Jøtul AS (Jøtul Group)

Interim Financial Report (unaudited)
Half-year ended 30 June 2023

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3004 Fredrikstad
Norway

Jøtul AS
Interim financial report
for the half-year ended 30 June 2023

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General information

The Jøtul Group (representing Jøtul AS together with its subsidiaries) is one of the three largest suppliers of fireplaces in Europe and a significant player in North America. The company, with a history dating back to 1853 through its legacy as one of Norway's oldest companies, distributes stand-alone stoves, inserts, frames and accessories for fireplaces. The Group's main brands are Jøtul, Scan and Ravelli. The Jøtul fireplaces are manufactured from cast iron and appear timeless and robust, with Norwegian origins. The Scan fireplaces are manufactured from plated steel and are characterized by modern Danish design, while the Ravelli pellets stoves are characterized by Italian design and technology. The head office is based in Norway. Manufacturing takes place through own production in Norway, Poland, France and the USA, in addition to a range of bought-in products. The products are sold through one of the most wide-reaching global networks in the industry, consisting of own sales companies and distributors. The products reach the end consumers through specialty shops, and in Norway also through building materials retail chains.

The group is headquarters in Norway and has subsidiaries in Poland, France, Italy, United States, Denmark, United Kingdom and in Spain. Jøtul AS owns 100% interest in all its subsidiaries. There were no changes in the Group structure in the first half of 2023. On May 26th, 2022, Jøtul AS sold the Spanish subsidiary Jotul Hispania s.l.u. to Jotul France SAS. This change does not have an impact on the consolidated financial statements of the group. All subsidiaries are included in the consolidated financial statements embedded in this report.

The financial statements as of 30 June 2023 and 30 June 2022 are unaudited. This report was approved by the Company's Board of Directors on 30 August 2023.

The first half-year in brief

The revenue in the period increased with 15.9%, to MNOK 853.6 compared to MNOK 736.5 in H1 2022. Sales to most of the Group's key markets continue to show positive development in H1 2023 due mainly to higher prices and significant opening order book. Nevertheless, the trend in order intake is negative, driven by the lowering cost of energy (both electricity and natural gas), higher interest rates, and lower home improvement spending. In certain markets the slowdown in the construction industry, notably related to new houses and recreational homes, has also contributed to the downturn. Although the driving factors are somewhat different, the most notable market slowdowns were experienced in North America, and in the French and Italian pellet stoves markets (the latter being already observed since H2 2022). It is also important to note that Jøtul is observing a more significant seasonality effect in 2023 compared to the first six months of 2022 – the latest development seems to follow closer the normal seasonality of the prior years, while 2022 was less seasonal due to major disruptive factors in particular in Europe (i.e.: war in Ukraine, significant increase in energy prices and overall uncertainty of the natural gas supply/sufficiency)..

Considering the factors mentioned above, the total order intake has reduced from MNOK 888.2 in H1 2022 to MNOK 697.6 in H1 2023. The total order book at the end of June 2023 was MNOK 329.5 compared to MNOK 382.6 at the end of June 2022.

In the first half of 2023, the Jotul Group reached a consolidated profit of MNOK 114.9 (H1 2022: profit of MNOK 15.2). The operating profit totaled MNOK 114.4 in H1 2023 (H1 2022: profit of MNOK 65.4). The 2023 total comprehensive profit for the half-year was MNOK 149.3 (H1 2022: profit of MNOK 25.2).

EBITDA (Earnings before interests, taxes, depreciation, and amortizations: Operating Result less Depreciations) was MNOK 156.3 in the first six months of 2023 (H1 2022: MNOK 103.0). This includes the effect of non-recurring items totaling MNOK 5.8 (H1 2022: MNOK 16.5) related mainly to the shareholder’s monitoring fees. Adjusted EBITDA (net of non-recurring items) was MNOK 162.1 in H1 2023 (H1 2022: MNOK 119.5).

In H1 2023, the Jotul Group recognized a deferred tax asset of MNOK 15.2 coming from the cumulated losses carried forward by Jotul Poland. The recognition was possible and justified by the fact that the Polish division has turned to profitability, and it is foreseen that the tax losses will be utilized in the following years.

The manufacturing operations in Poland improved further in terms of output. In H1 2023 the total output of complete units from our Polish factory increased by 28.8% compared to H1 2022. 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 were for the most part compensated with selling prices increases. Throughout the second half of 2022 and in the first half of 2023 the Group observed that the prices of certain materials and on energy have started to stabilize.

The inventory level has increased, in particular over the past 12 – 18 months, as a result of inflation, currency effect, and increased lead times for the supply of raw materials and components. While this is expected to improve, and the Group has implemented actions in this direction, the inventory will likely stay at higher levels than in the past years.

The Group’s capital investments in the first half of 2023 amounted to MNOK 31.5 (H1 2022: MNOK 20.2). These investments are mainly related to product development to ensure that the Group remains at the forefront in terms of innovative products with high efficiency and low emission levels. Additionally, in 2023 the Group is working on the implementation of its next generation ERP platform.

In the first six months of 2023, the Group had an average of 833 full-time equivalent employees (H1 2022: an average of 726; H2 2022: 801). The increase is driven mainly by the increase in activity at the facility in Poland and is to a large extend driven by temporary contracts.

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 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. Additionally, in July 2023 the Group agreed with Nordea Bank to temporarily increase RCF facility with 20m NOK, to provide sufficient buffer for countering the seasonality effects during the summer season.
- FY2022 revenues were 27% higher than the previous year, driven by strong market dynamics and improved output performance. The growth continued (+15.9%) in H1 2023 compared to the same period of last year.
- The order book continues to be strong, paving the way for favorable revenue development during the remainder of 2023. The key driver for the market demand 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 in most of the Group's core markets.
- 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 the foreseeable future. Nevertheless, the market proved the ability to recover such cost increases 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 strong, especially in the high season preceding the winter. 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 and the favorable business outlook, 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

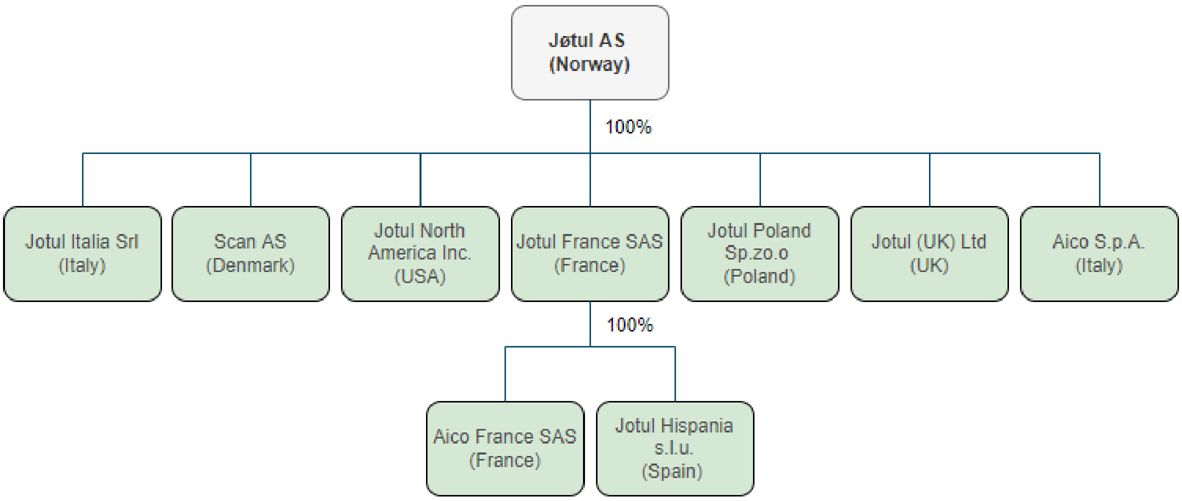
The Group's largest markets are the Nordic countries, France, Italy and USA. The company supplies fireplaces for wood, gas and pellets. The market is multi-local, and the competitors are largely local participants in national markets. This is driven by historical positions and a fragmented regulatory 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 30 June 2023, including all branches and ownership percentages.



In order to further streamline its legal organization, at the end of May 2022 the Group has transferred all the shares of Jotul Hispania from Jøtul AS to Jotul France. The transfer was based on an arms-length transaction. There were no further changes in the Group's structure since then.

Manufacturing principles

Jøtul operates four manufacturing facilities, one cast iron production plant in Fredrikstad, Norway, one production and assembly plant in Wroclaw, Poland, one gas and wood stoves manufacturing site in Portland (ME), the United States, and a smaller manufacturing facility in Motz, France. The Group employs lean manufacturing principles and strict controls of operational expenditures ("OPEX"). As a vehicle for monitoring and following up the key performance indicators in manufacturing and logistics, Group management conducts business reviews for all manufacturing sites. Typical KPIs for factories are efficiency and productivity, operating expenses, inventory levels, production output related to plan/budget, on-time deliveries and several KPIs for ESG. Whenever corrective measures are needed to be performed, these are communicated in the business reviews and reported on routinely.

Risk exposure

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

Technical risk is primarily associated with the operation of existing and the installation of new equipment. This risk is considered low, based on experience and competence developed while building and maintaining the physical structures of the Group. There have been no major incidents resulting in a prolonged stoppage in production in the last 10 years at any of the Group's manufacturing sites. Related to the establishment of the new factory in Poland, the Group has purchased several new machines to replace the oldest ones currently in operation, to reduce the technical risk further.

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

Climate risks

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

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

Corporate social responsibility and sustainability

Code of conduct and ethical guidelines

The Jøtul Group Code of Conduct is based on the UN Global Compact's ten principles which are in turn based on the UN Declaration of Human Rights, the ILO Declaration on Fundamental Principles and Rights at work, the Rio Declaration on Environment and Development, and the UN Convention Against Corruption. It is our view that a professional, active and responsible business includes compliance not only with local laws and regulations, but also compliance with well-established and widespread human rights conventions, agreements and ethical standards.

The Code of Conduct serves to address and mitigate the main risks in the area of environmental, social and employee matters, respect for human rights and anti-corruption matters. These are among others risk of non-compliance with environmental, sanitary, health, safety and labour law; risk of discrimination; risk of corruption and risk of reputation damage coming from non-compliance with the laws and regulations.

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

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

The Group implemented a policy on GDPR treatment of personal information in 2018 as part of the company Code of Conduct.

Jøtul has extensive focus on health and the workplace environment. The Group's production is traditional, and parts of the production are still considered heavy industry. Some work tasks involve physical challenges, and the distribution of female and male employees in production is therefore still skewed. The Group's goal is for full gender equality between men and women to be prevalent. The female staff constitutes 25% of the total workforce.

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

- Jotul Poland 6.57%
- Jøtul AS 6.91%
- Jotul North America 3.20%

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 2023 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 to prevent the corruption risks identified in the risk analysis.

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

Sustainable development

The ability to offer high-quality and environmentally friendly products is central in Jøtul Group's product development and manufacturing processes. The cast iron utilized in manufacturing is produced from recycled scrap iron using hydroelectric power and has consequently no significant negative impact on the external environment.

The Group's products are among the most energy efficient in the market and have very clean combustion technology. Jøtul ensures that all products are energy labeled in accordance with local energy requirements. The company has R&D departments at the head office and largest manufacturing facility at Kråkerøy, at the operations in Denmark (SCAN), in Jotul North

America, and at AICO Italy. This is to ensure meeting current and future demands related to emission regulations and customer preferences.

There are both international and national efficiency and emission-related requirements imposed on the wood stove manufacturing industry. These include the Conformité Européene (CE) requirements European Norms (EN)13240 for freestanding stoves, and EN13229 for inserts, with which Jøtul complies for the entire product portfolio.

The new pan-European standard EN16510 relating to residential solid fuel burning appliances 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. Jøtul spends around MNOK 40 per year on R&D and product development.

Pollution and climate footprint

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

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

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

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

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

Transparency Act

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

The Act requires the company to publicly report on the due diligence assessments carried out in connection with the requirements of the Act. Jøtul published the report at the webpage location https://intl.jotul.com/this-is-jotul/sustainability/transparency_act within the statutory deadline of 30 June 2023.

Debt instrument

In October 2021, Jøtul Group issued a senior secured bond loan in the 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.

The instrument is listed on a regulated exchange (Oslo Stock Exchange) in accordance with the relevant terms and conditions.

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 also monitored 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

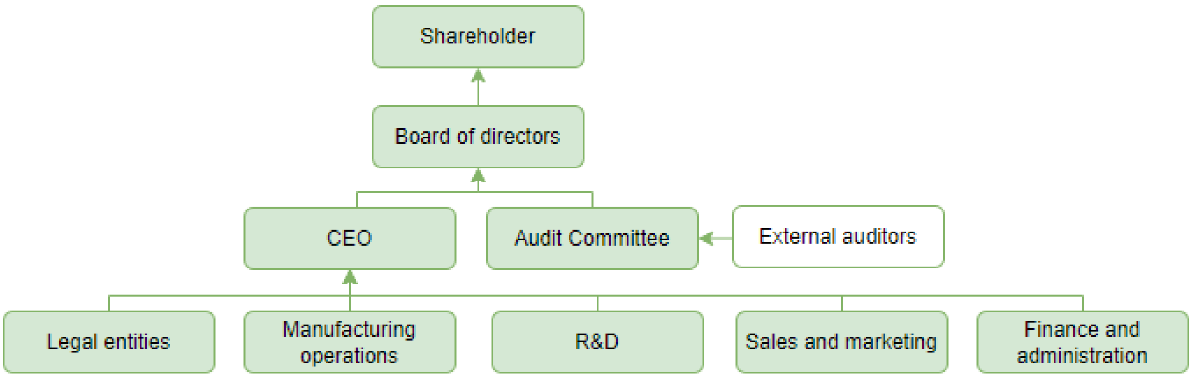
Frango, and presented to the executive management and to the shareholder.

Jøtul Group's practice 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 30 June 2023, the share capital of Jøtul AS is set at NOK 139,413 and is divided into one share fully paid up. The Group has a sole shareholder, Jotul Holdings S.à.r.l.

Resolutions of the shareholder shall be adopted at a General Meeting. The General Meeting has full powers to adopt and ratify all acts and operations which are consistent with the Company's corporate object.

The shareholder may be convened to General Meetings by the Board. General Meetings shall be held at the time and place specified in the notices.

The Annual General Meeting will examine the reports of the Board of Directors and the auditor and, if thought fit, will approve the annual accounts. The meeting is also entitled to approve any allocation of profit proposed by the Board and to decide on the discharge of directors or of the auditor from any duties.

Board of directors

On 30 June 2023, 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

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 the responsibilities of their roles and members of the board. The directors and officers 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 the first six months of 2023 the external auditor attended one Audit Committee meeting, shared information about the 2022 audit and provided the members of the Audit Committee with an opportunity to ask questions.

CEO

Responsibility for the day-to-day management of the Group rests with the CEO, Nils Agnar Brunborg, who, on a regular basis and upon request of the Board, informs the Board of

Directors about the status and development of the Group. The CEO is responsible for proposing the annual budget, to be approved by the ultimate shareholder. He is also responsible for determining the ordinary course of the business.

Responsibility statement

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

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

Fredrikstad, 30 August 2023

Jøtul Board of Directors

Condensed consolidated statement of comprehensive income

(in NOK '000s)	Note	30 June 2023 (unaudited)	30 June 2022 (unaudited)	31 December 2022
Revenue	3	853,614	736,490	1,614,471
Other operating income		2,507	2,016	10,720
Total operating income		**856,121**	**738,506**	**1,625,191**
Raw materials and consumables		(355,132)	(291,093)	(714,280)
Changes in inventories of finished goods and work in progress		38,682	(15,188)	30,483
Employee benefits expense		(206,301)	(161,142)	(361,927)
Depreciation, amortization, and write-off		(41,962)	(37,570)	(75,448)
Other operating expense		(177,041)	(168,069)	(328,791)
Total operating expenses		**(741,754)**	**(673,061)**	**(1,449,963)**
Operating result		**114,367**	**65,445**	**175,228**
Finance income		31,276	3,712	5,152
Finance expense		(43,263)	(44,110)	(81,256)
Net finance cost		**(11,987)**	**(40,398)**	**(76,104)**
Profit / (loss) before income tax		**102,380**	**25,047**	**99,124**
Income tax		12,483	(9,838)	76,917
Net profit / (loss) for the year		**114,863**	**15,209**	**176,041**
Other comprehensive income/(loss)				
Re-measurement of post-employment benefit obligations		-	-	1,150
Foreign exchange differences on translation of foreign operations		34,404	9,942	2,013
Other comprehensive income / (loss) for the period net of tax		**34,404**	**9,942**	**3,163**
Total comprehensive income / (loss) for the period		**149,267**	**25,151**	**179,204**

Condensed consolidated statement of financial position

(In NOK '000s)	Notes	30 June 2023 (unaudited)	30 June 2022 (unaudited)	31 December 2022
ASSETS				
Non-current assets				
Property, plant and equipment	4	116,265	117,379	107,740
Intangible assets		142,487	118,958	129,393
Right-of-use assets		264,465	239,425	225,008
Other receivables		8,226	8,717	7,725
Deferred tax asset		109,466	1,287	85,847
Total non-current assets		**640,909**	**485,767**	**555,713**
Current assets				
Inventories	5	610,767	377,091	440,381
Trade and other receivables		187,210	217,060	200,722
Other receivables		2,469	2,991	2,934
Current income tax receivable		-	139	398
Cash and cash equivalents		50,141	57,349	131,096
Total current assets		**850,587**	**654,629**	**775,531**
Total assets		**1,491,496**	**1,140,396**	**1,331,244**

Condensed consolidated statement of financial position (continued)

(In NOK '000s)	Notes	30 June 2023 (unaudited)	30 June 2022 (unaudited)	31 December 2022
EQUITY AND LIABILITIES				
Equity				
Share capital	6	139,414	139,414	139,414
Share premium	6	1,026,612	1,026,612	1,026,612
Foreign currency translation reserve		51,568	25,095	17,165
Re-measurement of post-employment benefit obligations		1,150	-	1,150
Retained earnings		(989,778)	(1,265,473)	(1,104,641)
Total equity		**228,966**	**(74,353)**	**79,700**
Non-current liabilities				
Senior secured bonds	7	469,028	464,250	466,057
Lease liabilities		294,795	282,339	267,317
Borrowings		15,214	28,832	29,847
Government grant		11,231	2,327	1,809
Deferred tax liability		86	2,210	186
Long-term provisions	9	7,964	8,190	8,739
Accrued income		-	2,210	-
Total non-current liabilities		**793,318**	**788,148**	**773,955**
Current liabilities				
Lease liabilities		63,150	52,202	53,994
Loan from shareholder	8	33,380	34,911	33,568
Bank borrowing		10,479	1,846	-
Government grant		1,293	1,525	1,583
Trade and other payables		331,788	311,299	370,065
Short-term provisions	9	5,550	978	2,176
Accrued interest on bonds	7	12,799	9,381	11,626
Current income tax payable		5,773	14,459	4,577
Total current liabilities		**464,212**	**426,601**	**477,589**
Total equity and liabilities		**1,491,496**	**1,140,396**	**1,331,244**

Condensed 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 2022	**139,414**	**1,026,612**	**15,152**	**-**	**(1,280,682)**	**(99,504)**
	-	-	2,013	-	176,041	179,204
Profit for the period	-	-	-		15,209	15,209
Other comprehensive income for the period	-	-	9,942		-	9,942
Total comprehensive profit	-	-	9,942	-	15,209	25,151
Balance as at 30 June 2022 (unaudited)	**139,414**	**1,026,612**	**25,094**	**-**	**(1,265,473)**	**(74,353)**

(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 2023	**139,414**	**1,026,612**	**17,165**	**1,150**	**(1,104,641)**	**79,700**
Profit for the period	-	-	-		114,863	114,863
Other comprehensive income for the period	-	-	34,403		-	34,403
Total comprehensive profit	-	-	34,403	-	114,863	149,266
Balance as at 30 June 2023 (unaudited)	**139,414**	**1,026,612**	**53,568**	**1,150**	**(989,778)**	**228,966**

Condensed consolidated statement of cash flows

(in NOK '000s)	Notes	30 June 2023 (unaudited)	30 June 2022 (unaudited)	31 December 2022 (audited)
Cash flows from operating activities				
Net Profit / (loss) for the period		114,863	15,209	176,041
Adjustments for:				
Income tax recognized in profit or loss		(12,483)	9,838	(76,917)
Depreciation and impairment		41,962	37,570	75,448
Net finance costs		11,987	40,398	76,104
Changes in operating working capital		(146,835)	(62,738)	(50,516)
Cash generated from operating activities		**9,494**	**40,277**	**200,160**
Interest paid on senior secured bonds	7	(24,937)	(18,618)	(40,151)
Interest paid on shareholder loan	8	-	-	-
Interest paid on leasing		(7,139)	(6,946)	(13,792)
Other interest paid		(7,449)	(11,649)	(14,208)
Interest received		844	-	797
Income tax paid		(7,851)	(2,983)	(8,043)
Income tax received		-	4,433	-
Net cash flows from operating activities		**(37,038)**	**4,515**	**124,763**
Cash flows from investing activities				
Purchase of property, plant and equipment	4	(7,761)	(10,121)	(13,729)
Purchase of intangible assets		(23,731)	(10,118)	(32,142)
Net cash flows used in investing activities		**(31,492)**	**(20,239)**	**(45,871)**
Cash flows from financing activities				
Proceeds from Bank borrowing		10,479	(15,352)	(17,198)
Repayment of borrowings		(9,336)	-	-
Payment of principal portion of lease liability		(23,275)	(19,833)	(38,855)
Net cash flows from financing activities		**(22,132)**	**(35,185)**	**(56,053)**
Net increase/(decrease) in cash and cash equivalents		**(90,662)**	**(50,909)**	**22,839**
Cash and cash equivalents at the beginning of the period		131,096	108,257	108,257
Exchange gains on cash and cash equivalents		9,707	-	-
Cash and cash equivalents at the end of the period		**50,141**	**57,349**	**131,096**

Notes to the condensed 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 condensed consolidated financial statements as the "Group".

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

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

2. BASIS OF PREPARATION OF HALF-YEAR REPORT

This interim condensed consolidated financial report for the half-year reporting period ended 30 June 2023 has been prepared in accordance with Accounting Standard IAS 34 Interim Financial Reporting as adopted and endorsed by the European Union.

The interim condensed consolidated financial report is prepared on the going concern and historical cost basis, except for certain financial instruments which are measured at fair value.

This interim condensed consolidated financial report presents the condensed consolidated statement of cash flows using the indirect method.

The interim condensed consolidated financial report is presented in Norwegian Krone ("NOK"). All information presented in NOK has been rounded to the nearest thousand unless stated otherwise.

The interim report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2022 and any public announcements made by Jotul AS during the interim reporting period.

The accounting policies adopted are consistent with those of the previous financial year.

Going concern

The Group has prepared the financial statements for the period ended 30 June 2023 on a going concern basis, which assumes continuity of current business activities and the realization of assets and settlement of liabilities in ordinary course of business. The evaluation of the going concern considered the following key aspects:

- 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. Additionally, in July 2023 the Group agreed with Nordea Bank to temporarily increase RCF facility with 20m NOK, to provide sufficient buffer for countering the seasonality effects during the summer season.

- FY2022 revenues were 27% higher than the prior year, driven by strong market dynamics and improved output performance. The growth continued (+15.9%) in H1 2023 compared to the same period of last year.
- The order book continues to be strong, paving the way for favorable revenue development during the remainder of 2023. The key driver for the market demand 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 in most of the Group’s core markets.
- 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 the foreseeable future. Nevertheless, the market proved the ability to recover such cost increases 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 strong, especially in the high season preceding the winter. While considering, on top of this, the matured operations and continued efficiency improvement projects, the Group estimates strong financial performance in 2023.
- The available liquidity of the Group was NOK 94 million as of 30 June 2023, which included available cash and cash equivalents of NOK 50 million.

With the current Group performance and the favorable business outlook, it is the board of directors’ expectation that the Group will have adequate resources to continue trading for the foreseeable future.

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

New and amended standards adopted by the Group

A number of new or amended standards became applicable for the current reporting period. The Company did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

Amendments which were effective from 1 January 2023 that did not have a material impact on the financial statements:

- Amendments to IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information (issued on 9 December 2021) effective on 1 January 2023
- Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (issued on 7 May 2021) effective on 1 January 2023
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies (issued on 12 February 2021) effective on 1 January 2023
- Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (issued on 12 February 2021) effective on 1 January 2023
- Amendments to IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information (issued on 9 December 2021) effective on 1 January 2023
- IFRS 17 Insurance contracts – (issued on 25 June 2020) effective 1 January 2023.

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:

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

The standards will be adopted at the effective dates.

3. REVENUE

The Group derives revenue from contracts with customers for the sale of wood-burning stoves, wood-burning fireplaces, gas-burning stoves, gas-burning fireplaces, pellet-burning stoves, and auxiliary equipment for these. The Group sells its products in approximately 45 countries.

(in NOK '000s)	**30 June 2023 (unaudited)**	**30 June 2022 (unaudited)**
Sale of goods	856,128	738,420
Discount allowed	(2,514)	(1,930)
Total revenue	**853,614**	**736,490**

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

4. PROPERTY, PLANT AND EQUIPMENT

During the period, total additions to tangible property, plant and equipment amounted to NOK 7,761 thousand of which NOK 3,530 thousand related to investments in plant and machinery primarily at the Polish and Norwegian production sites.

5. INVENTORY

As of 30 June 2023, total inventory amounted to NOK 610,767 thousand (31 December 2022: NOK 440,381 thousand).

Total inventory write-off amounts to NOK 10,969 thousand during the period ended 30 June 2023 (30 June 2022: NOK 9,598 thousand). The write-off of inventories is included in operating expenses and is mainly due to scrapping of obsolete parts. In the current period the main portion of the write-offs relates to scrapping of obsolete inventories at Jotul Poland and at AICO Italy.

6. SHARE CAPITAL AND SHARE PREMIUM

As of 30 June 2023, capital contributed from the sole shareholder in a form of equity consisted of share capital of NOK 139,414 thousand (31 December 2022: NOK 139,414 thousand) and share premium of NOK 1,026,612 thousand (31 December 2022: 1,026,612 thousand).

7. 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 bonds are accounted for at amortized cost.

The movement during the period is as follows:

	(in NOK '000s)
Opening balance at 1 January 2023	477,683
Interest accrued on bonds during the period	26,692
Interest paid during the period	(24,937)
Remeasurement at amortized cost	2,389
Closing balance at 30 June 2023 (unaudited)	**481,827**
Current	12,799
Non-current	469,028
Total	**481,827**

8. SHAREHOLDER LOAN

On 1 June 2021, a loan of Euro 5 million was granted. The loan bears an interest of 9.0% per annum and is repayable on 1 June 2023.

As part of the refinancing of the bonds in October 2021 (please refer to the annual accounts of Jøtul AS for 2021 and for 2022 for further details) a portion of this loan corresponding to principal of Euro 2,092 thousand was used to settle previous loan positions with the shareholder, leaving an outstanding amount of loan principal of Euro 2,908 thousand.

In accordance with the existing financing agreements, distribution conditions apply and, consequently, there were no reimbursements following the October 2021 refinancing. As of 30 June 2023, the outstanding principal balance of this loan amounts to NOK 33,380, while the outstanding accrued interest is NOK 4,634 thousand. In H1 2023 Jøtul incurred a FX loss of NOK 3,338 thousand related to the currency revaluation of the loan principal, and a loss of NOK 350 thousand related to the currency revaluation of the accumulated interest. Interest accrued in the first six months of 2023 was NOK 1,453 thousand, which includes the currency effect.

9. PROVISIONS

Short term provisions increase mainly due to reclassification correction between other short-term liabilities and provisions.

10. SEGMENT REPORTING

Norway, France, North America, Italy and Poland 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 the 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 the separately reported divisions.

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

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

Segment assets

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

(in NOK '000s)	**30 June 2023**
Norway	527,404
Poland	456,512
Italy	249,396
North America	134,199
France	122,093
Other	1,892
Total segment assets	**1,491,496**

Segment liabilities

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

(in NOK '000s)	**30 June 2023**
Norway	859,936
Poland	171,911
Italy	95,603
North America	34,235
France	87,678
Other	8,167
Total segment liabilities	**1,257,530**

The Group's reportable segments are as follows for the period ended 30 June 2022:

(in NOK '000s)	**Norway**	**Poland**	**North America**	**France**	**Italy**	**Other**	**Eliminations**	**Total**
External sales	274,295	22,811	132,447	199,726	107,182	29	-	736,490
Intersegment sales	207,727	263,399	44	309	115,879	-	(587,358)	-
Total revenue	**482,023**	**286,209**	**132,491**	**200,035**	**223,060**	**29**	**(587,358)**	**736,490**
Segment results	39,662	5,552	15,443	17,728	(13,457)	517	-	65,445

Unallocated corporate expenses included:	
Corporate administrative expenses	-
Operating result	**65,445**
Finance income	3,712
Finance expense	(44,110)
Profit before income tax	**25,047**
Income tax	(9,838)
Net profit for the period	**15,209**

Segment assets

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

(in NOK '000s)	30 June 2022
Norway	411,280
Poland	327,471
Italy	182,669
North America	120,855
France	97,715
Other	405
Total segment assets	**1,140,396**

Segment liabilities

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

(in NOK '000s)	30 June 2022
Norway	814,411
Poland	145,403
Italy	126,069
North America	35,712
France	90,449
Other	2,705
Total segment liabilities	**1,214,749**

Geographical information

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

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

The Group's revenue from external customers by country of destination and information about its segment assets (non-current assets excluding financial instruments, deferred tax assets and other financial assets) by geographical location are detailed below as at 30 June 2022:

(in NOK '000s)	Revenue	Property, plant and equipment	Intangible assets	Right-of-use assets
France	184,592	1,120	2,630	18,281
Norway	157,565	41,105	92,955	129,863
United States	126,120	9,515	5,254	23,630
Italy	76,413	5,041	12,321	8,308
Germany	37,550	-	-	-
Sweden	23,341	-	-	-
Czech Republic	23,592	-	-	-
Canada	18,745	-	-	-
Poland	19,806	59,646	4,808	56,066
Great Britain (UK)	15,397	117	-	490
Spain	13,745	30	18	1,306
Other countries	39,624	805	972	1,482
Total	**736,490**	**117,379**	**118,958**	**239,425**

Major customers

The Group does not have any single customer whose revenue streams exceed 10% of the Group's revenue in H1 2023 and in 2022.

11. RELATED PARTY BALANCES AND TRANSACTIONS

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

(in NOK '000s)	Purchases for the period from 1 January to 30 June 2023	Sales for the period from 1 January to 30 June 2023	Balance payable outstanding as at 30 June 2023	Balance receivable outstanding as at 30 June 2023
OpenGate Capital Management, LLC	(4,318)	-	(26)	-

(in NOK '000s)	Purchases for the period from 1 January to 30 June 2022	Sales for the period from 1 January to 30 June 2022	Balance payable outstanding as at 30 June 2022	Balance receivable outstanding as at 30 June 2022
OpenGate Capital Management, LLC	(3,000)	-	(6,000)	-

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

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

12. SUBSEQUENT EVENTS

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