolache	CFO	01.05-31.12	952	-	80	1,032	-
Jonas Bloom	CFO	01.01-30.04	432	-	40	472	-
Total			**4,871**	**990**	**324**	**6,185**	**321**

(1) Incl. holiday allowance
(2) Bonus
(3) Other fixed pay such as fixed car allowance

The fees paid to Board members amount to nil in 2022 (2021: nil).

The average number of employees (full-time equivalent) for undertakings held by the Group is 763 (2021: 758). This includes temporary/seasonal employees.

8. OTHER OPERATING EXPENSE

(in NOK '000s)	2022	2021
Shipping and distribution cost	(67,281)	(65,819)
Rental of buildings and machinery	(10,438)	(4,526)
Selling and marketing costs	(57,907)	(57,975)
Production and maintenance costs	(43,647)	(33,749)
Cost relating to relocation of manufacturing	-	(18,208)
Management fees	(6,098)	(6,000)
Insurance	(17,461)	(17,468)
Audit fees	(2,469)	(1,986)
Tax advisory and other non-audit fees	(58)	(44)
Other consultancy fees	(31,246)	(22,127)
Other administration and operating expenses	(92,186)	(69,167)
Total other operating expense	**(328,791)**	**(297,069)**

Included in other operating expense is NOK 2,469 thousand (2021: NOK 1,986 thousand) for audit fees and NOK nil (2021: NOK nil) for non-audit fees. During 2022, NOK 58 thousand (2021: NOK 44 thousand) was charged for tax advisory fees.

9. FINANCE INCOME

(in NOK '000s)	2022	2021
Interest income	797	80
Fair value adjustment on derivatives	-	48
Net foreign currency gain	4,338	8,284
Bank interest and other interest income	17	1
Total finance income	**5,152**	**8,413**

10. FINANCE EXPENSE

(in NOK '000s)	2022	2021
IFRS 16 interest	(14,105)	(15,111)
Interest on borrowings	(11,088)	(14,063)
Interest on shareholder loan	(230)	(25,938)
Interest on bond	(43,065)	(8,713)
Amortized costs on Bond	(4,196)	(1,264)
Compensation of interest on borrowing by government grant	1,459	1,446
Other finance expense	(10,031)	(8,722)
Total finance expense	**(81,256)**	**(72,365)**

In 2022, Interest on bond relates to the interest on the bonds issued in October 2021 by the legal entity Jøtul AS. Before that date, the prior bonds were structured at Jotul Holdings level and the financing was provided to Jøtul AS via intercompany loan. This explains the significant variances year on year in both Interest on bond and Interest on shareholder loan. Other finance expenses consist of banking fees and other finance costs.

11. INCOME TAX

The components of income tax are as follows:

(in NOK '000s)	2022	2021
Current income tax (expense)/benefit in respect of the current year	(10,146)	(6,252)
Deferred tax (expense)/benefit	87,063	689
Total income tax expense	**76,917**	**(5,563)**

In 2022, the Group recognized a deferred tax asset of MNOK 84.2 coming from the cumulated losses carried forward by Jøtul AS over the previous periods. The recognition was possible and justified by the fact that the Norwegian division has turned to profitability in the past couple of years, and it is foreseen that the tax losses will be utilized in the next few years.

The income tax expense for the year can be reconciled to the accounting profit as follows:

(in NOK '000s)	2022	2021
Loss before tax	99,124	(29,191)
Applicable tax rate	22.00%	22.00%
Calculated income tax benefit/(expense)	**(21,807)**	**6,422**
Foreign tax rate different from 22 %	254	(2,255)
Tax effect on non-taxable income	212	(36)
Tax attributable to prior years	210	73
Tax effect on non-deductible expenses	3,346	(302)
Deferred tax assets not recognized	8,655	(9,813)
Deferred tax assets recognized on cumulated losses	84,179	-
Other	1,868	348
Income tax expense	**76,917**	**(5,563)**

Deferred tax is presented net when the Group has a legal right to offset deferred tax assets against deferred tax liabilities in the statement of financial position and if the deferred tax relates to the same tax authority.

The origin of deferred tax assets and liabilities is as follows as of 31 December 2022:

(in NOK '000s)	**Assets**	**Liabilities**	**Net**
Tangible and intangible fixed assets	380	(2,279)	(1,899)
Inventory, trade and other receivables, trade and other payables	3,560	(175)	3,385
Tax losses carried forward	84,179	-	84,179
Other items	-	(4)	(4)
Deferred tax assets/(liabilities)	88,119	(2,458)	85,661

Reflected in the consolidated statement of financial position as follows:	
Deferred tax asset	**85,847**
Deferred tax liability	**(186)**

The origin of deferred tax assets and liabilities is as follows as of 31 December 2021:

(in NOK '000s)	**Assets**	**Liabilities**	**Net**
Tangible and intangible fixed assets	660	(4,065)	(3,405)
Inventory, trade and other receivables, trade and other payables	2,721	-	2,721
Tax losses carried forward	-	-	-
Other items	-	(14)	(14)
Deferred tax assets/(liabilities)	**3,381**	**(4,079)**	**(698)**

Reflected in the consolidated statement of financial position as follows:	
Deferred tax asset	**1,269**
Deferred tax liability	**(1,967)**

Deferred tax assets not recognized by the Group are NOK 108,310 thousand and NOK 211,369 thousand as of 31 December 2022 and 31 December 2021, respectively. Unrecognized tax losses relate to Norway, Denmark, Poland and Italy. There is no expiry date in Norway, Denmark and Italy. In Poland, tax losses can be used within 5 years but for an amount which cannot be higher than 50 percent each loss per year.

12. PROPERTY, PLANT AND EQUIPMENT

(in NOK '000s)	Land and buildings	Machinery	Fixtures	Total
Cost				
Balance at 1 January 2021	**3,733**	**98,942**	**38,720**	**141,395**
Additions	82	6,467	2,286	8,835
Disposals	-	(206)	(1,135)	(1,341)
Subsidiaries acquired	-	6,739	732	7,471
Write down	-	-	-	-
Transfers	336	7,730	(18,327)	(10,261)
Effect of foreign currency exchange differences	224	(6,531)	(1,979)	(8,286)
Balance at 31 December 2021	**4,375**	**113,141**	**20,297**	**137,813**
Additions	163	12,449	1,117	13,729
Disposals	-	(18,498)	(14,067)	(32,565)
Write down	-	-	-	-
Transfers	218	1,797	(66)	1,949
Effect of foreign currency exchange differences	832	10,106	3,020	13,958
Balance at 31 December 2022	**5,588**	118,995	**10,301**	**134,884**
Accumulated depreciation				
Balance at 1 January 2021	**(1,197)**	**(6,743)**	**(6,163)**	**(14,103)**
Depreciation expense	(444)	(13,926)	(6,341)	(20,711)
Disposals	-	205	1,135	1,340
Write down	-	-	-	-
Transfers	138	661	9,621	10,420
Effect of foreign currency exchange differences	(181)	2,727	738	3,284
Balance at 31 December 2021	**(1,684)**	**(17,076)**	**(1,010)**	**(19,770)**
Depreciation expense	(434)	(14,642)	(2,453)	(17,529)
Disposals	-	18,409	7,242	25,651
Write down	-	-	-	-
Transfers	(137)	(1,625)	(3,214)	(4,976)
Effect of foreign currency exchange differences	(681)	(7,106)	(2,733)	(10,520)
Balance at 31 December 2022	**(2,936)**	**(22,040)**	**(2,168)**	**(27,144)**
Carrying value as at 31 December 2022	**2,652**	**96,955**	**8,133**	107,740
Carrying value as at 31 December 2021	**2,691**	**96,065**	**19,287**	**118,043**

13. INTANGIBLE ASSETS

(in NOK '000s)	Trademarks	Customer relationships	Other intangible assets	Total
Cost				
Balance at 1 January 2021	**190,000**	**1,885**	**74,887**	**266,772**
Additions	-	-	26,501	**26,501**
Subsidiaries acquired	-	-	6,175	6,175
Disposals	-	-	(5,841)	(5,841)
Reclassification	-	-	(933)	**(933)**
Effect of foreign currency exchange differences	-	(93)	(2,103)	**(2,196)**
Balance at 31 December 2021	**190,000**	**1,792**	**98,686**	**290,478**
Additions	-	-	32,142	**32,142**
Disposals	-	-	(12,658)	**(12,658)**
Reclassification	-	-	(4,535)	**(4,535)**
Effect of foreign currency exchange differences	-	101	2,172	**2,273**
Balance at 31 December 2022	**190,000**	**1,893**	**115,807**	**307,700**
Accumulated amortization				
Balance at 1 January 2021	**(144,000)**	**(355)**	**(22,422)**	**(166,777)**
Amortization expense	-	(228)	(15,669)	**(15,897)**
Disposals	-	-	4,400	**4,400**
Reclassification	-	-	(310)	**(310)**
Effect of foreign currency exchange differences	-	22	1,961	**1,983**
Balance at 31 December 2021	**(144,000)**	**(561)**	**(32,040)**	**(176,601)**
Amortization expense	-	(227)	(20,282)	**(20,509)**
Disposals	-	-	12,420	**12,420**
Reclassification	-	-	1,832	**1,832**
Effect of foreign currency exchange differences	-	(41)	4,592	**4,551**
Balance at 31 December 2022	**(144,000)**	**(829)**	**(33,478)**	**(178,307)**
Carrying value as at 31 December 2022	**46,000**	**1,064**	**82,329**	**129,393**
Carrying value as at 31 December 2021	**46,000**	**1,231**	**66,646**	**113,877**

Trademarks with indefinite useful lives at 31 December 2022 amounting to NOK 46,000 thousand are not amortized (2021: NOK 46,000 thousand). The Group tests whether trademarks have suffered any impairment on an annual basis. For the 2022 and 2021 reporting periods, the recoverable amount of the trademarks was determined using the value in use approach. The calculations use revenue projections where 2023 revenue is based on budgeted figures, adjusted downwards with a risk factor of 5%, and revenues of the following years are assumed at a rather prudent constant level every year (i.e., zero growth rate). The discount rate assumption used was 13.5%.

The below table shows effect of reasonably possible changes in assumption on recoverable amount.

(in NOK '000s)	Recoverable amount	Change
Current assumptions	109,106	0
Decrease in discount rate by 2%	128,081	18,975
Increase in discount rate by 2%	95,027	(14,078)
Decrease in 2023 budgeted revenues by 10%	97,106	(11,485)
Increase in 2023 budgeted revenues by 10%	120,590	11,485
Decrease in perpetual revenue growth rate by 2%	95,027	(14,078)
Increase in perpetual revenue growth rate by 2%	128,081	18,975

The carrying value of trademarks held by the Group as of 31 December 2022 refers entirely to the Jøtul brand.
As Jøtul has a history of 170 years and the management has no plans to abandon the trademarks in the near future, the useful lives for the trademarks are assumed to be indefinite.

The Group’s total research and development costs capitalized during the year amounts to NOK 23,311 thousand. The main component of the Other intangible assts category is represented by capitalized product development costs. This includes wages and salaries, bought-in services, materials and a share of the Group’s fixed overhead costs. The expected total earnings from development projects in progress correspond to the total costs incurred. Development of intangible assets includes internal projects managed by internal resources.

14. OTHER RECEIVABLES

(in NOK '000s)	31 December 2022	31 December 2021
Loan receivable	8,550	10,800
Deposits for property leases	1,906	1,291
Other	203	456
Total other receivables	**10,659**	**12,547**
Current	2,934	2,962
Non-current	7,725	9,585
Total other receivables	**10,659**	**12,547**

Loan receivables consist of an interest bearing loan between Jotul AS and Festningsveien 2 AS for a nominal amount of NOK 13,500,000. Festningsveien 2 AS is a lessor of the Group. The loan is unsecured and was provided on 1 July 2017 to provide Festningsveien 2 AS with funding to build a new warehouse and manufacturing facility for the Group's plant in Kråkerøy. The loan bears interest rate at an average of 3 months NIBOR (Norwegian Inter Bank Offered Rate) plus a margin of 2%, payable quarterly in arrears. The loan is repayable in installments of NOK 225,000 per quarter starting from 1 July 2017 and expected to be fully repaid on 1 July 2032.

As at 31 December 2022, the principal outstanding is NOK 8,550 thousand (2021: NOK 10,800 thousand) and accrued interest is NOK nil (2021: NOK Nil). Interest income on the loan amounts to NOK 797 thousand (2021: NOK 80 thousand) and is included in finance income (see Note 9).

The Group has an enforceable right to offset the loan with lease payables due to Festningsveien 2 AS.

15. INVENTORIES

(in NOK '000)	31 December 2022	31 December 2021
Raw materials	128,574	143,810
Work in progress	36,038	39,328
Finished goods	180,138	113,717
Spare parts and other inventories	95,625	55,712
Total inventories	**440,375**	**352,567**

The carrying amount of inventories recorded at the net realizable value is NOK 23,145 thousand (2021: NOK 4,652 thousand). The Group's policy is to hold spare parts for all products that have been manufactured in the last 10 years in inventory, therefore certain articles become aged. The Group's criteria for calculating obsolescence, for all categories of inventory, is the following:

Category 1 No sale/usage last 36 months, allowance of 100% of manufacturing cost
Category 2 No sale/usage last 24 months, allowance of 50% of manufacturing cost
Category 3 Sale/usage last 12 months and inventory representing more than one year of usage is reduced by an allowance of 25% of manufacturing cost.

Total inventory write-off amounts to NOK 11,684 thousand (2021: NOK 11,366 thousand). The write-off of inventories is included in operating expenses and is mainly due to scrapping of obsolete and damaged parts.

16. TRADE AND OTHER RECEIVABLES

(in NOK '000s)	**31 December 2022**	**31 December 2021**
Trade receivables	180,409	141,885
Allowance for doubtful debts	(5,805)	(4,306)
	174,604	**137,579**
Prepayments	10,033	34,484
VAT receivables	16,085	31,231
Total trade and other receivables	**200,722**	**203,294**

The Group's credit terms vary from market to market. For the Nordic market, credit terms are normally 30 days, whilst terms in Latin Europe are normally 45-90 days. For customers in the USA and Italy participating in "early purchase" campaigns, credit terms may be significantly longer. Impairment loss recognized on trade receivables is NOK nil (2021 NOK 8,282 thousand).

The Group considers a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. When a receivable amount is considered lost, the balance written off is also recognized as a reduction to the allowance account. Any subsequent receipts related to balances previously written off are recognized as reversal of impairment losses on financial assets in the profit and loss.

The VAT receivable of NOK 16,085 thousand (2021: NOK 31,231 thousand) represents mainly the excess of VAT deductible versus the VAT collected. The Polish manufacturing division in particular incurs more purchases that carry VAT (i.e., domestic), while the largest portion of the sales are exports and thus exempt from VAT. This generates an ongoing claim/reimbursement process.

The aging of the trade receivables is as follows:

(in NOK '000s)	Gross amount	Allowance	Carrying value
Not due	144,572	-	144,572
0-60 days overdue	23,734	(1,357)	22,377
61-180 days overdue	3,594	(366)	3,228
181-365 days overdue	742	(230)	512
More than 1 year overdue	7,767	(3,852)	3,915
Total	**180,409**	**(5,805)**	**174,604**

The aging of the trade receivable is as follows as of 31 December 2021:

(in NOK '000s)	Gross amount	Allowance	Carrying value
Not due	109,425	-	109,425
0-60 days overdue	20,815	(907)	19,908
61-180 days overdue	2,830	(466)	2,364
181-365 days overdue	2,293	(421)	1,872
More than 1 year overdue	6,522	(2,512)	4,010
Total	**141,885**	**(4,306)**	**137,579**

The development in more than one year overdue is due to Aico Italy acquired in June 2021 (Gross amount: NOK 5,541, Allowance: NOK (1,998)).

17. CASH AND CASH EQUIVALENTS

For the purpose of the cash flow statement, cash and cash equivalents comprise of cash at bank and cash in hand amounting to NOK 131,095 thousand (2021: NOK 108,257 thousand) of which NOK 4,729 thousand (2021: NOK 4,348) is restricted as it relates to tax withheld from employees according to Norwegian law.

Certain companies within the Group, including Jotul AS, Jotul Poland, Scan AS, Jotul France, Jotul North America Inc. and AICO S.p.A have entered into a working capital facility agreement as borrowers, with Nordea Bank AB (publ), filial I Norge as lender, dated 28 February 2018 (“the revolving credit facility”).
The commitment under the revolving credit facility amounts to NOK 75 million (including ancillary facility). The revolving credit facility has been provided for general corporate purposes (and any refinancing, amendments or replacements thereof). The revolving credit facility was renewed in October 2021 with validity until 1 June 2024.

As at the statement of financial position date, the Group has a liquidity reserve of NOK 52.0 million in unused bank overdraft facilities (excluding ancillary facility). Facility used as at year end was zero (2021: NOK 17.2 million).

18. EQUITY

As of 31 December 2022, capital contributed from the sole shareholder in a form of equity consisted of share capital of NOK 139,414 thousand (31 December 2021: NOK 139,414 thousand) and share premium of NOK 1,026,612 thousand (31 December 2021: 1,026,612).

As at 31 December 2022, the authorized and issued share capital consist of 1 share fully paid at a par value of NOK 139,414 thousand.

19. SENIOR SECURED BONDS

On October 2021, Jøtul AS issued senior secured floating rate bonds 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 new bonds are accounted for at amortized cost.

The transaction led to a payment of banker's fees for an amount of NOK 11.9 million.

Proceeds from the bonds were used as follows:

- Jotul AS used part of the funds received to repay the bonds issued by Jotul Holdings S.à r.l. for an amount of NOK 300 million.
- In exchange of this repayment, Jotul Holdings S.à.r.l. offset the loan receivable towards Jotul AS amounting to NOK 380 million including interest. NOK 81 million have been converted from the bonds in Jotul Holdings S.à.r.l. to the bonds in Jotul AS (please refer to note 24).
- The difference between the amortized cost of the loan offset and the value of the bonds redeemed amounting to NOK 22 million led to a net balance for the loan position with Jotul Holdings of NOK 31 million (please refer to the note 21).

The movement during the year is as follows:

	(in NOK '000s)
Opening balance at 1 January 2022	470,574
PIK bonds issued during the year	-
Interest accrued on bonds during the year	43,065
Interest paid during the year	(40,151)
Remeasurement at amortized cost	(4,196)
Closing balance at 31 December 2022	**477,684**

Current	11,627
Non-current	466,057
Total	**477,684**

Covenants

The following key covenants apply:

- Maintenance test performed semi-annually, on 31 December and on 30 June. Net interest-bearing debt to EBITDA ratio must be ≤ 5.50x with annual step-down of 0.50x. For 2022 the ratio should therefore be ≤ 5.00x.
- Incurrence test performed when and if applicable. Net interest-bearing debt to EBITDA should be ≤ 4.00x with annual step-down of 0.25x. For 2022 the ratio should therefore be ≤ 3.75x.
- Distribution test, as applicable. Net interest-bearing debt to EBITDA should be ≤ 3.00x. Restrictions on distribution were implemented to permit only the distribution of the shareholder loan, subject to meeting the distribution covenant, and the annual monitoring fees.

20. BORROWINGS AND GOVERNMENT GRANT

In April 2020, Jotul France and Aico France withdrew new borrowings with state guarantee provided by Banque Rhône-Alpes. Loans with state guarantee were implemented by French government to support businesses during the COVID-19 pandemic. The loans bear an interest of 0.5% p.a. and are repayable after 12 months with a delay option of up to 5 years. The Group plans to repay the loan in installments up to 2026, the first installment being in April 2023.

The loan was provided at a reduced interest rate. The difference between the market rate of interest for an equivalent loan at the inception date and the rate provided at favorable conditions has been recognized as a government grant in accordance with IAS 20. At the inception date, the grant was valued at NOK 7,021 thousand and it is being amortized on the same basis as the interest expense. As of 31 December 2022, the carrying amount of the government grant is NOK 3,393 thousand (2021: NOK 3,989 thousand) of which NOK 1,583 thousand (2021: NOK 1,441 thousand) shall be amortized within next 12 months.

The borrowing is measured at amortized cost with carrying amount of NOK 29,847 thousand as of 31 December 2022 (2021: NOK 27,476 thousand). The effective interest rate was estimated at 6.67%.
There are no underlying conditions that the Group has to fulfill in connection with the borrowings. There is no pledge or security provided by the Group.

21. LOAN

The loan agreement was entered into on 27 April 2018 in connection with the debt transfer agreement dated 28 February 2018 entered into between Jotul Holdings Sarl and Jotul AS. The loan initial amount was NOK 612 million. The discounted values at which the debt was acquired amounted to NOK 333 million. The loan normally bears an interest rate of NIBOR plus a spread in accordance with the arm's length principle. However, the rate was not defined in the agreement and a fixed rate of 9% has been used.

As at 31 December 2021, the loan has been redeemed (please refer to note 19). During the year, Jotul Holdings Sarl also granted a loan of Euro 2.5 million to Jotul AS that has been repaid at the same time. Another loan of Euro 5 million was granted. As at 31 December 2021, this loan amounted to a net balance of NOK 30 million due to the excess on the Bond redemption of NOK 22 million (please refer to note 19) in the accounts of Jotul AS.

As at 31 December 2022, the remaining balance of shareholder loans is as follows:

(in NOK '000s)	31 December 2022	31 December 2021
Principal amount	26,119	26,119
Accrued interest	4,662	4,432
Effect of foreign currency exchange differences	2,787	-
Closing balance	**33,568**	**30,551**
Current	33,568	30,551
Non-current	-	-
Total	**33,568**	**30,551**

22. TRADE AND OTHER PAYABLES

(in NOK '000s)	31 December 2022	31 December 2021
Trade payables	246,397	221,632
Employee related payables	32,278	30,614
Social security, VAT payable	39,930	46,868
Accrued expenses	49,956	35,668
Other payables	1,504	13,508
Total trade and other payables	**370,065**	**348,290**

23. PROVISIONS

(in NOK '000s)	31 December 2022	31 December 2021
Provision relating to relocation of manufacturing	-	2,713
Provision for defined benefit pension plans	5,255	8,504
Warranty provision	2,809	1,926
Other provisions	2,851	1,406
Total provisions	**10,915**	**14,549**
Short-term provisions	2,176	4,154
Long-term provisions	8,739	10,395
Total provisions	**10,915**	**14,549**

The movement during the year is as follows:

in NOK '000s)	31 December 2021	Additions	Provision used during the year	Others	Conversion difference	31 December 2022
Provision for relocation of manufacturing	2,714	-	(2,747)	-	33	-
Provision for defined benefit pension plans	8,504	1,575	(3,184)	(1,954)	314	5,255
Warranty provision	1,925	565	-	253	65	2,808
Other provisions	1,406	595	(398)	1,093	156	2,852
Total	**14,549**	**2,735**	**(6,330)**	**(608)**	**567**	**10,915**

The Group operates or participates in a number of defined benefit and defined contribution plans throughout Europe. The main defined benefit pension plans relate to accruals of pension bonus payable to employees upon retirement in France and in Italy following the acquisition of Aico Italy (see note 7).

These plans have been set up and operated in accordance with national laws and regulations.

24. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

(in NOK '000s)	Senior secured bonds	Loan from shareholder	Borrowings	Bank borrowing	Leases
Balance at 1 January 2021	**-**	**353,084**	**27,644**	**18,640**	**364,726**
Cash flows	382,299	(268,131)	-	(1,442)	(36,982)
Unpaid accrued interest	8,553	26,583	-	-	-
Bond conversion	80,986	(80,986)	-	-	-
Remeasurement at amortized cost	(1,264)	-	1,081	-	-
New leases/effect of variable leases	-	-	-	-	16,003
Adjustments	-	-	-	-	(2,679)
Currency translation adjustment	-	1	(1,249)	-	(7,259)
Balance at 31 December 2021	**470,574**	**30,551**	**27,476**	**17,198**	**333,809**
Current	8,713	30,551	-	17,198	48,721
Non-current	461,861	-	27,476	-	285,088
Total	**470,574**	**30,551**	**27,476**	**17,198**	**333,809**

(in NOK '000s)	Senior secured bonds	Loan from shareholder	Borrowings	Bank borrowing	Leases
Balance at 1 January 2022	**470,574**	**30,551**	**27,476**	**17,198**	**333,809**
Cash flows	-	-	-	(17,198)	(33,855)
Unpaid accrued interest	11,626	230	-	-	
Remeasurement at amortized cost	(4,517)	-	281	-	-
New leases	-	-	-	-	11,206
Effect of variable leases					9,279
Currency translation adjustment	-	2,787	2,090	-	872
Balance at 31 December 2022	**477,683**	**33,568**	**29,847**	**-**	**321,311**
Current	11,626	33,568	-	-	53,994
Non-current	466,057	-	29,847	-	267,317
Total	**477,683**	**33,568**	**29,847**	**-**	**321,311**

25. LEASES

(in NOK '000s)	31 December 2022	31 December 2021
Right-of-use assets		
Land and buildings	202,436	226,659
Plant and machinery	21,646	11,939
Furniture and fittings	926	1,135
Total right-of-use assets	**225,008**	**239,733**
Lease liabilities		
Current	53,994	48,721
Non-current	267,317	285,088
Total lease liabilities	**321,311**	**333,809**

Additions to the right-of-use assets for the year ended 31 December 2022 amounted to NOK 10,842 thousand (2021: NOK 19,952 thousand). The majority of the additions in 2022 are driven by the renewal of the leased vehicles fleet and forklifts.

The maturity analysis of lease liabilities is presented in note 3.2.

In order to mitigate negative impacts of the COVID-19 pandemic, the Group was granted with rent deferral for some of its house lease contracts for an amount of NOK 11,386 thousand which was full settled in 2021 in accordance with the term of the agreement.

(in NOK '000s)	31 December 2022	31 December 2021
Depreciation charge of right-of-use assets		
Land and buildings	(30,054)	(38,029)
Plant and machinery	(6,573)	(8,551)
Furniture and fittings	(442)	(719)
Total depreciation charge of right-of-use assets	**(37,069)**	**(47,299)**

Average remaining duration of lease contracts as of 31 December 2022:

Land and buildings	8 years
Plant and machinery	2 years
Furniture and fittings	2.5 years

Total interest expense relating to leases amounts to NOK 13,792 thousand (2021: NOK 15,111 thousand) and is presented in Finance expense. Please refer to Note 10.

Total cash outflow relating to leasing during 2022 amounted to NOK 38,855 thousand (2021: NOK 36,982 thousand).

26. SEGMENT REPORTING

Norway, Poland, France 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 year ended 31 December 2022:

(in NOK '000s)	Norway	Poland	France	Italy	North America	Other	Eliminations	Total
External sales	631,481	73,019	405,350	229,908	274,684	29	-	1,614,471
Intersegment sales	458,417	665,609	1,157	229,975	196	-	(1,355,354)	-
Total revenue	**1,089,898**	**738,628**	**406,507**	**459,883**	**274,880**	**29**	**(1,355,354)**	**1,614,471**
Segment results	156,177	31,753	12,527	(43,082)	14,459	3,394	-	175,228
Unallocated corporate expenses included:								
Operating result								**175,228**
Finance income								5,152
Finance expense								(81,256)
Loss before income tax								**99,124**
Income tax								76,917
Net loss for the year								**176,041**

(in NOK '000s)	Norway	Poland	France	Italy	North America	Other	Total
Other information:							
Additions to non-current assets*	30,814	2,129	1,032	6,255	5,618	23	45,871
Depreciation and amortization expense	(36,457)	(15,865)	(5,263)	(9,457)	(6,911)	(1,495)	(75,448)

*other than financial assets and deferred tax

Segment assets

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

(in NOK '000s)	31 December 2022
Norway	431,155
Poland	336,669
Italy	242,605
North America	125,770
France	102,832
Other	6,365
Total segment assets	**1,245,397**
Unallocated:	
Corporate assets	
Deferred tax assets	85,847
Total assets as of 31/12/2022	**1,331,244**

Segment liabilities

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

(in NOK '000s)	31 December 2022
Norway	782,894
Italy	146,668
Poland	148,156
North America	60,946
France	104,506
Other	8,560
Total segment liabilities	**1,251,730**
Unallocated:	
Corporate liabilities	-
Deferred tax liabilities	(186)
Total liabilities as of 31/12/2022	**1,251,544**

The Group's reportable segments are as follows for the year ended 31 December 2021:

(in NOK '000s)	Norway	Poland	France	Italy	North America	Other	Elim.	Total
External sales	526,354	86,798	333,350	86,837	200,755	34,906	-	1,269,000
Intersegment sales	260,153	388,239	428	142,914	68	-	(791,802)	-
Total revenue	**786,507**	**475,037**	**333,778**	**229,751**	**200,823**	**34,906**	**(791,802)**	**1,269,000**
Segment results	44,762	(52,094)	6,972	(27,635)	14,094	48,663	-	34,762
Operating result								**34,762**
Finance income								8,412
Finance expense								(72,365)
Loss before income tax								**(29,191)**
Income tax								(5,563)
Net loss for the year								**(34,754)**

(in NOK '000s)	Norway	Poland	France	Italy	North America	Other	Total
Other information:							
Additions to non-current assets*	16,809	19,173	1,409	-	2,752	139	40,282
Depreciation and amortization expense	(47,534)	(16,657)	(5,301)	(5,885)	(9,174)	(2,134)	(86,685)

*other than financial assets and deferred tax

Segment assets

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

(in NOK '000s)	31 December 2021
Norway	373,622
Poland	329,134
North America	132,604
France	117,359
Other	200,032
Total segment assets	**1,152,751**
Unallocated:	
Deferred tax assets	1,269
Total assets as of 31/12/2021	**1,154,020**

Segment liabilities

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

(in NOK '000s)	**31 December 2021**
Norway	791,255
Poland	130,399
North America	68,433
France	87,708
Other	173,762
Total segment liabilities	**1,251,557**
Unallocated:	
Deferred tax liabilities	1,967
Total liabilities as of 31/12/2021	**1,253,524**

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 31 December 2022:

(in NOK '000s)	**Revenue**	**Property, plant and equipment**	**Intangible assets**	**Right-of-use assets**
France	373,750	1,317	2,432	16,989
Norway	320,283	33,612	109,089	127,682
United States	243,079	10,598	5,967	13,598
Italy	172,659	6,472	10,814	9,756
Germany	106,410	-	-	-
Sweden	63,668	-	-	-
Czech Republic	52,147	-	-	-
Canada	44,200	-	-	-
Poland	38,016	54,900	1,075	54,469
Great Britain (UK)	35,314	104	-	439
Spain	29,136	37	16	1,201
Other countries	135,809	700	-	874
Total	**1,614,471**	**107,740**	**129,393**	**225,008**

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 31 December 2021:

(in NOK '000s)	Revenue	Property, plant and equipment	Intangible assets	Right-of-use assets
France	309,486	1,134	2,749	19,078
Norway	307,014	44,188	87,976	100,448
United States	172,625	3,679	9,200	48,319
Italy	154,214	5,843	9,828	8,753
Germany	51,180	-	-	-
Sweden	41,697	-	-	-
Canada	33,285	-	-	-
Great Britain (UK)	30,658	84	-	681
Czech Republic	26,545	-	-	-
Spain	22,492	29	20	1,360
Other countries	119,804	63,086	4,104	61,094
Total	**1,269,000**	**118,043**	**113,877**	**239,733**

Nordic countries include Norway, Denmark, Finland and Sweden.
Latin Europe countries include Spain, France, Italy, Portugal and Luxembourg.
Central Europe countries include Austria, Belgium, Switzerland, Germany and the Netherlands.
Eastern Europe countries include Poland, Ukraine, Lithuania and Belarus.

Major customers

The Group does not have any single customer whose revenue streams exceed 10% of the Group's revenue in 2022 and 2021.

27. 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.

Compensation to key management personnel is included in Note 7.

(in NOK '000s)	Purchases for the period from 1 January to 31 December 2022	Sales for the period from 1 January to 31 December 2022	Balance payable outstanding as at 31 December 2022	Balance receivable outstanding as at 31 December 2022
OpenGate Capital Management, LLC	(6,000)	-	-	-
Jotul Holdings SA	(2,830)	-	(33,568)	-

(in NOK '000s)	Purchases for the period from 1 January to 31 December 2021	Sales for the period from 1 January to 31 December 2021	Balance payable outstanding as at 31 December 2021	Balance receivable outstanding as at 31 December 2021
OpenGate Capital Management, LLC	(6,000)	-	(6,000)	-

Transactions relating to OpenGate Capital Management, LLC include certain corporate infrastructure monitoring services and certain transaction advisory services, including with respect to the acquisition of the subsidiary.

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

28. COMMITMENTS

Non-cancellable leases

From 1 January 2019, the Group has recognized right-of-use assets and lease liability for these leases (Note 25). Future lease payments as of 31 December 2021 and 31 December 2022 are disclosed in Note 3.2.

Guarantees, pledges and other collateral

All of the assets of the Group have been pledged to jointly secure senior secured bonds pursuant to the super senior RCF provided by Nordea Bank AB, filial in Norge (“Nordea”), the hedging arrangements with Nordea and the bonds, pursuant to the terms of an intercreditor agreement. Nordic Trustee AS is acting as security agent and holds all security on behalf of Nordea in its capacity as lender and hedge counterparty and on behalf of the bondholders. The super senior RCF was entered into on 20 October 2021 and the terms and conditions for the bonds were entered into on 1 October 2021.

The Group provided a bank guarantee of NOK 13,850 thousand to the property lessor Festningsveien 2 AS and EUR 808 thousand, equivalent of NOK 8,075 (2021: EUR 804 thousand, equivalent of NOK 8,033 thousand) to the property lessor Prologis Poland LXXXIII Sp.z.o.o.

29. SUBSEQUENT EVENTS

As of the date of this report, the directors are not aware of any subsequent events that may materially impact these financial statements and accompanying notes.

30. APPROVAL BY THE BOARD OF DIRECTORS

The consolidated financial statements were approved and authorized for issue by the Board of Directors on 4 May 2023.

31. JØTUL AS STANDALONE ANNUAL ACCOUNTS

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Content

JØTUL AS

Income Statement

Jøtul AS

All amounts in 1000 NOK

	Note	2022	2021
Revenue	1	634,552	526,354
Revenue from group companies	1	509,599	292,169
Other operating income	1,2	4,705	4,744
Total operating income		**1,148,856**	**823,268**
Cost of Goods Sold	3	697,829	450,708
Change in inventory	3	-1,660	-7,559
Payroll expenses	4,5	115,259	105,485
Depreciation	2	18,957	19,518
Other operating expenses	2,4,6	165,774	171,180
Total operating expenses		**996,158**	**739,332**
Operating profit		**152,698**	**83,936**
Income from subsidiaries		6,877	0
Interest received from group companies		11,955	12,154
Other financial income	7	18,636	6,058
Total financial income		**37,468**	**18,212**
Write-Down financial fixed assets	8	56,207	0
Interest paid to group companies	9	194	25,938
Other financial expenses	10	61,808	27,443
Total financial expenses		**118,209**	**53,381**
Net financial items		**-80,742**	**-35,169**
Result before tax		**71,956**	**48,766**
Income tax expense	11	-83,883	109
Result after taxes		**155,839**	**48,657**
Net profit for the year		**155,839**	**48,657**
Allocated to other equity	12	155,839	48,657
Total amount allocated		**155,839**	**48,657**

Balance Sheet

Jøtul AS

All amounts in 1000 NOK

	Note	2022	2021
Assets			
Fixed assets			
Intangible fixed assets			
Research and development	2	47,469	40,744
Other intangible assets	2	15,620	11,076
Trademarks	2	46,000	46,000
Deferred tax asset	11	84,179	0
Total intangible fixed assets		**193,268**	**97,820**
Tangible fixed assets			
Land, buildings and other property	2	1,247	1,412
Machinery and plant	2	29,678	29,449
Fixtures and fittings, tools etc	2	2,687	2,251
Total tangible fixed assets		**33,612**	**33,112**
Financial fixed assets			
Investments in subsidiaries	8	337,580	124,332
Investments in shares		0	3
Other receivables financial assets	13	8,550	10,800
Total financial fixed assets		**346,130**	**135,135**
Total fixed assets		**573,010**	**266,067**
Current assets			
Inventory	3	**58,586**	**61,045**
Receivables			
Accounts receivable		53,770	50,175
Accounts receivable with group companies	14	101,959	46,205
Other receivables with group companies	14	178,834	332,845
Other receivables		6,043	5,015
Total receivables		**340,605**	**434,240**
Cash and cash equivalents	15	**39,812**	**13,972**
Total current assets		**439,003**	**509,257**
Total assets		**1,012,013**	**775,323**

Balance Sheet

Jøtul AS

All amounts in 1000 NOK

	Note	2022	2021
Equity and liabilities			
Equity			
Contributed equity			
Share capital	12,16	139,414	139,414
Share premium reserve		1,026,612	1,026,612
Total contributed equity		**1,166,026**	**1,166,026**
Retained earnings			
Uncovered loss	12	-902,833	-1,058,672
Total retained earnings		**-902,833**	**-1,058,672**
Total equity		**263,193**	**107,354**
Liabilities			
Allowances for liabilities			
Other provisions	2	14,115	18,820
Total provisions		**14,115**	**18,820**
Non-current liabilities			
Subordinated debt	9	33,568	30,551
Bonds	18	466,639	461,861
Total non-current liabilities		**500,207**	**492,412**
Current liabilities			
Liabilities to financial institutions	17	0	19,658
Accounts payable		52,368	37,910
Accounts payable with group companies		93,510	46,105
Public duties payable	15	18,503	19,587
Other short term liabilities	18	70,117	33,477
Total current liabilities		**234,498**	**156,737**
Total liabilities		**734,705**	**667,969**
Total equity and liabilities		**1,012,013**	**775,323**

Fredrikstad, 04.05.2023
Jøtul AS

Nils Agnar Brunborg Chairman of Board / CEO	**Øyvind Arne Sandnes** Member of Board	**Lars Tore Heggem** Member of Board
Rene Valentin Christensen Member of Board	**Sven Østgulen** Member of Board	**Bjørn Harald Bjørnli** Member of Board
Anette Johansen Member of Board		

Cash Flow Statement

Jøtul AS

All amounts in 1000 NOK

	Note	2022	2021
Cash flows from operating activities			
Result before tax		71,956	48,766
Income taxes paid	11	-296	-109
Loss/gain on sale of assets	2	-8,192	2,506
Depreciation/amortisation	2	18,957	19,518
Impairment of shares in subsidiaries	8	56,207	0
Change in inventories	3	2,459	311
Change in trade receivables		-59,349	-33,976
Change in trade payables		61,863	-19,628
Change in other accruals/prepayments		29,824	8,525
Net cash flows from operating activities		**173,429**	**25,913**
Cash flows from investing activities			
Payments to acquire fixed assets	2	-5,612	-13,066
Payment for purchase of intangible assets	2	-25,202	-6,516
Receipt from other loan receivables (short-/long-term)	13	2,250	0
Receipt from sales of shares	8	8,383	0
Payments for capital increase group subsidiaries	8	-45,946	-10,028
Net cash flows from investing activities		**-66,127**	**-29,609**
Cash flows from financing activities			
Change Bank overdraft used	17	0	11,456
Change Net payout overdraft	17	-19,658	0
Receipt/Payment of loan group (short-/long-term)	9,14	-66,582	-477,912
Receipt from issue of other liabilities (short-/long-term)	18	4,778	461,861
Cash flows from financing activities		**-81,462**	**-4,595**
Net cash flow for the period		**25,840**	**-8,291**
Cash and cash equivalents at the beginning of the period	15	13,972	22,263
Cash and cash equivalents at the end of the period		**39,812**	**13,972**
Consisting of:			
Bank deposits etc.		**39,812**	**13,972**
Unutilised RCF	15	**40,000**	**20,342**

Summary of accounting policies

All figures are in NOK'000 unless stated otherwise.

The annual financial statements have been prepared in accordance with the Accounting Act and generally accepted accounting principles in Norway (NGAAP).

Revenue

Revenue recognition from the sale of goods occurs at the time of delivery. Revenue in foreign currency is recognised at the prevalent monthly exchange rates during the year. Services are recognised as they are performed.

Classification and assessment of balance sheet items

Assets that are held for permanent ownership or use are classified as non-current assets. Assets that relate to the flow of goods are classified as current assets. Receivables are classified as current asset if they are due to be repaid within one year of the time of payment. Liabilities are based on analogous criteria.

Current assets are measured at the lower of cost and fair value. Current liabilities are recognised at their nominal amount.

Non-current assets are recognised at cost of acquisition. Fixed assets that depreciate in value, are depreciated on a straight-line basis over their expected economic life. Fixed assets are written down to fair value on impairment if required by accounting standards. Non-current liabilities in Norwegian kroner, with the exception of other provisions, are measured at their nominal amount on initial recognition. Provisions are discounted if the interest element is material.

Intangible assets

Expenditure related to intangible assets is capitalised to the extent that the criteria for recognition of an asset are met. This entails that such expenditure is capitalised when it is considered probable that the future economic benefits associated with the asset will flow to the company, and the cost of the asset can be reliably measured. Capitalised intangible assets are amortised on a straight-line basis over their expected useful life. Exempt are Trademarks, which follow an impairment test performed annually.

Fixed assets

Fixed assets are capitalised and depreciated on a straight-line basis over the expected useful life of the assets, provided they have a useful life exceeding three years and a cost price exceeding NOK 15,000. Maintenance of fixed assets is expensed as incurred and classified as an operating expense. Additions or improvements are added to the cost of the asset and depreciated in line with the fixed asset. The differentiation between what constitutes maintenance and addition/improvement is based on the condition of the fixed asset on acquisition of the fixed asset.
Leased fixed assets are recognised as fixed assets if the lease agreement is considered a finance lease.

Subsidiaries

Subsidiaries are measured according to the cost method in the company financial statements. The investment is measured at the cost of the shares unless impairment has been necessary.
Dividends and group contribution are recognised as income in the same year that the amounts are provided for in the subsidiary. To the extent that dividends and/or group contributions exceed the share of post-acquisition retained earnings, the excess amount is considered a repayment of invested capital, and reduces the carrying value of the investment recognised in the balance sheet.

Foreign currency

Receivables, cash and liabilities in foreign currencies are translated at the balance sheet date rate of exchange. Foreign exchange gains and losses related to sale and purchase of goods in foreign currencies are recognised as foreign exchange gains/foreign exchange losses. Exchange rates at the time of transaction are used for transactions in foreign currency.

Summary of accounting policies

Impairment of non-current assets
An impairment test is performed when there is an indication that the carrying value of a non-current asset is higher than its fair value. The test is conducted at the lowest level of non-current assets that has independent cash flows. If the carrying value is higher than both the sales value and the recoverable amount (present value of continued use/ownership), an impairment charge to the higher of sales value and recoverable amount is made. Previous impairment losses are reversed if the conditions for the impairment are no longer present (with the exception of e.g. impairment of goodwill).

Inventories
Inventories of purchased goods are measured at the lower of cost according to the FIFO principle and fair value. Own manufactured finished goods and work in progress are measured at full manufacturing cost. An impairment is charged if the fair value (sales price reduced by selling costs) is lower than the cost price. Selling costs include all remaining sales-, administration- and storage costs.

Receivables
Trade receivables and other receivables are recognised in the balance sheet at the nominal amount reduced by provisions for expected losses. Provisions for losses are made based on an individual assessment of the individual receivables. For smaller trade receivables, an unspecified provision is made to cover expected losses.

Warranty obligations
Expected costs for future warranties related to sales are expensed and recognised as a provision in the balance sheet. The provision is based on historical experience for warranties.

Loans
Loans are recognised at fair value at the time of inception. In subsequent periods, loans are measured at amortised cost using the effective interest method. Loans are classified as current liabilities unless there is an unconditional right to defer payment of the liability for more than 12 months from the balance sheet date.

Taxation
The income tax expense in the income statement includes both the tax payable for the period and changes in deferred tax. Deferred tax is calculated using the actual tax rate based on the temporary differences existing between the carrying amounts and tax values, as well as any tax losses carried forward at the end of the financial year. Tax increasing and tax reducing temporary differences that reverse or could reverse in the same period are offset. The company has not recognised deferred tax assets on net tax reducing differences that are not offset and losses carried forward.

Events after the balance sheet date
New information after the balance sheet date about the financial position of the company as at the balance sheet date is recognised in the annual financial statements. Events after the balance sheet date that do not have an impact on the company’s financial position as at the balance sheet date, but which will affect the company’s financial position in the future, are disclosed if this is material, see note 19.

Statement of cash flows
The statement of cash flows is prepared using the indirect method. Cash and cash equivalents include cash, bank deposits and other short-term, liquid deposits that may immediately and with insignificant currency risk be converted to known cash amounts and with a due date of less than three months from the date of acquisition.

Note 1 Revenue by Country / Region of Destination

The Company's revenue specified by main markets:

	2022	2021
Norway	322,443	287,860
Nordics other	76,492	50,565
Europe exc. Nordics	657,370	391,669
North America	62,325	37,091
Other	30,226	56,083
Total	**1,148,857**	**823,268**

Note 2 Fixed assets and leasing costs

	Trademarks	R&D	Software	Property	Machinery and plant	Fixtures	**Total**
Acquisition cost at 1 Jan.	190,000	224,455	27,664	1,626	268,380	21,744	733,869
+ Additions		16,690	8,423		4,823	878	30,814
- Disposals		- 9,724	- 2,679		- 18,450	- 5,594	- 36,447
Acquisition cost at 31 Dec.	**190,000**	**231,422**	**33,408**	**1,626**	**254,752**	**17,028**	**728,236**
Acc. Depr/Amort/Imp. 1 Jan.	- 144,000	- 183,711	- 16,588	- 214	- 238,930	- 19,492	- 602,937
+ Depreciation/Amortisation		- 9,965	- 3,879	- 165	- 4,505	- 443	- 18,957
- Disposals Acc Depreciation		9,724	2,679		18,361	5,594	36,358
Acc. Depr/Amort/Imp. 31 Dec.	**- 144,000**	**- 183,953**	**- 17,788**	**- 379**	**- 225,074**	**- 14,341**	**- 585,535**
Balance as per 31 Dec.	**46,000**	**47,469**	**15,620**	**1,247**	**29,678**	**2,687**	**142,701**
Period of ordinary Amort./Depr.		4	4	20	10-15	3-8	

Fixed assets are depreciated on a straight-line basis.

Trademarks with indefinite useful lives at 31 December 2022 amounting to NOK 46,000 thousand are not amortised (2021: NOK 46,000 thousand). As Jøtul has a history of more than 170 years and the management has no plans to abandon the trademarks in the near future, the useful lives for the trademarks are assumed to be indefinite. The Company tests whether trademarks have suffered any impairment on an annual basis.

The Company sold the factory building, as well as the shares, of Jøtul Eiendom AS (which owned the company's leased-back administration building) at the beginning of 2006. The lease agreement was determined to be an operating lease. The gain on disposal of the building/shares was in total NOK 93,694,794. Due to severe difficulties in determining the market value of the company's properties without a leaseback agreement, the gain is recognised over the rental term. The gain recognised in 2022 is NOK 4,705,104.

The Company capitalise research and development cost related to product development; product specifications, design, drawings etc. as intangible assets. The product development process follows a clearly identified policy, overseen by an internal body, with a project start, pre-study, concept development, detailed development, industrialisation & launch.

Deferred income at 31.12.2022

Deferred income from gain on sale of factory building	11,589
Deferred income from gain on sale of shares	2,527
Total other provisions for obligations	**14,115**

Rental and leasing arrangements:	**Annual Cost**	**Year of expiry / duration**	**Type**
Office and factory	17,479	2032, renewable	Lease contract
Warehouse	9,474	2032, renewable	Lease contract
Trucks	1,692	2 years renewable	Lease contract
Company cars	1,931	4 years renewable	Leasing
IT equipment	5	3 years renewable	Leasing
Total	**30,581**		

Note 3 Inventory

By inventory category	2022	2021
Raw materials	4,627	2,271
Work in Progress	-	675
Finished goods	23,491	31,514
Trading goods	30,467	26,584
Total	**58,586**	**61,045**
Obsolescence provision recognised	4,444	5,537
Expensed obsolescence provision	1,093	- 726

Company policy is to hold spare parts for all products that have been manufactured in the last 10 years in inventory, and the Company’s criteria for calculating obsolescence is:

Category 1	No sale/usage last 36 months, allowance of 100% of manufacturing cost
Category 2	No sale/usage last 24 months, allowance of 50% of manufacturing cost
Category 3	Inventory larger than sale/usage of the last 12 months on outgoing products are accrued by 25% of manufacturing cost.

Note 4 Employee benefits expense, number of employees, remuneration to management and representatives

The average number of full time equivalents during the financial year is 153 people.

Specification of employee benefits expense	2022	2021
Salaries	88,520	82,396
Social security	13,979	13,462
Pension cost	3,784	3,574
Other payroll related benefits	8,976	6,052
Total	**115,259**	**105,485**

Remuneration to leading employees

CEO	2022	2021
Salary	3,458	3,487
Pension	321	321
Other benefits	617	873
Members of the Board	-	-

The CEO has a notice period of 6 months in addition to rights to compensation for 6 months. The CEO has a bonus agreement which is limited to a maximum of 50% of the base salary.

No loans or credits have been given to leading employees or key persons.

The Company has contribution based pension arrangements including 164 people.

The Company’s pension arrangements satisfy the regulations for mandatory occupational pensions.

Fees to auditor, exclusive of VAT:	2022	2021
Audit	1,489	735
Total fees to auditors	**1,489**	**735**

Note 5 Related parties

Information about and remuneration to leading employees are shown in note 4 Employee benefits expense.
Liabilities to related parties have been described in note 9.
No leading employees have a shareholding exceeding 1 %. Ref. note 16 Share capital.
In 2006, the Company sold the factory building and office building with a leaseback term of 20 years, with an option for an additional 20 years, to a consortium that established two limited companies for the purpose of owning and operating the properties. In 2012, the Company extended the lease agreement to include a new warehouse and manufacturing facility. The shareholders of Jøtul AS, leading employees, the Board or other key persons do not own any interest in these limited companies.

The Company has purchased management services from Open Gate of approx. MNOK 6 in 2022.

Note 6 Other Operating Expense

	2022	2021
Shipping and distribution cost	20,032	26,613
Rental of buildings and machinery	33,670	33,615
Selling and marketing costs	20,083	23,249
Production and maintenance costs	21,334	15,868
Management fees	6,260	6,000
Other administration and operating expenses	64,395	65,836
Total other operating expense	**165,774**	**171,180**

Note 7 Other finance income

	2022	2021
Interest income bank	531	-
Other interest income	8,519	-8
Foreign exchange gain	9,586	6,066
Total	**18,636**	**6,058**

Note 8 Subsidiaries

Investments in subsidiaries are accounted for in accordance with the cost method.

Company	Business office	Year of acquisition	Share	Equity 31.12	Result 2022	Carrying value 31/12
Jotul North America Inc.	Portland, USA	1979	100 %	95,308	10,677	25,000
Jotul France S.A.	Dardilly, France	1983	100 %	31,971	786	16,000
Jotul UK Ltd.	Worcestershire, UK	2000	100 %	15,828	737	2,800
Jotul Hispania S.L. [1]	Zaragosa, Spain	2006	100 %	100	-	
Scan A/S	Vissenbjerg,Denmark	2006	100 %	13,477	1,283	41,439
Jotul Italy s.r.l	Milano, Italy	2007	100 %	8,526	1,364	3,960
Jotul Poland sp. zo. o.	Wroclaw, Poland	2019	100 %	103,105	15,223	248,381
Aico Italy s.r.l [2]	Milano, Italy	2021	100 %	-22,823	-49,903	-
Carrying value at 31.12						**337,580**

[1] Jotul Hispania S.L. was sold to Jotul France S.A. on 25/05/22 (transaction value MNOK 2.28)
[2] The company has in 2022 made an write-down of the shares in Aico Italy s.r.l of MNOK 56

Note 9 Long-term liabilities group companies

A loan of MNOK 26 has been issued by the principal shareholder, Jotul Holdings S.a.r.l, with calculated interest in accordance to the loan agreement.
The interest rate set to 9 % and accrued interest in 2022 is MNOK 2.83

Note 10 Other finance expense

	2022	2021
Bank charges	2,460	3,582
Interest/fees bank overdraft, amortised estab. costs	9,222	12,441
Interest to suppliers	141	310
Interest factoring	1,871	1,027
Bond Finance Cost	4,870	1,194
Bond interest expense	43,065	8,713
Other interest expense	180	176
Total	**61,808**	**27,443**

* The Company's fixed interest- and forward contracts are measured at fair value in the balance sheet, and changes in fair value are recognised in the income statement (as unrealised currency gains/losses). Refer also to note for "Financial market risk, fixed interest- and forward contracts".

Note 11 Income tax expense, deferred tax and income tax payable

Temporary differences included in the basis for deferred tax/deferred tax asset	2022	2021
Fixed assets	29,053	26,303
Inventory	- 2,932	- 1,477
Receivables	- 985	- 457
Financial instruments	8,361	13,139
Gain and loss account	1,546	1,932
Deferred revenue	- 11,589	- 15,452
Warranty provision	- 3,590	- 1,590
Net temporary differences	19,864	22,399
Losses and tax credits carried forward	- 399,942	- 517,895
Restricted interest deduction carried forward	- 2,555	- 2,555
Basis for deferred tax/deferred tax assets in the balance sheet	- 382,633	- 498,052
Deferred tax/deferred tax asset	- 84,179	- 109,571
Deferred tax assets not recognised	-	109,571
Deferred tax/deferred tax asset recognised in the financial statements	**- 84,179**	**- 0**

Basis for income tax expense, change in deferred tax and income tax payable		
Result before tax	71,956	48,766
Permanent differences	43,463	11,118
Change in temporary differences incl. in the basis for deferred tax/deferred tax asset	2,535	- 18,491
Taxable income before utilising losses carried forward	117,953	41,394
Change in losses and allowances carried forward	- 117,953	- 41,394
Taxable income (basis for income tax payable in the balance sheet)	-	-
Specification of permanent differences		
Dividends from subsidiaries	- 6,877	-
Other non-deductible expenses and non-taxable income	50,340	11,118
Total permanent differences	**43,463**	**11,118**
Split of the income tax expense		
Income tax expense from foreign operations	296	109
Total income tax payable	-	-
Change in deferred tax/deferred tax asset	- 84,179	-
Income tax expense	**- 83,883**	**109**

Note 12 Equity

	Share Capital	Share Premium	Losses carried forward	Total Equity
As of 1 January	139,414	1,026,612	- 1,058,672	107,354
Result of the year			155,839	155,839
As of 31 December	**139,414**	**1,026,612**	**-902,833**	**263,193**

Note 13 Financial market risk, fixed interest- and forward contracts

The Company is exposed to foreign currency risk mainly related to sales in foreign currencies. Fluctuations in foreign currencies are hedged through forward contracts. As per 31.12.2022 the Company has not entered any forward contract to hedge against foreign currency fluctuations related to sales in foreign currencies.

The Company's loans, long-term and bank overdrafts, have floating interest rates in NOK, USD, EUR, GBP, SEK, DKK and PLN and are consequently exposed to fluctuations in general interest levels.

An interest-bearing loan of MNOK 13.5 has been given to Festningsveien 2 AS in connection with their building of a new warehouse and manufacturing facility for the company's plant in Kråkerøy. The current balance of the loan on 31.12.2022 was MNOK 8.6, of which MNOK 2.25 is current receivable.
The Company has no debt that expiry later than 5 years.

Note 14 Other receivables from group companies

	2022	2021
Trade receivables from group companies	**101,959**	**46,205**

	2022	2021
Group Cash Pool [1)]	178,834	284,856
Other receivables from subsidiaries	- 0	47,988
Total Other receivables from group companies	**178,834**	**332,845**

[1)] Jøtul AS is the principal account owner in a cash pool arrangement and is therefore in effect bank for its subsidiaries.

The parent company, Jøtul AS, has entered into a loan engagement with its bank, Nordea, which among other things includes a multi-currency bank overdraft facility for the entire Group. The subsidiaries are included in the cash pool system and every company has a bank overdraft tied to its account. Jøtul AS manages the system and distributes the overdraft facility to the individual companies as required. Every subsidiary has a loan- or deposit relationship with Jøtul AS and not with external financial institutions. The subsidiaries have a joint responsibility to Nordea for the obligations of Jøtul AS in accordance with Jøtul AS' agreement with Nordea.

The company has in 2022 purchased products of MNOK 467 and services of MNOK 30 from subsidiaries. Purchasing of products are mainly related to finished products from Poland, while services mainly consist of R&D and Sales services.

Note 15 Bank deposits, cash etc.

The Company has restricted bank deposits to cover employee withholding tax due of:	4,729
Drawn portion of MNOK 40 revolving credit facility as at 31 December 2022:	-

Note 16 Share capital and shareholders

All amounts in the note are in single NOK.

The Company had 1 shares, with nominal value of NOK 139,413,732. Total share capital is NOK 139,413,732.

The Company's shares are split into the following share classes:

Share class	Total nominal value	Number shares	Nominal amount per share
Ordinary shares	139,413,732	1	139,413,732
Total	**139,413,732**	1	**139,413,732**

The Company has following shareholders:

Name	Country	Amount	Share	Voting Right	Dividend Right
Jotul Holdings S.a.r.l	Luxembourg	1	100 %	100 %	100 %

Note 17 Debt to credit institutions and mortgages

	2022	2021
Bank overdraft	-	19,658
Total debt to credit institutions	**-**	**19,658**

Carrying value of mortgaged assets:	2022	2021
Fixed Assets	96,701	84,932
Trade receivables	53,770	50,175
Trade receivables group companies	101,959	46,205
Inventory	58,586	61,045
Shares in subsidiaries	337,580	124,332
Total mortgaged assets	**648,595**	**366,688**

All of the assets of the Group have been pledged to jointly secure senior secured bonds pursuant to the super senior RCF provided by Nordea Bank AB, filial in Norge ("Nordea"), the hedging arrangements with Nordea and the bonds, pursuant to the terms of an intercreditor agreement. Nordic Trustee AS is acting as security agent and holds all security on behalf of Nordea in its capacity as lender and hedge counterparty and on behalf of the bondholders. The super senior RCF was entered into on 20 October 2021 and the terms and conditions for the bonds were entered into on 1 October 2021.

The Group provided a bank guarantee of KNOK 13.850 to the property lessor Festningsveien 2 AS and KEUR 808, equivalent of KNOK 8.075 (in 2021: KEUR 804, equivalent of KNOK 8.033) to the property lessor Prologis Poland LXXXIII Sp.z.o.o.

Note 18 Senior Secured Bond

	2022	2021
Opening balance at 01/01	475,000	-
Issue of Bond	-	475,000
Valuation / Amortisation	- 8,361	- 13,139
Closing balance at 31/12	**466,639**	**461,861**
Interest accrued on bonds during the year	**11,626**	**8,713**
Current	11,626	8,713
Non-current	466,639	461,861

On 6 October 2021, the Company issued a 3-year MNOK 475 senior secured bonds with ISBN NO0011104069. The bonds bear a floating rate coupon of 6,95% plus 3 months NIBOR with coupon payments quarterly. The bond has a maturity date of 6 October 2024.

The bonds were listed on Oslo Børs in October 2022.

The Company has a possibility to issue bonds up to a maximum total nominal amount of MNOK 750 (representing sum of initial bonds, subsequent bonds and PIK bonds) under the terms and conditions of the listed bond.

The Issuer may redeem all, but not only some, of the outstanding Bonds in full:

(i) any time from and including the First Issue Date to, but excluding, the First Call Date at an amount per Bond equal to 103.475 per cent. of the Nominal Amount plus the remaining interest payments to, and including, the First Call Date, together with accrued but unpaid Interest;

(ii) any time from and including the First Call Date, but excluding, the first CSD Business Day falling 24 months after the First Issue Date at an amount per Bond equal to 103.475 per cent. of the Nominal Amount, together with accrued but unpaid Interest;

(iii) any time from and including the first CSD Business Day falling 24 months after the First Issue Date to, but excluding, the first CSD Business Day falling 30 months after the First Issue Date at an amount per Bond equal to 102.085 per cent. of the Nominal Amount, together with accrued but unpaid Interest;

(iv) any time from and including the first CSD Business Day falling 30 months after the First Issue Date to, but excluding, the first CSD Business Day falling 33 months after the First Issue Date at an amount per Bond equal to 100.695 per cent. of the Nominal Amount, together with accrued but unpaid Interest; and

(v) any time from and including the first CSD Business Day falling 33 months after the First Issue Date to, but excluding, the Final Maturity Date at an amount per Bond equal to 100 per cent. of the Nominal Amount, together with accrued but unpaid Interest.

Redemption in accordance with Clause 9.3(a) shall be made by the Issuer giving not less than 15 Business Days' notice to the Bondholders and the Agent. Upon receipt of such notice, the Agent shall inform the Paying Agent. Any such notice is irrevocable but may, at the Issuer's discretion, contain one or more conditions precedent. The notice shall specify the Call Option Repayment Date. Upon expiry of such notice and the fulfilment of the conditions precedent (if any), the Issuer is bound to redeem the Bonds in full at the applicable amounts.

Unless the redemption price is set out in the written notice where the Issuer exercises its right to redemption in accordance with Clause 9.3(a)(i), the Issuer shall publish the redemption price to the Bondholders as soon as possible and at the latest within three Business Days from the date of the notice.

For the purpose of calculating the remaining interest payments pursuant to paragraph (a)(i) above it shall be assumed that the Interest Rate for the period from the relevant Record Date to the First Call Date will be equal to the Interest Rate in effect on the date on which notice of redemption is given to the Bondholders. The relevant Record Date shall be agreed upon between the Issuer, the CSD and the Agent in connection with such repayment.

Note 19 Subsequent Events

No other significant events have occurred in the period from the balance sheet date to the date of approval of the financial statements that have affected the financial position of the Company to a material degree and which should have been reflected in the financial statements presented.