# Jøtul AS

# Annual report
# and Independent auditor's report
# for the year ended 31 December 2024

Registered Office:

Langøyveien, 1678 Kråkerøy
3004 Fredrikstad

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# Consolidated Management Report of the Board of Directors

## 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. 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 widely 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 headquartered in Norway and has subsidiaries in Poland, France, Italy, United States, Denmark, United Kingdom and in Spain. All subsidiaries, which are fully owned by Jøtul AS, are included in the consolidated financial statements embedded in this report.

## The year in brief – Jøtul Group

The revenue in 2024 was MNOK 1.070.9, being 32% lower than in 2023 (MNOK 1,574.8), driven by significant contraction of demand on most of the Group's key markets. While in the first half of 2023 the sales were record high due to the large opening order-book carried forward from 2022, starting from Q3 2023 the sales development gradually deteriorated due to weakening marked demand and overall unfavourable macroeconomic conditions. More specifically, the downturn in demand was driven by lower cost of energy (both electricity and natural gas), higher interest rates, lower home improvement spending, and low activity in the construction industry (notably related to new houses and recreational homes). For wood burning stove manufacturers, the impact was further exacerbated by an accumulation of excessive inventory in the industry and at dealers' stores, driven by a large build-up and strong order intake during the peak of the demand in late 2022 and in the early months of 2023. This was observed as a major reason of weak sales in late 2023 and continued to be an issue throughout a large part of 2024 in key markets like North America, Northern Europe, Italy and Germany. The Group notes that the overstocking issue is largely resolved since the second half of 2024, however the demand remains weak due to unfavourable market drivers and consequent weak overall consumer spending in this sector. Despite the disappointing trading in 2024, there are positive early signs of gradual recovery in certain markets, notably in the core pellet stove markets in Europe, and in North America, with the Group's order intake in the second half of 2024 trending above the levels recorded in the same period of 2023. The management assesses that, going forward, without any noteworthy remaining inventory accumulation in the industry from the past, the Group's sales development is more likely to follow a pattern like that of Jøtul's retailers' sales, which sales are purely driven by consumer sentiment and seasonality.

Considering the factors mentioned above, the total order intake has reduced from MNOK 1,205.0 in 2023 to MNOK 1,022.9 in 2024, being a 15.1% reduction. Nevertheless, in H2 2024 the order intake increased by 10.0% compared to H2 2023. The total order book at the end of December 2024 was MNOK 71.2 compared to MNOK 115.0 at the end of December 2023. There are no orders with long lead-time in the 2024 year-end order balance, and it is important to note that, with continuous and balanced order intake throughout the year and normalized lead times, the December 2024 level of the order book should not be considered too low, despite the continued weak demand in the markets.

In 2024, Jotul Group incurred a consolidated loss of MNOK -330.0 (2023: profit of MNOK 37.7). The operating result was a loss of MNOK -189.9 (2023: profit of MNOK 122.2). The total comprehensive loss in 2024 was MNOK -308.3 (2023: profit of MNOK 57.3).

EBITDA (Earnings before interests, taxes, depreciation, and amortizations: Operating Result less Depreciations) was -85.1 in 2024 (2023: MNOK 211.2). This contains the effect of non-recurring items of MNOK 35.2 in 2024 (2023: MNOK 25.2). Adjusted EBITDA (corrected for non-recurring items) was MNOK -49.9 in 2024 (2023: MNOK 236.4). In 2024 the non-recurring costs relate mainly to costs incurred with exceptional temporary production interruptions, efficiency losses related to such interruptions, restructuring expenses, shareholder monitoring fees, and advisory fees.

Net finance expenses were MNOK -111.4 in 2024 (2023: MNOK -77.1). The increase of finance expenses in 2024 to MNOK - 132.0 (2023: MNOK -123.1) is due to higher interest rates, a temporary overlapping of bond interest expenses throughout part of January 2024 (related to the issuance of the 2024 bonds on January 15th and the redemption of the 2021 bonds on January 24th), non-recurring financial expenses related to the renegotiation in June 2024 of terms under the credit documentation, and overall higher utilization of the bank revolving credit facility. Finance income, which consists mainly of currency differences, was MNOK 20.6 in 2024 (2023: MNOK 46.0).

There were two significant adjustments in 2024 (Q4) deriving from updates to the accounting estimates. Those were: 1) an increase in the excess and obsolete inventory reserve of MNOK 19.1 related to the slow-moving AICO/Ravelli inventory, and 2) a partial write-down of a deferred tax asset originally recognized in Norway in 2022 from MNOK 75.6 to MNOK 35.0 (considering the very poor financial performance from 2024 and the fairly long timeline for being able to utilize such assets, the management decided to use a more prudent approach and reduce this asset on the balance sheet).

In 2024 the total output of complete units from the factories reduced by 49.6% compared to the previous year. This development follows initiatives to align the output to the weaker demand from the markets, initiatives already initiated since late 2023.

After a few years (2020 – 2022) with substantial increases in raw materials and energy prices, starting from 2023 the prices began to stabilize, although in most cases at a much higher level than in the past. Electricity prices, in particular, have decreased, and this reduction continued throughout 2024 due to higher productivity from renewable sources (e.g. hydropower in Norway) and increased availability of natural gas sources in Europe. At the end of 2023, Jøtul entered into a three-year hedging contract to secure the majority of the expected monthly volume of electricity consumption at the foundry in Norway, which is by far the Group`s highest electricity-consuming production site. The agreement allows for reselling any unused committed volumes at market current prices. During 2024, the electricity prices were, on average, lower than the contracted prices, while weak market conditions resulted in lower consumption than previously estimated.

Due to inflation, currency effects, extended lead times for raw material and component supply, and weakening customer demand, Jøtul experienced significant increases in inventory levels in H1 2023. Beginning in H2 2023 and continuing throughout 2024, inventory levels have been decreasing. As of December 2024, the inventory balance was MNOK 358.2, compared to MNOK 510.7 at year-end 2023.

The Group's capital investments in 2024 amounted to MNOK 34.1 compared to MNOK 46.9 in 2023. These investments are mainly related to product development to ensure that the Group remains at the forefront in terms of innovative products with high efficiency and low emission levels. For comparison, in the previous year, in addition to higher spending on product development, other significant capital investments included the upgrade of the ERP platform in Poland and Norway, as well as leasehold related to the expansion of the Jotul Poland factory building.

During 2024, the net cash flow from operating activities was MNOK -14.5 (2023: MNOK 35.1), while the net cash flow was MNOK 9.3 (2023: MNOK -70.7). The positive cash flow in 2024 is driven mainly by the proceeds from bank borrowings (MNOK 80.2) and from the shareholder loan (MNOK 42.5). Cash and cash equivalents as of December 2024 were MNOK 80.6 and the total available liquidity was MNOK 80.6.

The Group's MNOK 475 listed Senior Secured Bonds, originally due on October 6, 2021, were refinanced on January 24, 2024. The new bonds, issued on January 15, 2024, had a total amount of MNOK 510 and were expected to mature in two and a half years. Simultaneously, the Group successfully entered into a new Revolving Credit Facility (RCF) with a total available credit limit of MNOK 120 (excluding bank guarantee), intended for working capital purposes to manage seasonal fluctuations. The new RCF replaced the previous MNOK 75 facility (which included bank guarantees), more than doubling the liquidity available through this credit facility. Indebtedness covenants were applicable in connection with both the Bonds and the RCF. Additionally, the RCF had a limit on the amount that can be drawn, capped at a maximum of 1x the EBITDA (as defined in the financing agreements).

Nevertheless, due to a continued deterioration of the trailing twelve months (TTM) EBITDA, the

Group entered into a covenant breach in the first half of 2024 and negotiated and agreed with creditors covenant reporting holidays for all FY2024's reference periods. Additionally, until complete reinstatement of covenant compliance, the RCF facility was limited to MNOK 80. (Further details are available in Notes 20, 2.1, and 3.4 of the published 2023 audited annual report).

Considering the continued weak business performance in 2024, including the disappointing high season, the liquidity projections of the Group developed negatively to the point that the Group needed to postpone bond interest payments in early 2025 and initiate a structured process with its key stakeholders with the aim of finding a long-term solution for strengthening its liquidity and overall balance sheet. By the end of the first quarter of 2025, the Group obtained approval from its bondholders to proceed with a recapitalization plan which will ensure a stronger financial position, significantly improving the Group's balance sheet by converting existing bond debt to equity and raising further capital, while continuing the Group's revolving credit facility with an extended tenor. The effective implementation date of the recapitalization plan was April 14, 2025. As of that date, Jøtul was significantly delevered, though debt conversion, and additional liquidity was injected in the form of new liquidity bonds, securing business continuity as a going concern for the foreseeable future. Also, as of that date the bondholders have taken full ownership of the company.

In addition, and starting well before the debt restructuring and recapitalization process was initiated, the management has worked on implementing cost reduction initiatives and initiatives to further improve the working capital. Many such initiatives have started to pay back in 2024 and are expected to mature in the following year(s). The management continues to work on identifying additional improvements to the cost structure and operating model, beyond those already identified and implemented.

As of December 2024, the Group had 596 employees, 68 employees less than as of December 2023. On average, in 2024 the Group had 170 employees less than in 2023. The Group had 563 full time equivalents in December 2024, being 72 less than in December 2023. The reduction is a consequence of the reduction in sales and production output.

## The year in brief – Jøtul AS standalone

The revenue in 2024 decreased by 42.2%, to MNOK 730.0, compared to MNOK 1,263.5 in 2023. 49.8% of all Jøtul AS revenues are with external customers, the remaining 50.2% being sales to subsidiaries. External revenue decreased by 43.1% in 2024 vs 2023.

All direct markets of Jotul AS showed significant contraction throughout the year, and, consequently, the sales were lower. Sales to core markets like Norway, Sweden and Germany have reduced compared to the previous year due to continued unfavourable macroeconomic conditions and due to excessive inventory accumulated by certain dealers. Home improvement spending remained low, compared to the levels from three – four years ago, due to high interest rates and lower number of transactions in the real estate market, while the price of energy has generally reduced over the past 18 months.

In 2024, Jøtul AS reached an operating loss of MNOK -98.0 (2023: profit of MNOK 131.3). The pretax loss totaled MNOK -210.7 in 2024 (2023: profit of MNOK 8.6).

On April 14, 2025, Jøtul AS announced that a recapitalization plan was implemented, which resulted in a significant delevering of the balance sheet, though debt conversion, and in additional liquidity injection, to support the further development of the business.

Cash and cash equivalent as per 31 December 2024 was MNOK 42.6.

In 2024, Jotul AS had an average of 159 employees (2023: 168). The reduction is a consequence of the reduction in sales and production output.

After a few years with substantial increases in raw materials and energy prices, starting from 2023 the prices began to stabilize, although in most cases at a much higher level than in the past. Electricity prices, which are very substantial for Jøtul's foundry, have decreased, and this reduction continued throughout 2024 due to higher productivity from renewable sources. At the end of 2023, Jøtul AS entered into a three-year hedging contract to secure the majority of the expected monthly volume of the foundry's electricity consumption. During 2024, the electricity prices were, on average, lower than the contracted prices, while weak market conditions resulted in lower consumption than previously estimated.

## Going Concern

The board of directors has assessed the Group's ability to continue as a going concern by considering the past financial performance of the Group, the latest forecasts and granular long-term business plans, alongside the latest events related to the recapitalization of the Group and the additional injected liquidity. In this context, the following aspects need to be highlighted:

- A recapitalization process was successfully completed on April 14, 2025, following an expedited restructuring process. As a consequence, the Group has significantly improved its debt structure and implicitly reduced the cost of financing its debt, and new liquidity was made available in the form of new bonds and renewed available revolving credit facility (RCF). Following this process, the liquidity projections indicate that the Group will be able to continue operations for the foreseeable future, including and not limited to the next twelve months. Further details about the recapitalization process are included in Note 20.
- Although trading during the second half of 2023 and in 2024 was significantly below expectations due to contraction of markets and overstocking in the industry, modest yet stable growth is expected in 2025 and beyond. The prices of electricity and natural gas, although considerably lower than the peak 2021 and 2022 levels, are still expected to remain relatively high, driven by high demand across key markets, discontinuation of certain subsidies or price caps offered by central and regional authorities in some countries, etc. This underlines the importance of wood as an alternative or complementary heating resource. Moreover, some jurisdictions are imposing regulatory measures to discontinue the use of older, more polluting stoves, which implies an increase in demand for newer, more efficient and cleaner products. Last but not least, in the current climate of geopolitical uncertainties, wood burning heating (and cooking) devices are becoming more prominent emergency-preparedness solutions for managing eventual electricity and natural gas supply interruptions.
- Additionally, the Group is working on implementing new initiatives aimed at growing sales either by entering new markets, expanding on existing ones, or further optimizing its product offering.
- The factory in Poland is mature and efficient, following several years of growth and stabilization. This factory also provides a more agile set-up for adapting manufacturing output to market dynamics. A recovering volume of sales provides a stable basis for more efficient operations compared to the past periods.
- In order to stay aligned with the persisting weak market / modest growth realities, the management continues to work on reducing the Group’s cost structure and improving its working capital. Many of such initiatives are already implemented, while further optimizations are being worked on.

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, the Board confirms that the financial statements have been prepared under the assumption of going concern. The same conclusion regarding going concern applies to each of the business units of the Group, including Jøtul AS, which is the largest division of the Group.

## Market

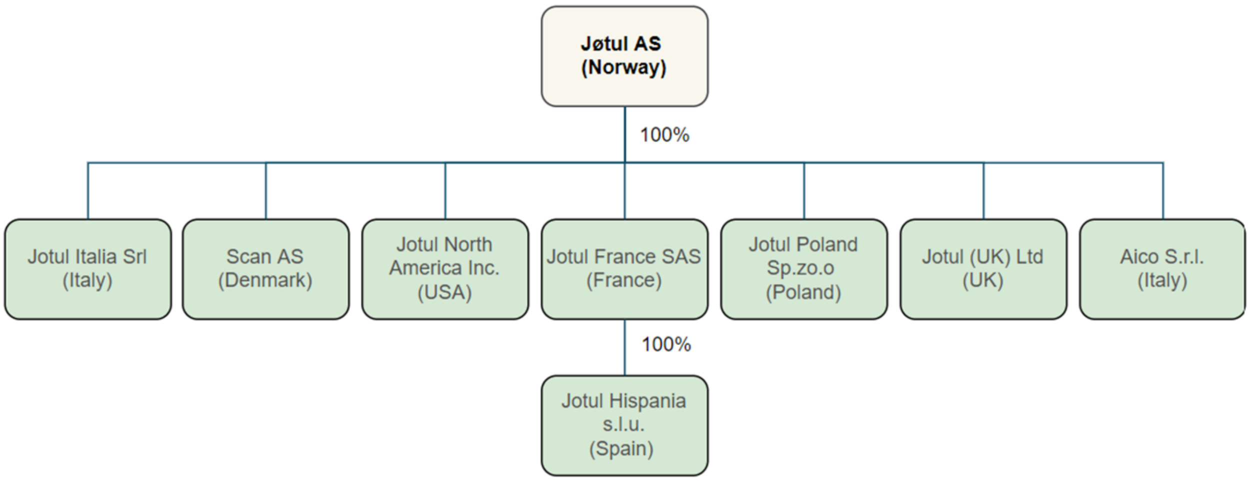
The Group's largest markets are the Nordic countries, France, Italy and USA. The company supplies stoves, inserts, frames and accessories for fireplaces. The company has a comprehensive product portfolio, with stoves that use wood, gas and pellets as fuel. The market is multi-local, and the competitors 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 / markets. Typical KPIs for sales regions are market contribution margin (including 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 need to be performed, these are communicated in the business reviews and reported on routinely.

## Group structure

The legal structure of the Group as of December 31, 2024, and as of the date of this report is the following:




To simplify the organization's legal structure, streamline processes and reduce costs, the following changes were made:

- On April 29, 2024, the legal form of Aico Italy was changed from public limited company (S.p.A.) to limited liability company (S.r.l.).
- On the June 29, 2024, AICO France SAS was merged into Jotul France SAS.

There were no other changes to the legal structure up to and including the consolidation level in 2024 or until the date of this report.

## 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 need to be performed, these are communicated in the business reviews and reported on routinely.

Additionally, acknowledging the importance of sourcing for a lean production flow, the Group also introduced specific procurement / sourcing business reviews. These reviews are meant at deep diving into ongoing matters related to on-time purchasing, special projects such as insourcing or outsourcing, purchase price developments, quality and supplier performance, etc.

**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 relatively closely linked to the development of the EUR currency rates. Exposures to other currencies are deemed less significant. Over the past recent years, the Group has net benefited from the FX rates evolution.

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 and invested and will continue investing in upgrading machinery and equipment over time. This further reduces the technical risk.

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 does not supply any 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 over 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 International Labour Organization's 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, risks 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 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.

The Group's production is traditional and parts of the production process is considered heavy industry. Some work tasks involve physical challenges, and the distribution of female and male employees in production is therefore still skewed. Although the female staff constitutes only 26.7% of the total workforce, the Group's goal is for full gender equality between men and women to be prevalent.

Jøtul has extensive focus on health and the workplace environment, and the health and safety of all the people working for and with Jøtul is a top priority. Incidents and accidents are monitored at all times and are reported daily and when they occur to the relevant site management. Performance is disclosed during monthly business reviews, which includes measurements related to 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 during 2024 were assessed as minor and all employees resumed their duties.

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

- Jotul Poland 7.83%
- Jøtul AS 6.89%
- Jotul North America 1.20%

The Group's employee policies entail that race, religion, ethnicity, denomination, national origin, gender, age, sexual orientation, war veteran status, political association or invalidating conditions, or other characteristics that are protected by law, are not used as reasons for discrimination of any kind. Jøtul is an inclusive workplace and incidents like bullying, discrimination of any kind and harassment are not accepted, the company having zero tolerance with such cases.

Wages, including overtime compensation and benefits, are stipulated in line with the level required by the applicable laws in respective countries.

Jøtul Group has zero tolerance with 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 abuse of a position of trust for own or for the Group's benefit. The management, both at Group level and at standalone legal entity levels, conducts regular analysis of the risks of corruption related to their own operations and maintains adequate anti-corruption measures aimed at addressing corruption risk.

The Group does not have a formalized comprehensive ethics training program, nor an ethics "helpline". Employees are instead informed to contact HR and/or the line manager to report and/or discuss any non-compliance matters or concerns.

The Group has a Code of Conduct and compliance with it, alongside compliance with all locallaws and regulations, is mandatory for all employees. Starting with the edition published in 2021, the Code of Conduct introduced a whistleblowing reporting channel.

*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 Ecodesign 2022 Directive, the Conformité Européene (CE) requirements European Norms (EN) EN13240 for freestanding stoves, and EN13229 for inserts, with which Jøtul complies for the entire product portfolio.

The new pan-European standard EN16510 relating to residential solid fuel burning appliances is effective starting from July 2023. With the introduction of this standard, local requirements/regulations will be phased-out / replaced. In parallel, some countries will continue to have local initiatives connected to tax incentives for the commercialization of low-polluting products. The EN16510 will undergo a period of harmonization and is expected to reach maturity by November 2025. Jøtul will monitor and adopt the requirements of the standard as they develop and are enacted.

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.

The regulatory framework concerning wood-burning stoves is continuously developing and the related requirements tend to become more and more stringent. As of the date of this report, the European Union is working on revising its Ecodesign Directive with a goal to issue an update by 2027. While the current version already contains strict regulations regarding energy efficiency and emissions, the eventual revision is discussing about, among other requirements, making the emissions limits much stricter.

Jøtul has strong R&D capabilities and spends substantial resources on R&D and product development on a yearly basis. The Group will continue developing the most advanced products and remain a market leader when it comes to efficient, environmentally friendly, innovative and compliant wood, pellet and gas-burning stoves.

*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 Ecodesign 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 reducing transportation related emissions
- Using recycling materials for packing and requesting suppliers to do the same
- Using electrical vehicles as much as possible

- Using electronic 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 whether to acquire a product or not. 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://jotulgroup.com/transparency-act within the statutory deadline of 30 June 2025.

**Debt instrument**

In January 2024, Jøtul Group issued a senior secured bond loan with a nominal amount of MNOK 510, with which it refinanced the MNOK 475 senior secured bond loans issued in October 2021. The new bond loan carried a floating interest rate of 3M Norwegian InterBank Offered Rate (NIBOR) + 8.00 per cent per annum.

Due to the continued stagnation or unfavourable development of the core markets throughout 2024, and the Group's consequent poor financial performance, the liquidity projections developed negatively, and the Group needed to engage in a recapitalization and refinancing process with its key stakeholders. The recapitalization was completed on April 14, 2025, and resulted in a significant reduction of bond debt though conversion into equity, and additional liquidity injected in the form of new liquidity bonds. As of that date, the bond loans balance became MNOK 209.1, consisting of MNOK 100 reinstated bonds (the portion of the January 2024 bonds which was not converted into equity) and MNOK 109.1 newly issued bonds (including MNOK 100 of new liquidity bonds). For further details about the debt instrument please refer to notes 20 and 21.

## Future development

The Group has a strong global market position and brand recognition, and an extensive distribution network. Despite that, except for the year 2021, 2022 and 2023, the financial performance over the past decade has been generally poor. Over the past years, the main strategic focus was the implementation of efficiency measures and cost optimizations to restore and improve the company's profitability. Most notably in this respect was the establishing in 2019/2020 of the manufacturing and assembly plant in Poland, and the closure of the manufacturing facilities in Denmark and Italy, and of the assembly lines of Jøtul AS. This improved the cost competitiveness following a lower cost structure and provided improved agility and faster adaptability to higher or weaker market demand. Production efficiency has also gradually improved when the output volumes were reasonable, and, alongside other cost optimization initiatives, will remain part of the day-by-day continuous improvement process. As of now, the manufacturing structure and footprint of the Group is considered mature, albeit there are always opportunities to further optimize.

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

## Internal controls over financial reporting

Internal controls over financial reporting aim to provide reasonable assurance on the reliability of external and internal financial reporting, and their conformity with the applicable laws and regulations. They help to ensure that financial reporting presents a true and fair picture of the Group's net assets, financial position and operational results. In line with its Code of Conduct, the Jøtul Group aims to provide transparent, accurate, continuous and timely financial information of the highest quality.

The Group's internal controls over financial reporting include those policies and procedures that pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of Jotul Group. Applied procedures provide reasonable assurance that transactions are recorded, as necessary, to permit preparation of financial statements in accordance with IFRS® Accounting Standards as adopted by the EU and that unauthorized acquisition, use or disposition of Group's assets that could have a material effect on the financial statements would be prevented or detected on a timely basis.

The Group's Finance Manual describes the legal and operational responsibilities of senior staff, accounting and financing resources and reporting requirements, budget procedures and tax, cost sharing and legal structures. The monthly reporting process is also described. Other areas are internal controls, financial guidelines and consolidation instructions.

All internal and external local and consolidated financial reporting is systematically reviewed by local finance personnel or by Group's finance team. Typical analyses include comparisons with previous years and budget/forecast, 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 are prepared and reviewed on a monthly basis.

The monthly reporting process is normally conducted within the first seven business days of the month. The components spend five days on their local figures before reporting into the Group consolidation system, which is Frango. On day six and day seven, the Group Finance team consolidates the financial statements. Subsequently, a monthly business review is held in which the management report is presented and discussed. The management report and latest performance are also part of the regular updates to the board of directors.

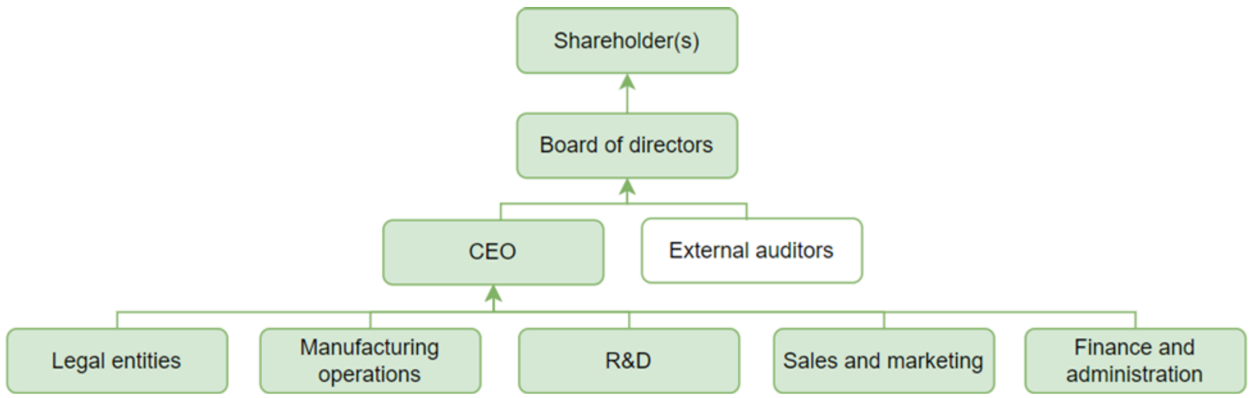
The budget process starts in the month of August, when all components are required to prepare a forecast for the current year. This forecast forms the starting point of the coming year's budget. Each local budget is prepared based on local assumptions on sales and cost development. Subsequently this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

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

## 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 2024, the share capital of Jotul AS was NOK 139,413,732, divided into one share fully paid up. The Group's sole shareholder was Jotul Holdings Sàrl.

Following the recapitalization process concluded in April 2025, the new sole shareholder of Jøtul AS became Recovery Holdco AS (registration number 935 082 315), which is owned by the Group's bondholders, with no ultimate beneficial owners. As of the recapitalization date (14 April 2025), the share capital of Jøtul AS became NOK 250,000,000, divided into one share.

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 the November 28, 2024, the General Assembly Meeting of Jøtul AS reduced the board composition from seven directors (including two employee representatives) to five directors (including two employee representatives) and implemented the following governance changes:

- Ensured compliance with the new rules regarding gender equality in the boards (i.e., at least 40% of each gender in the board of a large or medium sized company); and
- Separated the functions of CEO and Chair of the Board of Directors.

On 31 December 2024, the Board of directors composition was:

**Øyvind Arne Sandnes** – Chair of the Board
**Malin Ranheim** – Director
**Sven Østgulen** – Director
**Anette Johansen** – Director, Employees' representative
**Fred Thomas Johannesen** – Director, Employees' representative

On January 30, 2025, an ad-hoc group of bondholders, replaced certain board members of Jøtul AS, through an acceleration of the bonds (while putting the bonds on demand). Therefore, as of January 30, Øyvind Arne Sandnes, Malin Ranheim and Sven Østgulen were replaced with Bjarte Bøe (chair of the board), Jan Christian Dyre Moe (director) and Helene Jebsen Anker (director). The newly appointed directors were independent in relation to the bondholders and were appointed on an interim basis to facilitate the debt restructuring the recapitalization process.

On June 10, 2025, a new board was appointed, consisting of the following members:

**Erik Øyno** – Chair of the Board
**Julie Berg** – Director
**Ole Kristian Sivertsen** – Director
**Anette Johansen** – Director, Employees' representative
**Fred Thomas Johannesen** – Director, Employees' representative

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 2024 with an average attendance rate of 100 per cent and adopted some decisions by circular resolution. Members of the board also held 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*

The Audit Committee was established on August 25, 2022, with the main role being 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 consisted of two members, one being independent and both having finance and accounting background. With the changes in the board structure effected on November 28, 2024, the Audit Committee was dissolved, and the management convened that a decision about the eventual reimplementation will be made at a later point in time. It must be noted that, if it is not a public interest entity, the Group does not have an obligation to establish an Audit Committee.

*External auditor*

Pricewaterhousecoopers AS is the Group's external auditor since October 8, 2021. In 2024 the external auditor met the Board of Directors and has attended Audit Committee meetings, shared information about the audit plan and scope and provided the members of the Board and of the Audit Committee with an opportunity to ask questions and discuss audit related matters.

*CEO*

The responsibility for the day-to-day management of the Group rests with the CEO, who, on a regular basis and upon request of the Board of Directors, informs the Board about the status and development of the Group. The CEO is responsible for proposing the annual budget, which is to be approved by the Board of Directors. He is also responsible for determining the ordinary course of the business.

In 2024, the CEO of the Group was Nils Agnar Brunborg, however, after a tenure of eight years with the Group, Nils Agnar Brunborg decided to retire. Asbjørn Eskild was appointed as new CEO starting on January 15, 2025.

Fredrikstad, 27 June 2025

Signed by:
6BDE85BD6C44465...
**Erik Øyno**
Chair of the Board

Signed by:
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**Julie Berg**
Director

Signed by:
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**Ole Kristian Sivertsen**
Director

Signed by:
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**Asbjørn Eskild**
CEO

**Anette Johansen**
Director, Employees' representative

**Fred Thomas Johannesen**
Director, Employees' representative

To the General Meeting of Jøtul AS

# Independent Auditor's Report

## 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 2024, 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 2024, 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 material accounting policy information.

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 2024, and its financial performance and its cash flows for the year then ended in accordance with the 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 2024, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the EU.

## 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.

## Other Information

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report. 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.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report otherwise appears to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report. 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.

## Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements of the Company 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 of the consolidated financial statements of the Group that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU. Management is responsible 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. For further description of Auditor's Responsibilities for the Audit of the Financial Statements reference is made to: https://revisorforeningen.no/revisjonsberetninger

Oslo, 27 June 2025
**PricewaterhouseCoopers AS**

Hallvard Helgetun
State Authorised Public Accountant
(This document is signed electronically)

Revisjonsberetning

**Signers:**

| Name | Method | Date |
|---|---|---|
| Helgetun, Hallvard | BANKID | 2025-06-29 21:11 |

# Jøtul AS
# Consolidated Financial Statements
# for the year ended 31 December 2024

# Consolidated statement of comprehensive income

| (in NOK '000s) | Notes | 2024 | 2023 |
|---|---|---|---|
| Revenue | 5, 6 | 1,070,943 | 1,574,779 |
| Other operating income | 7 | 4,544 | 6,455 |
| **Total operating income** | | **1,075,487** | **1,581,234** |
| Raw materials and consumables | 16 | (478,580) | (737,319) |
| Changes in inventories of finished goods and work in progress | 16 | (47,931) | 91,776 |
| Employee benefits expense | 8 | (357,051) | (412,652) |
| Depreciation, amortization and write-off | 13, 14, 26 | (104,792) | (88,983) |
| Other operating expense | 9 | (277,009) | (311,819) |
| **Total operating expenses** | | **(1,265,363)** | **(1,458,997)** |
| **Operating result** | | **(189,876)** | **122,237** |
| Finance income | 10 | 20,633 | 45,970 |
| Finance expense | 11 | (132,040) | (123,095) |
| **Net finance cost** | | **(111,407)** | **(77,125)** |
| **Profit / (loss) before income tax** | | **(301,283)** | **45,112** |
| Income tax | 12 | (28,730) | (7,388) |
| **Net profit / (loss) for the year** | | **(330,013)** | **37,724** |
| **Other comprehensive income/(loss)** | | | |
| *Items that will not be subsequently reclassified to profit or loss* | | | |
| Re-measurement of post-employment benefit obligations | | 181 | (805) |
| *Items that may be subsequently reclassified to profit or loss* | | | |
| Foreign exch. differences on translation of foreign operations | | 21,554 | 20,421 |
| **Other comprehensive income/(loss) for the year net of tax** | | **21,735** | **19,616** |
| **Total comprehensive income / (loss) for the year** | | **(308,251)** | **57,340** |
| *Total comprehensive income / (loss) for the year attributable to* | | | |
| Owners of the company | | (308,251) | 57,340 |
| Non-controlling interest | | - | - |
| **Total comprehensive income / (loss) for the year** | | **(308,251)** | **57,340** |

# Consolidated statement of financial position

| (in NOK '000s) | Notes | 31 December 2024 | 31 December 2023 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 13 | 101,754 | 116,629 |
| Intangible assets | 14 | 128,944 | 136,969 |
| Right-of-use assets | 26 | 266,910 | 243,290 |
| Other non-current receivables | 15 | 7,620 | 9,354 |
| Deferred tax asset | 12 | 64,719 | 89,789 |
| **Total non-current assets** | | **569,947** | **596,031** |
| **Current assets** | | | |
| Inventories | 16 | 358,266 | 510,697 |
| Trade and other receivables | 17 | 123,748 | 125,692 |
| Other current receivables | 15 | 1,432 | 800 |
| Current income tax receivable | 12 | 7,617 | 3,471 |
| Cash and cash equivalents | 18 | 80,606 | 68,727 |
| **Total current assets** | | **571,669** | **709,387** |
| **Total assets** | | **1,141,616** | **1,305,418** |

# Consolidated statement of financial position (continued)

| (in NOK '000s) | Notes | 31 December 2024 | 31 December 2023 |
|---|---|---|---|
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| Share capital | 19 | 139,414 | 139,414 |
| Share premium | 19 | 123,779 | 123,779 |
| Other equity | | 59,693 | 37,931 |
| Retained earnings | | (494,097) | (164,084) |
| **Total equity** | | **(171,211)** | **137,040** |
| **Non-current liabilities** | | | |
| Senior secured bonds | 20 | 493,099 | - |
| Loan from shareholder | 22 | 87,324 | 37,907 |
| Lease liabilities | 26 | 282,817 | 268,939 |
| Government guaranteed borrowings | 21 | 8,066 | 15,465 |
| Long-term government grant | 21 | 1,523 | 1,613 |
| Deferred tax liability | 12 | 6,874 | 8,206 |
| Long-term provisions | 24 | 9,993 | 11,130 |
| **Total non-current liabilities** | | **889,696** | **343,260** |
| **Current liabilities** | | | |
| Senior secured bonds | 20 | - | 484,672 |
| Lease liabilities | 26 | 67,297 | 63,645 |
| Loan from shareholder | 22 | - | - |
| Government guaranteed borrowings | 21 | 8,662 | 8,662 |
| Bank borrowing | 21 | 80,000 | - |
| Short-term government grant | 21 | 371 | 861 |
| Trade and other payables | 23 | 246,581 | 250,519 |
| Short-term provisions | 24 | 4,079 | 3,008 |
| Interest payable senior secured bonds | 20 | 14,100 | 13,707 |
| Current income tax payable | 12 | 2,041 | 43 |
| **Total current liabilities** | | **423,131** | **825,119** |
| **Total equity and liabilities** | | **1,141,616** | **1,305,418** |

Fredrikstad, 27 June 2025

Signed by:
6BDE85BD6C44465...
**Erik Øyno**
Chair of the Board

Signed by:
C2C4BA8C6BB44BC...
**Julie Berg**
Director

Signed by:
868C7B888D8A42D...
**Ole Kristian Sivertsen**
Director

Signed by:
C186558E02834B5...
**Asbjørn Eskild**
CEO

**Anette Johansen**
Director, Employees' representative

**Fred Thomas Johannesen**
Director, Employees' representative

# Consolidated statement of changes in equity

| (in NOK '000s) | Share capital | Share premium | Other equity | Retained earnings | Total |
|---|---|---|---|---|---|
| **Balance as at 1 January 2023** | **139,414** | **1,026,612** | **18,315** | **(1,104,641)** | **79,700** |
| **Transactions with owners in their capacity as owners:** | | | | | |
| Reclassification from share premium to retained earnings | - | (902,833) | - | 902,833 | - |
| | **-** | **(902,833)** | **-** | **902,833** | **-** |
| Profit for the year | - | - | - | 37,724 | 37,724 |
| Foreign exch. differences on translation of foreign operations | - | - | 20,421 | - | 20,421 |
| Re-measurement of post-employment benefit obligations | - | - | (805) | - | (805) |
| Total comprehensive income / (loss) for the year | - | - | 19,616 | 37,724 | 57,340 |
| **Balance as at 31 December 2023** | **139,414** | **123,779** | **37,931** | **(164,084)** | **137,040** |

| (in NOK '000s) | Share capital | Share premium | Other equity | Retained earnings | Total |
|---|---|---|---|---|---|
| **Balance as at 1 January 2024** | **139,414** | **123,779** | **37,931** | **(164,084)** | **137,040** |
| **Transactions with owners in their capacity as owners:** | | | | | |
| Loss for the year | - | - | - | (330,013) | (330,013) |
| Foreign exch. differences on translation of foreign operations | - | - | 21,581 | - | 21,581 |
| Re-measurement of post-employment benefit obligations | - | - | 181 | - | 181 |
| Total comprehensive income / (loss) for the year | - | - | 21,762 | (330,013) | (308,251) |
| **Balance as at 31 December 2024** | **139,414** | **123,779** | **59,693** | **(494,097)** | **(171,211)** |

# Consolidated statement of cash flows

| (in NOK '000s) | Notes | 31 December 2024 | 31 December 2023 |
|---|---|---|---|
| ***Cash flows from operating activities*** | | | |
| Net profit/(loss) for the year | | (330,013) | 37,724 |
| *Adjustments for:* | | | |
| Income tax recognized in profit or loss | 12 | 28,730 | 7,388 |
| Depreciation and impairment | 13, 14, 26 | 104,792 | 88,983 |
| Net finance costs | 10,11 | 111,407 | 77,125 |
| Changes in operating working capital | | 172,063 | (95,404) |
| **Cash generated from operating activities** | | **86,979** | **115,816** |
| Interest paid on senior secured bonds | | (63,913) | (50,787) |
| Interest paid on leasing | 26 | (15,005) | (14,729) |
| Other interest paid | | (20,369) | (7,441) |
| Interest received | | 2,441 | 1,830 |
| Income tax paid | | (7,509) | (9,619) |
| Income tax received | | 2,914 | - |
| **Net cash flows from operating activities** | | **(14,463)** | **35,070** |
| ***Cash flows from investing activities*** | | | |
| Purchase of property, plant and equipment | 13 | (2,799) | (17,117) |
| Purchase of intangible assets | 14 | (31,284) | (29,735) |
| **Net cash flows used in investing activities** | | **(34,083)** | **(46,852)** |
| ***Cash flows from financing activities*** | | | |
| Proceeds from Bank borrowing | | 80,000 | - |
| Proceeds from senior secured bonds | | 510,000 | - |
| Paid expense related to senior secured bonds | | (24,515) | - |
| Proceeds from Shareholder loan | | 42,500 | - |
| Repayment senior secured bonds | | (484,672) | - |
| Repayment of borrowings | | (9,635) | (8,964) |
| Payment of principal portion of lease liability | 26 | (55,834) | (49,906) |
| **Net cash flows from financing activities** | | **57,844** | **(58,869)** |
| **Net increase/(decrease) in cash and cash equivalents** | | **9,298** | **(70,652)** |
| Cash and cash equivalents at the beginning of the year | | 68,727 | 131,096 |
| Exchange gains on cash and cash equivalents | | 2,581 | 8,283 |
| **Cash and cash equivalents at the end of the year** | 18 | **80,606** | **68,727** |

# 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 corporate headquarters address is Langøyveien, 1678, Kråkerøy, 3004 Fredrikstad, Norway.

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 IFRS ® Accounting Standards as adopted by the EU and with the requirements listed in the Norwegian Accounting Act.

### 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 has assessed the Group’s ability to continue as a going concern by considering the past financial performance of the Group, the latest forecasts and granular long-term business plans, alongside the latest events related to the recapitalization of the Group and the additional injected liquidity. In this context, the following aspects need to be highlighted:

- A recapitalization process was successfully completed on April 14, 2025, following an expedited restructuring process. As a consequence, the Group has significantly improved its debt structure and implicitly reduced the cost of financing its debt, and new liquidity was made available in the form of new bonds and renewed available revolving credit facility (RCF). Following this process, the liquidity projections indicate that the Group will be able to continue operations for the foreseeable future, including and not limited to the next twelve months. Further details about the recapitalization process are included in Note 20.
- Although trading during the second half of 2023 and in 2024 was significantly below expectations due to contraction of markets and overstocking in the industry, modest yet stable growth is expected in 2025 and beyond. The prices of electricity and natural gas, although considerably lower than the peak 2021 and 2022 levels, are still expected to remain relatively high, driven by high demand across key markets, discontinuation of certain subsidies or price caps offered by central and regional authorities in some countries, etc. This underlines the importance of wood as an alternative or complementary heating resource. Moreover, some jurisdictions are imposing regulatory measures to discontinue the use of older, more polluting stoves, which implies an increase in demand for newer, more efficient and cleaner products. Last but not least, in the current climate of geopolitical uncertainties, wood burning heating (and cooking) devices are becoming more prominent emergency-preparedness solutions for managing eventual electricity and natural gas supply interruptions.
- Additionally, the Group is working on implementing new initiatives aimed at growing sales either by entering new markets, expanding on existing ones, or further optimizing its product offering.
- The factory in Poland is mature and efficient, following several years of growth and stabilization. This factory also provides a more agile set-up for adapting manufacturing output to market dynamics. A recovering volume of sales provides a stable basis for more efficient operations compared to the past periods.
- In order to stay aligned with the persisting weak market / modest growth realities, the management continues to work on reducing the Group’s cost structure and improving its working capital. Many of such initiatives are already implemented, while further optimizations are being worked on.

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, the Board confirms that the financial statements have been prepared under the assumption of going concern. The same conclusion regarding going concern applies to each of the business units of the Group, including Jøtul AS, which is the largest division of the Group.

### 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 as Finance expense or Finance income in the consolidated statement of comprehensive 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 2023 and 2024, the following exchange rates were used:

| | **2024** | | **2023** | |
|---|---|---|---|---|
| **Currency*** | **Closing** | **Average** | **Closing** | **Average** |
| EUR/NOK | 11.7908 | 11.5961 | 11.2439 | 11.4305 |
| USD/NOK | 11.3168 | 10.6933 | 10.1758 | 10.5658 |
| GBP/NOK | 14.2075 | 13.6646 | 12.9291 | 13.1407 |
| SEK/NOK | 1.0295 | 1.0169 | 1.0134 | 0.9965 |
| PLN/NOK | 2.7594 | 2.7000 | 2.5860 | 2.5049 |
| DKK/NOK | 1.5811 | 1.5545 | 1.5084 | 1.5337 |

*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 2024 and comparable periods include the accounts of the Company and all wholly-owned 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. All subsidiaries were owned 100% during 2024 and 2023.

### 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 |
|---|---|---|---|---|
| | | 2024 | 2023 | |
| Jotul AS | Kråkerøy, Norway | 100% | 100% | NOK |
| Jotul North America Inc. | Portland, Maine, United States | 100% | 100% | USD |
| Jotul France SAS | Dardilly, France | 100% | 100% | EUR |
| Jotul UK Ltd. | Worcestershire, England | 100% | 100% | GBP |
| Jotul Hispania s.l.u. | 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 S.r.l. | Milano, Italy | 100% | 100% | EUR |

### 2.4 Intangible assets

Intangible assets include trademarks, customer relationships, research and Development, software.

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. The Group capitalizes development costs at the time when the Product Development Board considers all activities in the product development process successfully accomplished.

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

### 2.5 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.

See also section 2.20 *Use of estimates and judgments* for additional information related to inventory valuation and measurement.

### 2.6 Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed each reporting period for an indication of a potential impairment. If any such indication exists, then the asset's recoverable amount is estimated. Assets with an indefinite useful life (Trademarks) are tested annually for impairment. 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.

### 2.7 Financial assets

The Group currently has financial assets at amortized cost consisting of non-current and current receivables, trade and other receivables, and cash and cash equivalents. Trade receivables are initially recognized in accordance with IFRS 15. All other financial assets are initially recognized at fair value and subsequently recognized 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.

Currently the group does not have any derivative contracts.

### 2.8 Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash on hand which is available for use by the Group unless otherwise stated.

### 2.9 Impairment of financial assets – trade receivables

In accordance with IFRS 9, the Group applies the simplified approach to measure the expected credit loss (ECL) for all trade receivables. This measurement is based on lifetime expected credit losses for the trade receivables. The ECL assessment is made on a portfolio basis within each geographic region. The probability of default is measured using historical sales data and taking into account the current market conditions and relevant customer knowledge.

### 2.10 Financial liabilities

Financial liabilities are initially recognized at fair value. Transaction costs that are directly attributable to the financial liabilities are included in the initial recognition of the financial liabilities.

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.

### 2.11 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. 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.

### 2.12 Borrowings

Borrowings include senior secured bonds, shareholder loans and government guaranteed borrowings. Borrowings are classified as current liabilities if payment is due within one year or less and non-current for balances due later than twelve months after the reporting period end. For additional information related to borrowings see notes 20, 21 and 22.

Government loan at a below-market rate of interest is treated as a government loan and is recognized and measured in accordance with IFRS 9. The benefit of such a rate shall be measured as the difference between the initial carrying value of the loan determined in accordance with IFRS 9 and the proceeds received. The related benefit is recognized as compensation in the profit or loss.

**2.13 Provisions**

Provisions are recognized when the Group has a present legal or constructive obligation, as a result of past events. The amount recognized represents 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.

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 management's best estimate of the expenditure required to settle the Group's obligation. Provisions are reversed when management deems that it is no longer probable that an outflow of economic resources will be required to settle the obligation.

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

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 consideration earned by a customer is recognized as a 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 for in accordance with IAS 37 as a provision. The Group does allow good returns unless they fall under warranty.

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at delivery of the goods 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. All sales are made at a point in time.

Delivery of goods is either at time of shipping or time of receipt of the goods, depending on the specific shipping terms. 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.

### 2.15 Income tax

Income tax expense comprises current income tax payable and deferred tax assets and liabilities. 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 income tax payable 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. See note 2.20 for additional information related to deferred tax asset recognition.

### 2.16 Leases

At the contract inception date, 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; and
- 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 the 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 2.6.

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 non-renewable lease term of 12 months or less or where both the lessee and the lessor have a termination right of 12 months or less. Low-value assets comprise IT equipment and office furniture having a value when new below NOK 50 000.

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 remeasured, and the right-of-use asset is also increased accordingly.

## 2.17 Government grants

Government grants are recognized where there is reasonable assurance that the grant will be received, and all related conditions will be complied with. Government grants relating to costs are deferred as a short-term or long-term government grant in the statement of financial position and recognized in profit or loss as a reduction of related expenses over the period necessary to match them with the costs specifically designated by the government grant for compensation. The expenses that the government grants are compensating are the interest expenses. Further details are available in Note 11.

## 2.18 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.

The management of the Group has identified five reportable segments which represent Norway, North America, Poland, France and Italy. The segment "Other" aggregates operations in Great Britain, Spain, Denmark and smaller markets.

## 2.19 New and revised standards

### 2.19.1 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 2024 that do not have material impact on the consolidated 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.

### 2.19.2 New standards, amendments and interpretations issued but not yet effective

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

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

The standards will be adopted at the effective dates.
**Not yet endorsed by European Financial Reporting Advisory Group*

### 2.20 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 related to sources of estimation uncertainty 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 significant judgements in applying accounting policies that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed 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 judgment 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 (please refer to note 12).

*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 related to estimation uncertainty and significant judgements as described in Note 14.

*Inventories*

When inventory is not used or sold for a long period of time and is not expected to be used or sold in the future, an inventory provision is recognized to ensure the inventory is valued at the lower of cost or recoverable value. The Group differentiates between obsolescence and excess, where obsolescence is caused by the commercial discontinuation or inability to continue selling/using a product, while excess is caused by holding inventories in excess of what is needed for production or commercial purposes during a reasonable period of time.

The inventory that is assessed as obsolete is written-down or written-off from the books. A write-down occurs if the recoverable value of the inventory falls below the cost registered in the accounting system, while a write-off requires 100% reduction of the accounting value and implies that none of the value of the inventory is deemed recoverable. Scrapping of obsolete inventory is conducted regularly.

For the purpose of excess inventory reserves calculation, the process implies an assessment of the recoverability risks by looking at the consumption/usage of inventory during the past 12, 24 and 36 months. Different provisioning rates are used for these categories, with inventories not moving at all in the past 36 months being provided in full, while other slow movers being provided either at 50% or 25% of their carrying value. See note 16 for additional information on inventories.

Further details about inventories are disclosed in Note 16.

## 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 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 2024** | **31 December 2023** |
| Other receivable* | 6,975 | 7,875 |
| Senior secured bonds | 510,000 | 484,672 |

* For more details, please refer to note 15.

*Sensitivity analysis*

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 2024**

| | Effect on profit before tax | |
|---|---|---|
| **(in NOK '000s)** | **10% increase** | **10% decrease** |
| Other receivable | 31 | (31) |
| Senior secured bonds* | 2,295 | (2,295) |

* Effect calculated based on the 31 December 2024 balances. Following the debt restructuring process concluded in April 2025, the portion of the bonds that has a floating interest rate component was reduced to MNOK 109.1, and the NOK effect of a 10% change in the 3-month NIBOR interest rate is approximately +/-491 thousand.

**31 December 2023**

| | Effect on profit before tax | |
|---|---|---|
| **(in NOK '000s)** | **10% increase** | **10% decrease** |
| Other receivable | 26 | (26) |
| Senior secured bonds | 1,590 | (1,581) |

### 3.1.2 Currency risk

The Group has international operations and is potentially exposed to foreign exchange (FX) risk in several currencies. Foreign currency risk arises only on financial instruments that are denominated in a currency other than the functional currency of the entity. See note 2.3.2 for an overview of the Group’s international subsidiaries and the subsidiary's functional currency. Consolidation translation-related risk is not taken into account for the purposes of this disclosure.

The Board has established guidelines that require Group management to manage currency risk associated with the companies’ functional currencies. Currency risk is particularly relevant for the entities Jøtul AS (Norway) and Jotul Poland. The Jotul Poland operations have both PLN and EUR as key currencies for generating revenue and for incurring costs. The parent company, Jøtul AS, has receivables and payables outstanding in foreign currencies, and these are subject to fluctuations in exchange rates. Generally, and due mainly to the Norwegian and Polish operations, the Group has higher exposure to costs incurred in PLN, whereas the revenues incurred in this currency are less significant. Thus, the risks related to adverse fluctuations in the FX rates for PLN are assessed as higher than those related to other currencies. For EUR specifically the exposures are better balanced between inflows and outflows.

Except for the Polish operations, the other foreign subsidiaries generate revenues and have their cost base largely in the local currency. For those subsidiaries, FX risks were assessed as immaterial in 2023 and in 2024.

The senior secured bonds of the Group are denominated in NOK and are not exposed to foreign currency exchange risk. The shareholder loan received by Jøtul AS and the bank borrowings of Jotul France and AICO France are denominated in EUR and are 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 20 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 2024. 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 2024.

| (in NOK '000s) | Within 1 year | 2 years | 3 years | 4 years | More than 4 years | Total |
|---|---|---|---|---|---|---|
| Lease liabilities | 67,297 | 65,847 | 57,917 | 56,340 | 156,032 | 403,432 |
| Loan from shareholder | - | 97,566 | - | - | - | 97,566 |
| Senior secured bonds | 66,161 | 559,620 | - | - | - | 625,781 |
| Borrowings | 88,662 | 8,066 | - | - | - | 96,728 |
| Trade payables | 142,395 | - | - | - | - | 142,395 |
| | **364,515** | **731,099** | **57,917** | **56,340** | **156,032** | **1,365,903** |

Further details about the senior secured bonds are included in Note 20.
The table below details the Group's contractual financial obligations classified in accordance with the maturity structure as at 31 December 2023. 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 2023.

| (in NOK '000s) | Within 1 year | 2 years | 3 years | 4 years | More than 4 years | Total |
|---|---|---|---|---|---|---|
| Lease liabilities | 63,645 | 58,041 | 54,155 | 47,287 | 158,235 | 381,363 |
| Loan from shareholder | - | 42,004 | - | - | - | 42,004 |
| Senior secured bonds | 502,600 | - | - | - | - | 502,600 |
| Borrowings | 9,456 | 9,456 | 9,456 | - | - | 28,368 |
| Trade payables | 121,028 | - | - | - | - | 121,028 |
| | **696,729** | **109,501** | **63,611** | **47,287** | **158,235** | **1,075,363** |

### 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 2024** | **31 December 2023** |
|---|---|---|
| Other receivables | 9,052 | 10,154 |
| Trade and other receivables (excluding prepayments) **(*)** | 108,319 | 86,252 |
| Cash and cash equivalents | 80,606 | 68,727 |
| **Maximum exposure to credit risk** | **197,977** | **165,133** |

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 17.
The Group uses factoring and, as of December 2024, has two such facilities. Under factoring arrangement used on France and Norway, with a total available limit of MEUR 9, the Group transfers relevant trade receivables to a factor including substantially all the risks and rewards attached to those trade receivables (i.e., factoring without recourse). The transferred trade receivables are fully derecognized when transferred to the factor. Under the second arrangement, which is used in Italy and which has a total available limit of MEUR 7, the Group has a mix between recourse and non-recourse factoring, the evaluation being performed by the factor prior to accepting a customer balance for financing. As of 31 December 2024, out of the Group's total factoring facilities of MEUR 16, a portion of MEUR 6.8 was used, representing 42.7% of the available facilities. 15.8% of the portion used was with recourse.

During 2024, total receivables transferred to factor amount to NOK 717,058 thousand (2023: NOK 1,057,258 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-1 | A+ |
| Unicredit Banca | A-2 | BBB+ |
| Caixa Bank | A-1 | A- |
| Bank Inter | A-1 | 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 is not available. Moody's rating used instead.

## 3.4 Capital management

The Group's objectives and guidelines for the management of capital is established through the Group's annual budgeting process. The Group's annual budget is reviewed every year and approved 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 preserve and increase value for the shareholders and for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital for the Group.

It is a Group management's objective that, at all times, 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 reduce current debt. 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 optimizing net finance items, including currency gains and losses. All subsidiaries except AICO Italy are included in the multi-currency cash pool and have no significant bank arrangements in addition to this. AICO Italy will be included in the multi-currency cash pool agreement and does not have other bank arrangements currently.

The capital structure of the Group consists of borrowings offset by cash and cash equivalents balances and equity of the Group. Capital management uses a net debt metric which is connected to the applicable indebtedness covenants. Such covenants were established in connection with the applicable financing agreements and were calculated as fraction of net debt excluding IFRS16 leases impact to EBITDA (which is measured as the EBITDA before the IFRS 16 impact, being the lower EBITDA which included rental/lease expenses prior to these being reclassified to depreciation and interest following the IFRS 16 implementation). In 2024 there was also a requirement related to the revolving credit facility to not draw more than 1x EBITDA (before the IFRS 16 impact) on the facility line, and a minimum liquidity covenant of > MNOK 30 (from September 2024).

In accordance with the applicable financing agreements, indebtedness covenants had to be measured quarterly during 2024. However, due to deterioration of rolling twelve months EBITDA, and a consequent breach in Q1 2024 (and expected covenant breaches for the remaining quarters of 2024), the Group conducted negotiations with the creditors and obtained covenant reporting holidays for all the reference periods of 2024. Also, until compliance is restored, the RCF facility was limited to MNOK 80 and the RCF related covenants were waived. The negotiations were conducted throughout Q2 2024, and the creditors' approval was obtained on June 20, 2024.

Following the recapitalization process from 2025, the only applicable covenants relate to the minimum liquidity not being below MNOK 25 (at all times), with the first reporting reference period due for reporting being June 30, 2025. Further information about the covenants is disclosed in Note 20.

There are no other internal targets regarding capital management other than continuously improving liquidity and deleveraging and always complying with the applicable covenants.

### 3.5 Operational and market price risks

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, and the Group has strived over the past to manage the risks related to sourcing by establishing business relationships with several 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. Molds 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 available in Europe so that hired 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. Hired production with external suppliers is also possible for components, which can then be assembled in the Group's own factory.

The Group does not own vehicles for the transportation of goods, but it purchases 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 less than 0.1% of the Group's revenue in 2024. 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. Until 2021, 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. During 2021 and 2022, the Group increased the selling prices to absorb these extreme electricity price developments. Similarly, the increase observed during the same periods in the cost of natural gas, which is an important cost element in the Polish factory, were passed through as increases to selling prices. Since 2023 the Group observed that the cost of energy has reduced of stabilized, but at a much higher level than before the significant increases from the second half of 2021. In order to minimize the risks of fluctuating energy costs, Jøtul AS has entered a three-years fixed price electricity purchase contract for its Norwegian foundry, contract which is valid starting from 1 January 2024. This contract covers approximately 70% of the estimated consumption with the flexibility of reselling the excess, if any, at market prices. During 2024, the electricity prices were, on average, lower than the contracted prices, while weak market conditions resulted in lower consumption than previously estimated.

### 3.6 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 over 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 (e.g., rare earths) 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.

Per the management's evaluation, Jøtul is not significantly impacted by climate change regulations, and is not facing a near-term situation related to stranded assets or a decrease in market sales of its products. The management also evaluates that there are currently no climate change driven recoverability risks related to its inventories, its tangible, intangible, or other assets, and as such provisions related to this are not required.

## 4. ACQUISITION OF SUBSIDIARY

There were no acquisitions during the past three years.

## 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.

Additional information about revenue recognition, including applicable commercial terms, discounting policies, warranty, etc., is available in Note 2.14.

The decrease in revenue in 2024 compared to 2023 is mainly driven by the slowdown in the key markets, caused by overall unfavourable macroeconomic conditions, slowdown in the construction industry, and a certain level of overstocking in the industry (at the dealer's stores) due to significant ramp-up and orders buildup in 2022 and early 2023.

## 6. SEGMENT REPORTING

Norway, Poland, France, Italy and North America are deemed to be the most important geographical markets for the Group. Segmental reporting is based on the Group's divisional geographical operations and mirrors internal reporting organization. Corporate assets, liabilities and expenses relate to corporate headquarters and include management of financial resources, investing and other activities not assignable to separately listed divisions.

The Group's reportable segments are as follows for the year ended 31 December 2024:

| (in NOK '000s) | Norway | Poland | France | Italy | North America | Other | Eliminations | Total |
|---|---|---|---|---|---|---|---|---|
| External sales | 363,335 | 54,844 | 384,775 | 100,211 | 167,778 | - | - | 1,070,943 |
| Intersegment sales | 371,048 | 481,339 | 416 | 116,308 | 78 | - | (969,190) | - |
| **Total revenue** | **734,383** | **536,183** | **385,191** | **216,519** | **167,856** | **-** | **(969,190)** | **1,070,943** |
| Segment results | (87,499) | (46,120) | 8,822 | (63,879) | (8,579) | 7,381 | - | (189,876) |
| **Unallocated corporate expenses included:** | | | | | | | | |
| **Operating result** | | | | | | | | **(189,876)** |
| Finance income | | | | | | | | 20,633 |
| Finance expense | | | | | | | | (132,040) |
| **Profit/(loss) before income tax** | | | | | | | | **(301,283)** |
| Income tax | | | | | | | | (28,730) |
| **Net profit/(loss) for the year** | | | | | | | | **(330,013)** |

| (in NOK '000s) | Norway | Poland | France | Italy | North America | Other | Total |
|---|---|---|---|---|---|---|---|
| **Other information:** | | | | | | | |
| Additions to non-current assets* | 29,686 | 16,960 | 3,432 | 6,626 | 40,912 | 2,086 | 99,702 |
| Depreciation, amortization and write off expense | (44,482) | (27,189) | (6,326) | (15,381) | (9,289) | (2,125) | (104,792) |

*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 2024 |
|---|---|
| Norway | 395,242 |
| Poland | 394,015 |
| Italy | 64,702 |
| North America | 150,846 |
| France | 73,295 |
| Other | 17,517 |
| Unallocated | 46,000 |
| **Total segment assets as of 31/12/2024** | **1,141,616** |

*Segment liabilities*

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

| (in NOK '000s) | 31 December 2024 |
|---|---|
| Norway | 988,037 |
| Poland | 142,751 |
| France | 56,540 |
| Italy | 43,505 |
| North America | 61,196 |
| Other | 20,798 |
| **Total segment liabilities as of 31/12/2024** | **1,312,827** |

The Group's reportable segments are as follows for the year ended 31 December 2023:

| (in NOK '000s) | Norway | Poland | France | Italy | North America | Other | Elim. | Total |
|---|---|---|---|---|---|---|---|---|
| External sales | 639,087 | 69,494 | 500,102 | 173,010 | 193,086 | - | - | 1,574,779 |
| Intersegment sales | 600,282 | 818,596 | 518 | 129,651 | 257 | - | (1,549,305) | - |
| **Total revenue** | **1,239,369** | **888,090** | **500,621** | **302,661** | **193,343** | **-** | **(1,549,305)** | **1,574,779** |
| Segment results | 126,928 | 28,606 | 11,873 | (61,630) | 9,275 | 7,185 | - | 122,237 |
| **Operating result** | | | | | | | | **122,237** |
| **Finance income** | | | | | | | | 45,970 |
| Finance expense | | | | | | | | (123,095) |
| **Profit/(loss) before income tax** | | | | | | | | **45,112** |
| Income tax | | | | | | | | (7,388) |
| **Net profit/(loss) for the year** | | | | | | | | **37,724** |

| (in NOK '000s) | Norway | Poland | France | Italy | North America | Other | Total |
|---|---|---|---|---|---|---|---|
| **Other information:** | | | | | | | |
| Additions to non-current assets* | 29,111 | 5,977 | 149 | 7,871 | 3,392 | 353 | 46,852 |
| Depreciation and amortization expense | (40,812) | (21,896) | (6,061) | (10,166) | (8,101) | (1,948) | (88,983) |

*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 2023 |
|---|---|
| Norway | 457,674 |
| Poland | 412,738 |
| Italy | 179,715 |
| North America | 111,710 |
| France | 84,576 |
| Other | 13,006 |
| Unallocated | 46,000 |
| **Total segment assets as of 31/12/2023** | **1,305,418** |

*Segment liabilities*

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

| (in NOK '000s) | 31 December 2023 |
|---|---|
| Norway | 846,012 |
| Poland | 131,390 |
| France | 68,713 |
| Italy | 57,205 |
| North America | 19,017 |
| Other | 46,040 |
| **Total segment liabilities as of 31/12/2023** | **1,168,379** |

*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 2024:

| (in NOK '000s) | Revenue | Property, plant and equipment | Intangible assets | Right-of-use assets |
|---|---|---|---|---|
| France | 366,392 | 1,231 | 1,337 | 13,127 |
| Norway | 242,301 | 31,950 | 108,572 | 120,484 |
| United States | 144,453 | 10,696 | 8,779 | 47,351 |
| Italy | 86,521 | 3,872 | 10,246 | 6,305 |
| Germany | 43,092 | - | - | - |
| Sweden | 30,344 | - | - | - |
| Czech Republic | 19,823 | - | - | - |
| Canada | 22,233 | - | - | - |
| Poland | 18,831 | 53,233 | 135 | 75,108 |
| Great Britain (UK) | 22,705 | 91 | - | 1,203 |
| Spain | 18,548 | 23 | 6 | 1,172 |
| Other countries | 55,702 | 656 | (132) | 2,161 |
| Total | **1,070,943** | **101,754** | **128,944** | **266,910** |

Other countries consist of smaller segments, such as Japan, New Zeeland, Denmark and other smaller markets.

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 2023:

| (in NOK '000s) | Revenue | Property, plant and equipment | Intangible assets | Right-of-use assets |
|---|---|---|---|---|
| France | 471,818 | 1,192 | 1,947 | 15,333 |
| Norway | 337,535 | 36,207 | 113,114 | 128,175 |
| United States | 187,347 | 11,627 | 7,624 | 13,820 |
| Italy | 137,517 | 6,905 | 13,389 | 8,032 |
| Germany | 128,173 | - | - | - |
| Sweden | 80,385 | - | - | - |
| Czech Republic | 41,443 | - | - | - |
| Canada | 22,504 | - | - | - |
| Poland | 29,232 | 59,564 | 1 | 75,487 |
| Great Britain (UK) | 41,875 | 90 | - | 69 |
| Spain | 26,985 | 30 | 11 | 1,116 |
| Other countries | 69,964 | 1,014 | 883 | 1,257 |
| **Total** | **1,574,779** | **116,629** | **136,969** | **243,290** |

*Major customers*

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

## 7. OTHER OPERATING INCOME

| (in NOK '000s) | 2024 | 2023 |
|---|---|---|
| Gain on disposal of property, plant and equipment | 268 | 377 |
| Other operating income | 4,276 | 6,078 |
| **Total other operating income** | **4,544** | **6,455** |

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.

## 8. EMPLOYEE BENEFITS EXPENSE

| (in NOK '000s) | 2024 | 2023 |
|---|---|---|
| Salaries and wages | (284,305) | (305,191) |
| Social security contribution | (54,846) | (62,119) |
| Pension fund contribution | (7,170) | (12,885) |
| Other employee benefits | (10,730) | (32,457) |
| **Total employee benefits expense** | **(357,051)** | **(412,652)** |

During 2024, Jotul Group had an average of 612 employees (2023: 782). As of December 2024, the Group had 596 employees, 68 employees less than as of December 2023. The reduction is a consequence of the reduction in sales and production output.

The reduction in employment expenses in 2024 is driven by the above-mentioned reduction in employees, which was a consequence of the reduction in business.

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.

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. See note 24 for information related to the defined benefit pension provision.

Included in employment benefits expense is remuneration of key management personnel as listed below for the year ended 31 December 2024:

| (in NOK '000s) | | | Salary (1) | Variable pay (2) | Additional remuneration (3) | Total | Net pension expenses |
|---|---|---|---|---|---|---|---|
| Nils Agnar Brunborg | CEO | 01.01-31.12 | 3,891 | 456 | 706 | 5,053 | 462 |
| Adrian Postolache | CFO | 01.01-31.12 | 1,778 | 136 | 242 | 2,156 | 115 |
| **Total** | | | **5,669** | **592** | **948** | **7,209** | **577** |

(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. On January 15, 2025, the Group announced that Asbjørn Eskild is appointed as new CEO, while Nils Agnar Brunborg will be retiring. There are no unaccrued employment costs 2024 related to the outgoing CEO or the new CEO.

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 in 2024.

Included in employment benefits expense is remuneration of key management personnel as listed below for the year ended 31 December 2023:

| (in NOK ‘000s) | | | Salary (1) | Variable pay (2) | Additional remuneration (3) | Total | Net pension expenses |
|---|---|---|---|---|---|---|---|
| Nils Agnar Brunborg | CEO | 01.01-31.12 | 3,705 | 1,650 | 702 | 6,057 | 457 |
| Adrian Postolache | CFO | 01.01-31.12 | 1,655 | 540 | 126 | 2,321 | 110 |
| **Total** | | | **5,360** | **2,190** | **829** | **8,378** | **567** |

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

No loans or credits have been given to leading employees or key management personnel in 2023.

| | **2024** | **2023** |
|---|---|---|
| Members of the board | 300 | 100 |

## 9. OTHER OPERATING EXPENSE

| (in NOK '000s) | 2024 | 2023 |
|---|---|---|
| Shipping and distribution cost | (48,455) | (64,732) |
| Production and maintenance costs | (44,797) | (50,190) |
| Selling and marketing costs | (32,227) | (49,324) |
| Other consultancy fees | (31,977) | (25,516) |
| Insurance | (24,969) | (25,615) |
| Facility costs | (13,477) | (18,197) |
| Travel expenses | (14,092) | (16,008) |
| Third party logistics | (9,774) | (14,933) |
| Short term rental expenses | (5,113) | (9,511) |
| Management fees | (8,000) | (8,519) |
| Audit fees | (3,419) | (3,299) |
| Loss on bad debts | (3,924) | (2,408) |
| Tax advisory and other non-audit fees | (3,490) | (85) |
| Other administration and operating expenses | (33,295) | (23,482) |
| **Total other operating expense** | **(277,009)** | **(311,819)** |

Included in other operating expense is NOK 3,419 thousand (2023: NOK 3,299 thousand) for audit fees and NOK 226 thousand (2023: NOK nil) for non-audit fees. During 2024, NOK nil (2023: NOK 85 thousand) was charged for tax advisory fees.

## 10. FINANCE INCOME

| (in NOK '000s) | 2024 | 2023 |
|---|---|---|
| Interest income | 2,425 | 1,830 |
| Foreign currency gain | 16,398 | 44,078 |
| Bank interest and other interest income | 16 | 62 |
| Other finance income | 1,794 | - |
| Total finance income | **20,633** | **45,970** |

## 11. FINANCE EXPENSE

| (in NOK '000s) | 2024 | 2023 |
|---|---|---|
| Interest expense on leases | (15,005) | (14,729) |
| Interest on borrowings | (6,599) | (8,649) |
| Interest on shareholder loan | (5,360) | (2,611) |
| Interest on bond | (66,121) | (52,867) |
| Foreign currency loss | (16,679) | (17,825) |
| Early redemption bond fees | - | (9,900) |
| Remeasurement at amortized cost | (7,614) | (8,715) |
| Compensation of interest on borrowing by government grant | - | 1,297 |
| Other finance expense | (14,662) | (9,096) |
| **Total finance expense** | **(132,040)** | **(123,095)** |

Other finance expenses consist of banking fees and other finance costs.

## 12. INCOME TAX

The components of income tax are as follows:

| (in NOK '000s) | 2024 | 2023 |
|---|---|---|
| Current income tax (expense)/benefit in respect of the current year | (4,579) | (4,870) |
| Deferred tax (expense)/benefit | (24,151) | (2,518) |
| **Total income tax expense** | **(28,730)** | **(7,388)** |

Considering the poor financial performance in 2024 and the fairly long timeline for being able to utilize the previously recognized (in 2022) deferred tax asset in Jøtul AS related to the fiscal losses accumulated from the previous years, the management decided to use a more prudent approach and reduce this asset from MNOK 75.6 to MNOK 35.0. The deferred tax asset previous recognized in Poland is maintained and the latest recoverability assessment does not indicate impairment risks. In Poland, tax losses can be used within 5 years: in a profitable year, a business can deduct from its taxable profit (limited by the total available taxable profit of the year) up to 50% of the loss carried forward from each of the previous 5 years. I.e., if 50% of the loss from the oldest year is deducted, then up to 50% of the loss from the next oldest year can be deducted, and so on. In the next year with taxable profit the procedure can continue with recovering the oldest un-deducted losses and then recovering the losses from the newer years following the same rule that only 50% of the losses of one fiscal year can be deducted within one profitable year. The current tax rate in Poland is 19%.

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

| (in NOK '000s) | 2024 | 2023 |
|---|---|---|
| Profit before tax | (301,283) | 45,112 |
| Applicable tax rate | 22.00% | 22.00% |
| **Calculated income tax benefit/(expense)** | **66,283** | **(9,925)** |
| Foreign tax rate different from 22 % | (639) | 2,229 |
| Tax effect on non-taxable income | 6,875 | (12,609) |
| Tax attributable to prior years | (631) | 64 |
| Tax effect on non-deductible expenses | (6,253) | 7,419 |
| Deferred tax assets not recognized | (92,246) | 1,763 |
| Deferred tax assets recognized on cumulated losses | 0 | 6,871 |
| Other | (2,119) | (3,201) |
| **Income tax expense** | **(28,730)** | **(7,388)** |

| (in NOK '000s) | 2024 | 2023 |
|---|---|---|
| Income tax receivable | 7,617 | 3,471 |
| Income tax payable | (2,041) | (43) |

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 2024:

| (in NOK '000s) | Assets | Liabilities | Net |
|---|---|---|---|
| Tangible and intangible fixed assets | 1,582 | (2,383) | (801) |
| Inventory, trade and other receivables, trade and other payables | 2,963 | (5,386) | (2,423) |
| Tax losses carried forward | 51,703 | - | 51,703 |
| Other items | 9,365 | - | 9,365 |
| **Deferred tax assets/(liabilities)** | **65,613** | **(7,768)** | **57,844** |

| | |
|---|---|
| Reflected in the consolidated statement of financial position as follows: | |
| **Deferred tax asset** | **64,719** |
| **Deferred tax liability** | **(6,874)** |

The origin of deferred tax assets and liabilities is as follows as of 31 December 2023:

| (in NOK '000s) | Assets | Liabilities | Net |
|---|---|---|---|
| Tangible and intangible fixed assets | 1,323 | (1,567) | (244) |
| Inventory, trade and other receivables, trade and other payables | 3,502 | (7,948) | (4,446) |
| Tax losses carried forward | 83,443 | - | 83,443 |
| Other items | 2,830 | - | 2,830 |
| **Deferred tax assets/(liabilities)** | **91,098** | **(9,515)** | **81,583** |

| | |
|---|---|
| Reflected in the consolidated statement of financial position as follows: | |
| **Deferred tax asset** | **89,789** |
| **Deferred tax liability** | **(8,206)** |

Deferred tax assets not recognized by the Group are NOK 213,722 thousand and NOK 107,144 thousand as of 31 December 2024 and 31 December 2023, respectively. Unrecognized deferred tax assets relate to losses incurred in Denmark, Italy and Norway (partial). There is no expiry date for utilizing prior tax losses in Denmark, Italy and Norway.

Deferred tax assets not recognized by the Group is as follows as of 31 December 2024 (in NOK '000s):

| | Loss carry forward | Local tax rate | Tax asset not recognized |
|---|---|---|---|
| Scan A/S (Denmark) | 19,861 | 22% | 4,369 |
| Aico S.p.A. (Italy) | 516,779 | 24% | 124,027 |
| Jøtul AS (Norway) | 339 941 | 22% | 74 787 |
| **Total** | | | **203,183** |

The management assesses the likelihood of recovering deferred tax assets for each legal entity and each jurisdiction case by case. The evaluation is based on a proven track record in terms of delivering taxable profits, alongside profitability projections for the coming years. Before recognizing the asset, the management also evaluates all the specific conditions for utilizing deferred tax assets in each jurisdiction.

## 13. PROPERTY, PLANT AND EQUIPMENT

| (in NOK '000s) | Land and buildings | Machinery | Fixtures | Total |
|---|---|---|---|---|
| **Cost** | | | | |
| **Balance at 1 January 2023** | **9,671** | **436,002** | **63,274** | **508,947** |
| Additions | 4,577 | 8,425 | 3,811 | 16,813 |
| Disposals | - | (23,428) | (1,172) | (24,600) |
| Transfers | 191 | (225) | 34 | - |
| Effect of foreign currency exchange differences | 287 | 23,095 | 2,792 | 26,174 |
| **Balance at 31 December 2023** | **14,726** | **443,869** | **68,739** | **527,334** |
| Additions | - | 1,799 | 1,000 | 2,799 |
| Disposals | - | (54,529) | (24,973) | (79,501) |
| Transfers | 325 | (993) | 179 | (489) |
| Effect of foreign currency exchange differences | 1,311 | 12,505 | 3,968 | 17,784 |
| **Balance at 31 December 2024** | **16,362** | **402,651** | **48,913** | **467,926** |
| | | | | |
| **Accumulated depreciation** | | | | |
| **Balance at 1 January 2023** | **(7,019)** | **(339,047)** | **(55,141)** | **(401,207)** |
| Depreciation expense | (457) | (16,380) | (2,952) | (19,789) |
| Disposals | - | 22,443 | 1,172 | 23,615 |
| Transfers | (156) | 59 | (59) | (156) |
| Effect of foreign currency exchange differences | (194) | (11,254) | (1,720) | (13,168) |
| **Balance at 31 December 2023** | **(7,826)** | **(344,179)** | **(58,700)** | **(410,705)** |
| Depreciation expense | (979) | (16,307) | (3,375) | (20,661) |
| Disposals | - | 52,165 | 24,817 | 76,982 |
| Transfers | - | 109 | 117 | 226 |
| Effect of foreign currency exchange differences | (804) | (7,862) | (3,348) | (12,014) |
| **Balance at 31 December 2024** | **(9,609)** | **(316,074)** | **(40,489)** | **(366,172)** |
| | | | | |
| **Carrying value as at 31 December 2024** | **6,753** | **86,577** | **8,424** | **101,754** |
| **Carrying value as at 31 December 2023** | **6,901** | **99,690** | **10,038** | **116,629** |

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

| | |
|---|---|
| Land: | nil |
| Buildings | 25-40 years |
| Machinery | 10-15 years |
| Fixtures | 3-8 years |

## 14. INTANGIBLE ASSETS

| (in NOK '000s) | Trademarks | Customer relationships | Software | Research and development costs | Total |
|---|---|---|---|---|---|
| **Gross book value** | | | | | |
| **Balance at 1 January 2023** | **46,000** | **1,893** | **34,198** | **324,108** | **406,200** |
| Additions | - | - | 4,089 | 25,306 | 29,394 |
| Disposals | - | - | (247) | (58,625) | (58,872) |
| Reclassification | - | - | 291 | (97) | 194 |
| Effect of foreign currency exchange differences | - | 124 | 73 | 7,749 | 7,946 |
| **Balance at 31 December 2023** | **46,000** | **2,017** | **38,404** | **298,441** | **384,862** |
| Additions | - | 308 | 490 | 21,450 | 21,940 |
| Disposals | - | (292) | (13) | (22,421) | (23,347) |
| Reclassification | - | - | 137 | 353 | 489 |
| Effect of foreign currency exchange differences | - | 342 | 46 | 6,369 | 6,477 |
| **Balance at 31 December 2024** | **46,000** | **2,375** | **39,101** | **304,191** | **390,422** |
| **Accumulated amortization** | | | | | |
| **Balance at 1 January 2023** | **-** | **(828)** | **(18,505)** | **(257,473)** | **(276,806)** |
| Amortization expense | - | (256) | (5,643) | (17,556) | (23,456) |
| Disposals | - | - | 246 | 58,625 | 58,871 |
| Reclassification | - | - | (278) | - | (278) |
| Effect of foreign currency exchange differences | - | (50) | (94) | (6,080) | (6,224) |
| **Balance at 31 December 2023** | **-** | **(1,134)** | **(24,274)** | **(222,485)** | **(247,893)** |
| Amortization expense | - | (129) | (6,458) | (16,878) | (23,425) |
| Disposals | - | - | 13 | 14,676 | 14,676 |
| Reclassification | - | - | (37) | 37 | - |
| Effect of foreign currency exchange differences | - | 76 | (14) | (4,767) | (4,836) |
| **Balance at 31 December 2024** | **-** | **(1,187)** | **(30,770)** | **(229,417)** | **(261,478)** |
| **Carrying value as at 31 December 2024** | **46,000** | **1,189** | **8,331** | **73,424** | **128,944** |
| **Carrying value as at 31 December 2023** | **46,000** | **883** | **14,130** | **75,956** | **136,969** |

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 |

Trademarks with indefinite useful lives as at 31 December 2024 amounting to NOK 46,000 thousand are not amortized (2023: NOK 46,000 thousand). The Group tests whether trademarks have suffered any impairment on an annual basis. For the 2024 and 2023 reporting periods, the recoverable amount of the trademarks was determined using the value in use approach. The calculations use revenue projections where 2025 revenue is based on budgeted figures, adjusted downwards with a risk factor of 5%, and revenues for the following years are assumed at a rather prudent constant level every year (i.e., zero growth rate). The discount rate assumption used was also prudent, at 15%.

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

| **(in NOK '000s)** | **Recoverable amount** | **Change** |
|---|---:|---:|
| Current assumptions | 85,593 | 0 |
| Decrease in discount rate by 2% | 98,761 | 13,168 |
| Increase in discount rate by 2% | 75,523 | (10,070) |
| Decrease in 2025 revenues by 10% | 76,583 | (9,010) |
| Increase in 2025 revenues by 10% | 94,603 | 9,010 |
| Decrease in perpetual revenue growth rate by 2% | 75,523 | (10,070) |
| Increase in perpetual revenue growth rate by 2% | 98,761 | 13,168 |

The carrying value of trademarks held by the Group as of 31 December 2024 refers entirely to the Jøtul brand. 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 Group’s total research and development costs capitalized during the year amounts to NOK 21,450 thousand. Capitalized product development costs include wages and salaries, bought-in services, materials and a share of the Group’s fixed overhead costs. Development of intangible assets includes internal projects managed by internal resources. In addition to the capitalizable research and development costs, the Group also incurred during the year uncapitalizable research and development expenses of NOK 30,516 thousand.

## 15. OTHER RECEIVABLES

| (in NOK '000s) | 31 December 2024 | 31 December 2023 |
|---|---|---|
| Loan receivable | 6,975 | 7,875 |
| Deposits for property leases | 1,565 | 1,410 |
| Other | 512 | 869 |
| **Total other receivables** | **9,052** | **10,154** |
| | | |
| Current | 1,432 | 800 |
| Non-current | 7,620 | 9,354 |
| **Total other receivables** | **9,052** | **10,154** |

Loan receivables consist of an interest-bearing loan between Jotul AS and Festningsveien 2 AS for an initial 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 2024, the principal outstanding is NOK 6,975 thousand (2023: NOK 7,875 thousand) and accrued interest is NOK nil (2023: NOK Nil). Interest income on the loan amounts to NOK 516 thousand (2023: NOK 466 thousand) and is included in finance income (see Note 10).

The credit risk of the non-current receivable from Festningsveien 2 AS has been assessed as low. Payments are made regularly on this receivable in accordance with contract terms. Given the current evaluation of a low credit risk, management has set the allowance loss for this receivable at nil.

## 16. INVENTORIES

| | 31 December 2024 | | | 31 December 2023 | | |
|---|---|---|---|---|---|---|
| **(in NOK '000)** | **Gross value** | **Valuation allowance** | **Net value** | **Gross value** | **Valuation allowance** | **Net value** |
| Raw materials | 195,092 | (27,100) | 167,992 | 179,075 | (8,923) | 170,152 |
| Work in progress | 6,294 | - | 6,294 | 28,883 | - | 28,883 |
| Finished goods | 148,689 | (6,535) | 142,154 | 262,031 | (9,263) | 252,768 |
| Spare parts and other | 44,212 | (2,386) | 41,826 | 64,269 | (5,375) | 58,894 |
| **Total inventories** | **394,287** | **(36,021)** | **358,266** | **534,258** | **(23,561)** | **510,697** |

The carrying amount of those inventories that were recorded at the net realizable value is NOK 74,642 thousand (2023: NOK 24,659 thousand).

Due to commercial and warranty reasons, it is Jøtul Group's policy to maintain parts/components for a long period of time, and this implicitly results in certain categories of inventory turning slower. Moreover, due to seasonality effects, it is common for goods to be 12 months older before a new high season starts. To evaluate and provide for excess / slow-moving inventory, the policy requires to review and categorize the inventory based on how fast it moves (i.e. how fast it is sold or consumed). The following categories and provisioning rules are used:

Category 1 Inventory with no consumption/usage during the past 36 months should be provided in full (100%).

Category 2 Inventory with no consumption/usage during the past 24 months, excluding inventory already captured in Category 1, should be provided for at 50% of the book value.

Category 3 For all other inventory (i.e., that had consumption/usage in the past 24 months) a comparison should be conducted between the quantity on hand and the quantity consumed in the last 12 months. The quantity in excess of the last 12 months of consumption should be provided for at 25% of the book value.

Additionally, the Group evaluates inventory for obsolescence. Obsolete inventory can occur when a product is discontinued either due to internal decision or due to market drivers (e.g., inability to continue selling an existing product, significant decrease in value, etc.). The inventory that has not been sold and is not expected to be sold should be considered obsolete and must be written down or written off from the Company's books.

Changes in inventories of finished goods and work in progress in the Consolidated statement of comprehensive income contains the inventory write-off expenses and the changes in the balance related to finished goods and work in progress. Total inventory write-off amounts to NOK 35,234 thousand (2023: NOK 15,540 thousand). The write-off of inventories is mainly due to scrapping of obsolete and damaged parts.

## 17. TRADE AND OTHER RECEIVABLES

| (in NOK '000s) | 31 December 2024 | 31 December 2023 |
|---|---|---|
| Trade receivables | 109,314 | 93,918 |
| Allowance for doubtful debts | (8,486) | (7,665) |
| | **100,828** | **86,253** |
| Prepayments | 15,429 | 30,357 |
| VAT receivables | 7,491 | 9,082 |
| **Total trade and other receivables** | **123,748** | **125,692** |

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.

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. Please refer to Note 9 for disclosure of the losses on bad debts.

The VAT receivable of NOK 7,491 thousand (2023: NOK 9,082 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 as at 31 December 2024:

| (in NOK '000s) | Gross amount | Allowance | Carrying value |
|---|---|---|---|
| Not due | 86,235 | - | 86,235 |
| 0-60 days overdue | 11,797 | (1,000) | 10,797 |
| 61-180 days overdue | 2,211 | (55) | 2,156 |
| 181-365 days overdue | 3,103 | (1,888) | 1,214 |
| More than 1 year overdue | 5,968 | (5,543) | 426 |
| **Total** | **109,314** | **(8,486)** | **100,828** |

The aging of the trade receivable is as follows as of 31 December 2023:

| (in NOK '000s) | Gross amount | Allowance | Carrying value |
|---|---|---|---|
| Not due | 69,423 | - | 69,423 |
| 0-60 days overdue | 14,382 | (2,000) | 12,382 |
| 61-180 days overdue | 1,326 | - | 1,326 |
| 181-365 days overdue | 1,189 | (670) | 519 |
| More than 1 year overdue | 7,590 | (4,995) | 2,595 |
| **Total** | **93,910** | **(7,665)** | **86,245** |

## 18. 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 80,606 thousand (2023: NOK 68,727 thousand) of which NOK 4,946 (2023: NOK 4,867) is restricted as it mostly relates to tax withheld from employees according to Norwegian law.

On 19 January 2024, Jøtul AS, as borrower, entered into a working capital facility agreement with Pareto Bank ASA. The contractual commitment under this agreement was NOK 120 million (excluding bank guarantees to the Norwegian and Polish landlords). This new agreement replaced the revolving working capital facility that the Group had with Nordea Bank AB (publ), filial i Norge, and was established in parallel with the 2024 refinancing of the senior secured bonds. Following the covenant breach in Q1 2024, and the subsequent agreed covenant holidays, the working capital facility was temporarily limited to the amount of MNOK 80, which was the amount already drawn. The agreement also stated that the limitation will be eliminated upon reinstatement of covenant compliance. The amount of MNOK 80 remained drawn as of 31 December 2024 and was subsequently converted into a term loan on April 14, 2025.

## 19. EQUITY

As of 31 December 2024, capital contributed from the sole shareholder (Jotul Holdings S.a r.l.) in a form of equity consisted of share capital of NOK 139,414 thousand (31 December 2023: NOK 139,414 thousand), divided into 1 share fully paid at a part value of NOK 139,414 thousand.

As at 31 December 2024, the share premium amounted to NOK 123,779 thousand (31 December 2023: 123,779).

During the 2025 recapitalization process, Jotul Holdings S.a.r.l. agreed to convert into share capital the entire balance of shareholder loans, including accrued interests. Thus, on February 28, 2025, the nominal value of the Jøtul AS' share was increased with NOK 87,870,002. The capital increase was registered with the Register of Business Enterprises on March 12, 2025.

Subsequently, on April 14, 2025, an amount of NOK 562,500,000 of the company's issues bonds was converted into equity, offset by NOK 100,000,000 as reinstatement of existing bond that is reducing the equity conversion through the share premium. NOK 22,716,266 was converted as an increase to the nominal value of the company's share, while the difference of NOK 439,783,734 was converted into share premium. The capital increase was registered with the Register of Business Enterprises on April 30, 2025.

## 20. SENIOR SECURED BONDS

*Issue of new bonds in 2024*

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

- Maintenance test performed at each quarter-end. Net interest-bearing debt (excluding the IFRS 16 leases impact) to EBITDA (before IFRS 16 impact, being the lower EBITDA which included rental/lease expenses prior to these being reclassified to depreciation and interest following the IFRS 16 implementation) ratio must be ≤ 5.50x on 31 March 2024, 30 June 2024 and 30 September 2024, and ≤ 4.50x on 31 December 2024, with annual step-down of 0.50x.
- Incurrence test performed when and if applicable. Net interest-bearing debt (excluding the IFRS 16 leases impact) to EBITDA (before IFRS 16 impact) should be ≤ 3.00x.
- Distribution test, as applicable. Net interest-bearing debt (excluding the IFRS 16 leases impact) to EBITDA (before IFRS 16 impact) should be ≤ 2.00x.

Due to continuous unfavourable development of trading throughout Q1 2024, the Group observed that the last twelve months (LTM) development of the EBITDA used for covenant measurement (EBITDA before the IFRS16 impact) deteriorated beyond management expectations resulting in a covenant breach as per the definitions and terms of the financing agreements. More specifically, the Net Interest Bearing Debt (excluding the IFRS 16 leases impact) to LTM EBITDA (before IFRS 16 impact) did not meet the <5.5x covenant required by the Bonds agreement as of Q1 2024 quarter-end. Simultaneously, the drawn RCF to LTM EBITDA (before IFRS 16 impact) <1x covenant was also breached. Upon becoming aware of the breach, the Group initiated negotiations with the creditors and obtained covenant holidays from both the bondholders and the bank for all four quarters of 2024. In addition to the covenant holidays, the following key terms were agreed:

- Delayed publication of the audited annual report and unaudited Q1 interim report – these were published in June 2024, after reaching an agreement with the creditors
- Cash injection of MNOK 42.5 from the shareholder in the form of equity or subordinated loans
- Pause in the payment of any management/monitoring fees until compliance is restored

- A consent fee of 2.5% of the outstanding debt payable when an agreement is reached
- A minimum liquidity test starting from 30 September 2024, with minimum liquidity of NOK 30 to be maintained at all times

The terms were agreed and favorably voted by 50%+ of the bondholders on 20 June 2024.

- In addition to the above terms, the Group has also obtained approval from the bank to maintain the RCF limit at the already drawn amount of MNOK 80.0, and further drawings were restricted until compliance reinstatements.

The movement during the year is as follows:

| | **(in NOK '000s)** |
|---|---|
| Opening balance at 1 January 2024 | **498,379** |
| Repayment | (484 672) |
| Bonds issued during the year | 510,000 |
| Transaction cost | (9,307) |
| Interest accrued on bonds during the year | 64,305 |
| Interest paid during the year | (63,913) |
| Covenant fees | (15,207) |
| Remeasurement at amortized cost | 7,614 |
| Closing balance at 31 December 2024 | **507,199** |
| | |
| Current | 14,100 |
| Non-current | 493,099 |
| **Total** | **507,199** |

*Debt restructuring and recapitalization in 2025*

Considering the continued weak business performance in 2024, including the disappointing high season, the liquidity projections of the Group developed negatively to the point that the Group needed to postpone bond interest payments (and listing) in early 2025 and initiate a structured process with its key stakeholders with the aim of finding a long-term solution for strengthening its liquidity and overall balance sheet. As of March 28, 2025, the Group obtained approval from its bondholders to proceed with a recapitalization plan which will ensure a stronger financial position, significantly improving the Group's balance sheet by converting existing bond debt to equity and raising further capital, while continuing the Group's revolving credit facility with an extended tenor and increased the total loan facility to 100 MNOK. The effective implementation date of the recapitalization plan was April 14, 2025. As of that date, Jøtul was significantly delevered, though debt conversion, and additional liquidity was injected in the form of new liquidity bonds, securing business continuity as a going concern for the foreseeable future. Also, as of that date the bondholders have taken full ownership of the company.

In summary, the following changes to the debt structure of the company were implemented following the recapitalization:

- The pre-conversion value of the bonds was MNOK 562.5, consisting of principal, accrued interest (including default interest) and 4% premium. MNOK 100.0 of bonds were reinstated, while the difference of MNOK 462.5 was converted into equity. The new bonds bear a fixed interest rate of 12.5% and mature in four years. Additionally, there is a PIK toggle right for the interest, with a fixed interest rate of 15% on the PIK interest.
- New bonds of MNOK 109.1 were issues, out of which MNOK 100.0 represent new liquidity bonds, MNOK 4.0 are underwriter fee bonds issued (4% of the new liquidity bonds) and MNOK 5.1 are work fee bonds issued to the bondholders who have taken part in the ad-hoc group (calculated as 1% of the nominal value of the bonds issued in 2024). The new bonds bear a floating interest rate consisting of 6.5% margin + 3-month NIBOR, and mature in 3.5 years. A covenant of minimum MNOK 25 in available liquidity was implemented and had to be observed at all times and tested quarterly, with the first test date being 30 June 2025.

There is no listing requirement for the 2025 bonds.

Additionally, related to this process, the working capital facility balance of MNOK 80, which remained drawn as of the recapitalization implementation date, was converted into a term loan, while MNOK 20 were further made available for drawing upon need.

## 21. 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 date of inception, 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 2024, the carrying amount of the government grant is NOK 1,894 thousand (2023: NOK 2,473 thousand) of which NOK 371 thousand (2023: NOK 861 thousand) shall be amortized within the next 12 months.

The borrowing is measured at amortized cost with carrying amount of NOK 16,728 thousand as of 31 December 2024 (2023: NOK 24,127 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.

## 22. SHAREHOLDER LOAN

In June 2021, Jotul Holdings Sarl granted a loan of MEUR 5.0 to Jøtul AS with the purpose of supporting the integration of the newly acquired (June 1, 2021) AICO Italy business, and other working capital needs. There was a partial settlement (MNOK 22.0) of this loan in October 2021, as part of the 2021 bond refinancing, and the remaining balance as of 31 December 2024 is MEUR 3.6, including accrued interest of MEUR 0.8. Following the renewal of the 2021 loan agreement, the loan has been reclassified as non-current liabilities.

On June 20, 2024, a loan agreement with an amount of NOK 42.5 million was entered into, whereas Jøtul AS is the borrower and Jotul Holdings Sarl is the lender. The loan was provided by the shareholder in connection with a written procedure launched by Jøtul AS on May 27, 2024, by which Jøtul AS requested certain amendments to the terms of the existing bonds. As part of the terms of the written procedure, the shareholder was required to make available a shareholder loan in this amount. The loan bears a fixed interest rate of 9% per annum. As of December 31, 2024, the balance of this loan is MNOK 44.5, out of which MNOK 2.0 is accrued interest. The loan is a non-current loan as of 2024 year-end.

As at 31 December 2024, the remaining balance of shareholder loans is as follows:

| **(in NOK '000s)** | **31 December 2024** | **31 December 2023** |
|---|---|---|
| Principal amount | 76,068 | 32,011 |
| Accrued interest | 11,256 | 5,896 |
| Closing balance | **87,324** | **37,907** |
| | | |
| Current | - | - |
| Non-current | 87,324 | 37,907 |
| **Total** | **87,324** | **37,907** |

During the 2025 recapitalization process, Jotul Holdings Sarl agreed to convert into share capital the entire balance of shareholder loans, including accrued interests. Thus, on February 28, 2025, the nominal value of the Jøtul AS' share was increased with NOK 87,870,002. As of 2024 year-end balance sheet date the likelihood of such conversion was unknown to Jøtul, therefore the disclosure remained as non-current.

## 23. TRADE AND OTHER PAYABLES

| (in NOK '000s) | 31 December 2024 | 31 December 2023 |
|---|---|---|
| Trade payables | 129,106 | 121,028 |
| Employee related payables | 30 863 | 41,683 |
| Social security, VAT payable | 21,203 | 28,228 |
| Accrued expenses | 46,017 | 41,932 |
| Other payables | 19,392 | 17,648 |
| **Total trade and other payables** | **246,581** | **250,519** |

## 24. PROVISIONS

| (in NOK '000s) | 31 December 2024 | 31 December 2023 |
|---|---|---|
| Provision for defined benefit pension plans | 2,455 | 6,834 |
| Warranty provision | 4,080 | 2,968 |
| Other provisions | 7,537 | 4,336 |
| **Total provisions** | **14,072** | **14,138** |
| | | |
| Short-term provisions | 4,080 | 3,008 |
| Long-term provisions | 9,992 | 11,130 |
| **Total provisions** | **14,072** | **14,138** |

The movement in provisions during the year is as follows:

| (in NOK '000s) | 31 December 2023 | Additions | Provision used during the year | Others | Conversion difference | 31 December 2024 |
|---|---|---|---|---|---|---|
| Provision for defined benefit pension plans | 6,833 | 269 | - | (4,722) | 75 | 2,455 |
| Warranty provision | 2,968 | 1,015 | - | - | 97 | 4,080 |
| Other provisions | 4,337 | 1,521 | (3,455) | 4,722 | 412 | 7,537 |
| **Total** | **14,138** | **2,805** | **(3,455)** | **-** | **584** | **14,072** |

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 8).

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

## 25. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

| **(in NOK '000s)** | **Senior secured bonds** | **Loan from shareholder** | **Borrowings** | **Bank borrowing** |
|---|---|---|---|---|
| **Balance at 1 January 2023** | **477,683** | **33,568** | **29,847** | **-** |
| *Cash flows:* | | | | |
| Principal | - | - | (8,964) | - |
| Interest | (50,787) | | - | - |
| *Non-cash flows:* | | | | |
| Early redemption bond fees | 9,900 | - | - | - |
| Accrued interest throughout the year | 52,867 | 2,611 | - | - |
| Remeasurement at amortized cost | 8,715 | - | - | - |
| Currency translation adjustment | - | 1,728 | 3,244 | - |
| **Balance at 31 December 2023** | **498,379** | **37,907** | **24,127** | **-** |
| | | | | |
| Current | 498,379 | - | 8,662 | - |
| Non-current | - | 37,907 | 15,465 | - |
| **Total** | **498,379** | **37,907** | **24,127** | - |

| **(in NOK '000s)** | **Senior secured bonds** | **Loan from shareholder** | **Borrowings** | **Bank borrowing** |
|---|---|---|---|---|
| **Balance at 1 January 2024** | **498,379** | **37,907** | **24,127** | - |
| *Cash flows:* | | | | |
| Principal | 510,000 | 42,500 | (9,635) | 80,000 |
| Interest | (63,913) | - | - | - |
| Paid expense | (24,514) | - | | |
| Repayment | (484,672) | - | | |
| *Non-cash flows:* | | | | |
| Early redemption bond fees | - | - | - | - |
| Accrued interest throughout the year | 64,305 | 5,360 | - | - |
| Remeasurement at amortized cost | 7,614 | - | - | - |
| Currency translation adjustment | - | 1,557 | 2,236 | - |
| **Balance at 31 December 2024** | **507,199** | **87,324** | **16,728** | **80,000** |
| | | | | |
| Current | 14,100 | - | 8,662 | 80,000 |
| Non-current | 493,009 | 87,324 | 8,066 | - |
| **Total** | **507,199** | **87,324** | **16,728** | **80,000** |

## 26. LEASES

The following schedule presents the movements of the Right-of-use assets during 2024:

| (in NOK '000s) | Land and buildings | Plant and machinery | Furniture and fittings | Total |
|---|---|---|---|---|
| **Cost** | | | | |
| **Balance at 1 January 2023** | **202,435** | **21,646** | **927** | **225,008** |
| Additions | 16,552 | 12,349 | - | 28,901 |
| Depreciation expenses | (36,952) | (7,584) | (586) | (45,122) |
| Adjustments | 22,528 | 3,153 | - | **25,681** |
| Terminations | (3,281) | (754) | 126 | **(3,909)** |
| Effect of foreign currency exchange differences | 11,767 | 882 | 82 | **12,731** |
| **Balance at 31 December 2023** | **213,049** | **29,692** | **550** | **243,290** |
| Additions | 1,090 | 12,747 | - | **13,837** |
| Depreciation expenses | (41,424) | (10,441) | (327) | **(52,192)** |
| Adjustments | 52,481 | 859 | - | **53,340** |
| Terminations | - | (214) | - | **(214)** |
| Effect of foreign currency exchange differences | 7,390 | 1,438 | 20 | **8,849** |
| **Balance at 31 December 2024** | **232,586** | **34,080** | **243** | **266,910** |

During 2024, the related lease liabilities developed as follows:

| (in NOK '000s) | Land and buildings | Plant and machinery | Furniture and fittings | Total |
|---|---|---|---|---|
| **Balance at 1 January 2023** | **301,478** | **18,651** | **1,182** | **321,311** |
| Additions | 16,470 | 11,143 | - | **27,614** |
| Accretion of interest | 13,406 | 1,287 | 35 | **14,729** |
| Lease payments principal | (41,027) | (8,286) | (592) | **(49,906)** |
| Lease payment interest | (13,406) | (1,287) | (35) | **(14,729)** |
| Adjustments | 22,528 | 3,051 | - | **25,578** |
| Terminations | - | (122) | - | **(122)** |
| Effect of foreign currency exchange differences | 7,864 | 157 | 88 | **8,109** |
| **Balance at 31 December 2023** | **307,313** | **24,594** | **678** | **332,585** |
| Additions | 1,090 | 12,196 | - | **13,286** |
| Accretion of interest | 13,379 | 1,591 | 35 | **15,005** |
| Lease payments principal | (45,403) | (10,045) | (386) | **(55,834)** |
| Lease payment interest | (13,376) | (1,591) | (35) | **(15,002)** |
| Adjustments | 52,481 | 337 | - | **52,818** |
| Terminations | - | - | - | **-** |
| Effect of foreign currency exchange differences | 6,788 | 457 | 11 | **7,256** |
| **Balance at 31 December 2024** | **322,272** | **27,539** | **303** | **350,114** |

Additions to the right-of-use assets for the year ended 31 December 2024 amounted to NOK 13,286 thousand (2023: NOK 27,614 thousand). The majority of the additions in 2024 are driven by the renewal of the leased vehicles fleet and forklifts as well as leased production equipment in Poland.

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

Future lease payments as of 31 December 2024 and 31 December 2023 are disclosed in Note 3.2.

| (in NOK '000s) | 31 December 2024 | 31 December 2023 |
|---|---|---|
| **Depreciation charge of right-of-use assets** | | |
| Land and buildings | (41,424) | (36,952) |
| Plant and machinery | (10,441) | (7,584) |
| Furniture and fittings | (327) | (586) |
| **Total depreciation charge of right-of-use assets** | **(52,191)** | **(45,122)** |

Average remaining duration of lease contracts as of 31 December 2024:

| | |
|---|---|
| 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 15,005 thousand (2023: NOK 14,729 thousand) and is presented in Finance expense. Please refer to Note 11.

Total cash outflow relating to leasing during 2024 amounted to NOK 55,834 thousand (2023: NOK 64,634 thousand). This includes both principal and interest payments.

Short term leases mainly consist of short-term lease of certain forklifts and other smaller equipment items leased mainly in the warehouse in Poland, but also in the other production and logistics locations. Such assets are leased on short-term and on a need be basis.

## 27. RELATED PARTY BALANCES AND TRANSACTIONS

At December 31, 2024 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 8.

| (in NOK '000s) | Purchases for the period from 1 January to 31 December 2024 | Sales for the period from 1 January to 31 December 2024 | Balance payable outstanding as at 31 December 2024 | Balance receivable outstanding as at 31 December 2024 |
|---|---|---|---|---|
| OpenGate Capital Management, LLC | (8,000) | - | (8,000) | - |
| Jotul Holdings SA | (5,360) | - | (87,324) | - |

| (in NOK '000s) | Purchases for the period from 1 January to 31 December 2023 | Sales for the period from 1 January to 31 December 2023 | Balance payable outstanding as at 31 December 2023 | Balance receivable outstanding as at 31 December 2023 |
|---|---|---|---|---|
| OpenGate Capital Management, LLC | (8,519) | - | - | - |
| Jotul Holdings SA | (2,937) | - | (37,907) | - |

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

Additionally, Jøtul has an intercompany loan liability with Jotul Holdings SARL, with a total balance of NOK 87,324 thousand, including accrued interest of NOK 11,256 thousand, as of December 2024, and NOK 37,907 thousand, including accrued interest of 5,896 thousand, as of December 2023. In June 2024, Jøtul received a loan of NOK 42,500 thousand from Jøtul Holdings.

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

## 28. COMMITMENTS

*Guarantees, pledges and other collateral*

All of the shares of Jøtul AS, as bond issuer, and of Jotul France S.A.S, Jotul North America Inc. and Jotul Poland sp. z o.o, as guarantors, alongside all movable assets of Jotul Poland sp. z o.o, and all present and (if applicable) future receivables with respect to any material intra-group loans with the issuer as creditor and the other group companies as debtors, have been pledged to jointly secure the senior secured bonds and the super senior RCF, in accordance with the terms of the intercreditor agreement. Nordic Trustee AS is acting as security agent and holds all security on behalf of the bank and on behalf of the bondholders.
From 24 January 2024, Nordea Bank AB was replaced by Pareto Bank as RCF provider.

Jøtul AS provided a bank guarantee of NOK 13,850 thousand to the property lessor Festningsveien 2 AS and EUR 1,025 thousand, equivalent of NOK 12,031 (2023: EUR 1,125 thousand, equivalent of NOK 12,646 thousand) to the property lessor Prologis Poland LXXXIII Sp. z .o.o.

## 29. SUBSEQUENT EVENTS

Due to continued weak business performance in 2024, including the disappointing high season, the liquidity projections of the Group developed negatively, and the Group needed to postpone bond interest payments in early 2025 and initiate a structured process with its key stakeholders with the aim of finding a long-term solution for strengthening its liquidity and overall balance sheet. By the end of the first quarter of 2025, the Group obtained approval from its bondholders to proceed with a recapitalization plan which will ensure a stronger financial position, significantly improving the Group's balance sheet by converting existing bond debt to equity and raising further capital, while continuing the Group's revolving credit facility with an extended tenor. The effective implementation date of the recapitalization plan was April 14, 2025. As of that date, Jøtul was significantly delevered, though debt conversion, and additional liquidity was injected in the form of new liquidity bonds, securing business continuity as a going concern for the foreseeable future. Also, as of that date the bondholders have taken full ownership of the company. Further details about the recapitalization process and new liquidity bonds are available in Note 20.

On January 15, 2025, Jøtul announced the appointment of Asbjørn Eskild as new CEO of the Group, replacing Nils Agnar Brunborg, who retired.

On February 28, the subordinated shareholder loans received by Jøtul AS from Jotul Holdings Sarl amounting to MNOK 87.9 were converted into share capital.

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

## 30. APPROVAL BY THE BOARD OF DIRECTORS

The consolidated financial statements were approved and authorized for issue by the Board of Directors on 27 June 2025.

# JØTUL AS | ANNUAL REPORT 2024

# Content

## JØTUL AS

# Income Statement

## Jøtul AS

All amounts in 1000 NOK

| | Note | 2024 | 2023 |
|---|---|---|---|
| Revenue | 1 | 363 335 | 639 087 |
| Revenue from group companies | 1 | 366 714 | 624 387 |
| Other operating income | 1,2 | 4 705 | 4 705 |
| **Total operating income** | | **734 754** | **1 268 178** |
| | | | |
| Cost of Goods Sold | 3 | 531 225 | 848 342 |
| Change in inventory | 3 | 8 289 | -18 830 |
| Payroll expenses | 4,5 | 110 001 | 119 633 |
| Depreciation | 2 | 24 029 | 20 747 |
| Other operating expenses | 2,4,6 | 159 161 | 167 022 |
| **Total operating expenses** | | **832 705** | **1 136 913** |
| | | | |
| **Operating profit** | | **-97 951** | **131 265** |
| | | | |
| Income from subsidiaries | | 17 454 | 6 778 |
| Interest received from group companies | | 44 792 | 489 |
| Other financial income | 7 | 1 823 | 1 452 |
| **Total financial income** | | **64 070** | **8 719** |
| Write-Down financial fixed assets | 8 | 67 669 | 33 494 |
| Interest paid to group companies | 9 | 5 360 | 2 611 |
| Bond interest expenses | 10 | 66 121 | 52 867 |
| Other interest expenses | 10 | 6 599 | 0 |
| Other financial expenses | 10 | 31 032 | 42 427 |
| **Total financial expenses** | | **176 781** | **131 400** |
| **Net financial items** | | **-112 711** | **-122 680** |
| | | | |
| **Result before tax** | | **-210 662** | **8 585** |
| | | | |
| Income tax expense | 11 | 40 743 | 8 376 |
| | | | |
| **Result after taxes** | | **-251 405** | **209** |
| | | | |
| **Net profit (-loss) for the year** | | **-251 405** | **209** |
| | | | |
| Allocated to (from) other equity | | -251 405 | 209 |
| **Total amount allocated** | | **-251 405** | **209** |

# Balance Sheet

## Jøtul AS

All amounts in 1000 NOK

| | Note | 2024 | 2023 |
|---|---|---|---|
| **Assets** | | | |
| **Fixed assets** | | | |
| **Intangible fixed assets** | | | |
| Research and development | 2 | 54 814 | 52 985 |
| Other intangible assets | 2 | 7 758 | 14 129 |
| Trademarks | 2 | 46 000 | 46 000 |
| Deferred tax assets | 11 | 35 000 | 75 590 |
| **Total intangible fixed assets** | | **143 572** | **188 704** |
| | | | |
| **Tangible fixed assets** | | | |
| Land, buildings and other property | 2 | 1 251 | 1 082 |
| Machinery and plant | 2 | 29 515 | 33 597 |
| Fixtures and fittings, tools etc | 2 | 1 184 | 1 528 |
| **Total tangible fixed assets** | | **31 950** | **36 207** |
| | | | |
| **Financial fixed assets** | | | |
| Investments in subsidiaries | 8 | 337 580 | 376 580 |
| Other receivables financial assets | 13 | 6 975 | 7 875 |
| **Total financial fixed assets** | | **344 555** | **384 455** |
| **Total fixed assets** | | **520 078** | **609 366** |
| | | | |
| **Current assets** | | | |
| | | | |
| **Inventory** | 3 | **76 758** | **93 186** |
| | | | |
| **Receivables** | | | |
| Accounts receivable | | 21 758 | 20 340 |
| Accounts receivable with group companies | 14 | 15 010 | 40 399 |
| Other receivables with group companies | 14 | 159 656 | 182 167 |
| Other receivables | | 5 142 | 19 528 |
| **Total receivables** | | **201 565** | **262 434** |
| | | | |
| **Cash and cash equivalents** | 15 | **42 554** | **22 122** |
| | | | |
| **Total current assets** | | **320 877** | **377 742** |
| | | | |
| **Total assets** | | **840 955** | **987 108** |

# Balance Sheet

## Jøtul AS

All amounts in 1000 NOK

| | Note | 2024 | 2023 |
|---|---|---|---|
| **Equity and liabilities** | | | |
| **Equity** | | | |
| **Contributed equity** | | | |
| Share capital | 12,16, 19 | 139 414 | 139 414 |
| Share premium reserve | 12 | 123 779 | 123 779 |
| **Total contributed equity** | | **263 193** | **263 193** |
| | | | |
| **Retained earnings** | | | |
| Uncovered loss | 12 | -251 196 | 209 |
| **Total retained earnings** | | **-251 196** | **209** |
| | | | |
| **Total equity** | | **11 997** | **263 402** |
| | | | |
| **Liabilities** | | | |
| **Allowances for liabilities** | | | |
| Other provisions | 2 | 4 705 | 9 410 |
| **Total provisions** | | **4 705** | **9 410** |
| | | | |
| **Non-current liabilities** | | | |
| Subordinated debt | 9, 19 | 76 068 | 32 011 |
| Bonds | 18, 19 | 493 099 | 0 |
| **Total non-current liabilities** | | **569 167** | **32 011** |
| | | | |
| **Current liabilities** | | | |
| Bonds | 18, 19 | 0 | 484 672 |
| Accounts payable | | 47 601 | 44 655 |
| Accounts payable with group companies | | 63 618 | 74 179 |
| Liabilities to financial institutions | 17 | 80 000 | 0 |
| Public duties payable | 15 | 11 880 | 14 941 |
| Other short term liabilities | 17, 9 | 51 987 | 63 838 |
| **Total current liabilities** | | **255 086** | **682 285** |
| | | | |
| **Total liabilities** | | **828 958** | **723 706** |
| | | | |
| **Total equity and liabilities** | | **840 955** | **987 108** |

# Balance Sheet

Fredrikstad, 27.06.2025
Jøtul AS

Signed by:
6BDE85BD6C44465...
Erik Øyno
Chairman of Board

Signed by:
C2C4BA8C6BB44BC...
Julie Berg
Member of Board

Signed by:
868C7B888D8A42D...
Ole Kristian Sivertsen
Member of Board

Signed by:
C186558E02834B5...
Asbjørn Eskild
CEO

Anette Johansen
Member of Board
Employee representative

Thomas Johannesen
Member of Board
Employee representative

# Cash Flow Statement

# Jøtul AS

All amounts in 1000 NOK

| | Note | 2024 | 2023 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Result before tax | | -210 662 | 8 585 |
| Income taxes paid | 11 | -152 | 213 |
| Depreciation/amortisation | 2 | 24 029 | 20 747 |
| Impairment of shares in subsidiaries | 8 | 67 669 | 33 494 |
| Change in inventories | 3 | 16 427 | -34 439 |
| Change in trade receivables | | 23 971 | 94 990 |
| Change in trade payables | | -7 614 | -27 044 |
| Change in other accruals/prepayments | | 2 382 | -10 159 |
| Effect of exchange rate changes | | 1 557 | -1 557 |
| **Net cash flows from operating activities** | | **-82 394** | **84 830** |
| | | | |
| **Cash flows from investing activities** | | | |
| Payments to acquire fixed assets | 2 | -502 | -7 403 |
| Payment for purchase of intangible assets | 2 | -14 728 | -19 964 |
| Net change in intercompany balances | | 22 512 | -3 333 |
| Receipt from other loan receivables (short-/long-term) | 13 | 900 | 675 |
| Payments for capital increase group subsidiaries | 8 | -28 669 | -72 494 |
| **Net cash flows from investing activities** | | **-20 487** | **-102 520** |
| | | | |
| **Cash flows from financing activities** | | | |
| Change Net payout overdraft | 17 | 80 000 | 0 |
| Proceeds from Shareholder loan | 9 | 42 500 | 0 |
| Proceeds from senior secured bonds | 18 | 510 000 | 0 |
| Paid expense related to senior secured bonds | 18 | -24 515 | 0 |
| Repayment senior secured bonds | 18 | -484 672 | 0 |
| **Cash flows from financing activities** | | **123 313** | **0** |
| **Net cash flow for the period** | | **20 432** | **-17 690** |
| Cash and cash equivalents at the beginning of the period | 15 | 22 122 | 39 812 |
| **Cash and cash equivalents at the end of the period** | | **42 554** | **22 122** |
| | | | |
| Consisting of: | | | |
| Bank deposits etc. | | **42 554** | **22 122** |
| | | | |
| Unutilised RCF | 15 | **0** | **35 000** |

# Jøtul AS

## Notes to the Financial Statements 2024

**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.

# Jøtul AS

## Notes to the Financial Statements 2024

**Note 1 Revenue by Country / Region of Destination**

The Company's revenue specified by main markets:

| | 2024 | 2023 |
|---|---|---|
| Norway | 235 632 | 309 636 |
| Nordics other | 36 568 | 90 849 |
| Europe exc. Nordics | 440 800 | 804 211 |
| North America | 11 283 | 22 715 |
| Other | 10 471 | 40 768 |
| **Total** | **734 754** | **1 268 178** |

**Note 2 Fixed assets and leasing costs**

| | Trademarks | R&D | Software | Property | Machinery and plant | Fixtures | Total |
|---|---|---|---|---|---|---|---|
| Acquisition cost at 1 Jan. | 190 000 | 225 983 | 37 496 | 1 626 | 262 865 | 16 318 | 734 289 |
| + Additions | | 14 728 | - | | 502 | - | 15 230 |
| - Disposals | | - | - | | | - | - |
| Reclassification | | | | 325 | -325 | | - |
| **Acquisition cost at 31 Dec.** | **190 000** | **240 711** | **37 496** | **1 951** | **263 043** | **16 318** | **749 519** |
| Acc. Depr/Amort/Imp. 1 Jan. | -144 000 | -172 998 | -23 367 | -544 | -229 268 | -14 790 | -584 967 |
| + Depreciation/Amortisation | | -12 899 | -6 371 | -156 | -4 259 | -344 | -24 029 |
| - Disposals Acc Depreciation | | - | | | | | - |
| **Acc. Depr/Amort/Imp. 31 Dec.** | **-144 000** | **-185 897** | **-29 738** | **-699** | **-233 527** | **-15 134** | **-608 996** |
| **Balance as per 31 Dec.** | **46 000** | **54 814** | **7 758** | **1 251** | **29 515** | **1 184** | **140 523** |
| 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 2024 amounting to NOK 46,000 thousand are not amortised (2023: 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 2024 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 31.12.2024** | |
|---|---|
| Deferred income from gain on sale of factory building | 3 863 |
| Deferred income from gain on sale of shares | 842 |
| **Total other provisions for obligations** | **4 705** |

| **Rental and leasing arrangements:** | **Annual Cost** | **Year of expiry / duration** |
|---|---|---|
| Office and factory | 19 526 | 2032, renewable |
| Warehouse | 11 025 | 2032, renewable |
| Trucks | 2 132 | 2 years renewable |
| Company cars | 2 195 | 4 years renewable |
| **Total** | **34 878** | |

## Note 3 Inventory

| By inventory category | 2024 | 2023 |
|---|---|---|
| Raw materials | 2 053 | 4 485 |
| Work in Progress | -18 | 122 |
| Finished goods | 36 230 | 52 510 |
| Trading goods | 38 494 | 36 069 |
| **Total** | **76 758** | **93 186** |
| | | |
| Obsolescence provision recognised | 3 364 | 5 037 |
| Expensed obsolescence provision | 1 673 | -593 |

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 156 people.

| Specification of employee benefits expense | 2024 | 2023 |
|---|---|---|
| Salaries | 84 795 | 98 288 |
| Social security | 14 573 | 16 488 |
| Pension cost | 4 291 | 4 217 |
| Other payroll related benefits | 6 343 | 640 |
| **Total** | **110 001** | **119 633** |

**Remuneration to leading employees**

| *CEO* | 2024 | 2023 |
|---|---|---|
| Salary | 3 891 | 3 705 |
| Pension | 462 | 457 |
| Other benefits | 700 | 1 895 |
| | | |
| Members of the Board | 300 | 100 |

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.

The company changed CEO on January 15th, 2025 (ref Note 19 - sub-sequent events)

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

The Company has contribution based pension arrangements including 156 people.

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

| Fees to auditor, exclusive of VAT: | 2024 | 2023 |
|---|---|---|
| Audit | 1 445 | 1 397 |
| **Total fees to auditors** | **1 445** | **1 397** |

## 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 8 in 2024.

## Note 6 Other Operating Expense

| | 2024 | 2023 |
|---|---|---|
| Shipping and distribution cost | 12 245 | 18 304 |
| Rental of buildings and machinery | 38 487 | 40 630 |
| Selling and marketing costs | 15 275 | 15 042 |
| Production and maintenance costs | 17 920 | 22 094 |
| Management fees | 8 000 | 8 000 |
| Service purhased from subsidiaries | 29 933 | 29 502 |
| Other administration and operating expenses | 37 301 | 33 449 |
| **Total other operating expense** | **159 161** | **167 022** |

## Note 7 Other finance income

| | 2024 | 2023 |
|---|---|---|
| Interest income bank | 1 308 | 986 |
| Other interest income | 516 | 466 |
| Foreign exchange gain | - | - |
| **Total** | **1 823** | **1 452** |

## 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 2024 | Carrying value 31/12 |
|---|---|---|---|---|---|---|
| Jotul North America Inc. | Portland, USA | 1979 | 100 % | 96 131 | -8 088 | 25 000 |
| Jotul France S.A. | Dardilly, France | 1983 | 100 % | 27 183 | 5 609 | 16 000 |
| Jotul UK Ltd. | Worcestershire, UK | 2000 | 100 % | 18 627 | 856 | 2 800 |
| Scan A/S | Vissenbjerg,Denmark | 2006 | 100 % | 17 647 | 2 186 | 41 439 |
| Jotul Italy s.r.l | Milano, Italy | 2007 | 100 % | 11 573 | 785 | 3 960 |
| Jotul Poland sp. zo. o. | Wroclaw, Poland | 2019 | 100 % | 140 179 | -43 455 | 248 381 |
| Aico Italy s.r.l [1)] | Milano, Italy | 2021 | 100 % | -37 810 | -48 696 | - |
| **Carrying value at 31.12** | | | | **273 531** | | **337 580** |

[1)] The company has in 2024 made an write-down of the shares in Aico Italy s.r.l of MNOK 67,7

## Note 9 Long-term liabilities group companies

A second loan of 42,5 MNOK was provided by the principal shareholder in June 2024. This loan was in addition to previous loan provided in 2021 of MNOK 26, by the principal shareholder, Jotul Holdings S.a.r.l, in 2021. Both loans are calculated with interest in accordance to the loan agreement. The interest rate set to 9 %. Loan and accrued interest is long-term.

Current loan balance, including accrued interest as per 31/12/24 is MNOK 87. Accrueed interest in the period 01/01/24-31/12/24 is MNOK 5,4.

For furhter information see note 19 (sub-sequent events)

## Note 10 Bond and Other interest & other finance expense

| | 2024 | 2023 |
|---|---|---|
| Foreign exchange loss | 13 838 | 15 499 |
| Bank charges | 5 848 | 2 632 |
| Interest/fees bank overdraft, amortised estab. costs | 661 | 3 155 |
| Interest to suppliers | 449 | 126 |
| Interest factoring | 2 389 | 2 982 |
| Bond Finance Cost (amortisation establishment cost) | 7 845 | 18 033 |
| Bond interest expense | 66 121 | 52 867 |
| Other interest expense (related to RCF) | 6 599 | - |
| **Total** | **103 753** | **95 294** |

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

| Temporary differences included in the basis for deferred tax/deferred tax asset | 2024 | 2023 |
|---|---|---|
| Fixed assets | 36 383 | 34 584 |
| Inventory | 3 161 | 1 455 |
| Receivables | - 992 | - 2 002 |
| Financial instruments | 16 901 | 232 |
| Gain and loss account | 989 | 1 237 |
| Deferred revenue | - 3 863 | - 6 884 |
| Warranty provision | - 1 340 | - 2 638 |
| Net temporary differences | 51 240 | 25 984 |
| Losses and tax credits carried forward | - 542 357 | - 367 020 |
| Restricted interest deduction carried forward | - 7 915 | - 2 555 |
| Basis for deferred tax/deferred tax assets in the balance sheet | - 499 031 | - 343 591 |
| Deferred tax/deferred tax asset | - 109 787 | - 75 590 |
| Deferred tax assets not recognised | 74 787 | - |
| **Deferred tax/deferred tax asset recognised in the financial statements** | **- 35 000** | **- 75 590** |

| Basis for income tax expense, change in deferred tax and income tax payable | | |
|---|---|---|
| Result before tax | - 210 662 | 8 585 |
| Impairment of financial fixed assets | 67 669 | - |
| Other Permanent differences | - 16 116 | 30 457 |
| Change in temporary differences incl. in the basis for deferred tax/deferred tax asset | - 25 256 | - 6 120 |
| Limitation of deductibility of interest expenses from related parties | 5 360 | - |
| Taxable income before utilising losses carried forward | - 179 005 | 32 922 |
| Change in losses and allowances carried forward | 179 158 | - 32 922 |
| Taxable income (basis for income tax payable in the balance sheet) | - | - |

| Specification of permanent differences | | |
|---|---|---|
| Dividends from subsidiaries | - 17 454 | - 6 778 |
| Other non-deductible expenses and non-taxable income | 1 339 | 37 235 |
| **Total permanent differences** | **- 16 116** | **30 457** |

| Split of the income tax expense | | |
|---|---|---|
| Income tax expense from foreign operations | - 152 | - 213 |
| Change in deferred tax/deferred tax asset | - 40 590 | 8 589 |
| **Income tax expense** | **- 40 743** | **8 376** |

## Note 12 Equity

| | Share Capital | Share Premium | Uncovered Loss | Total Equity |
|---|---|---|---|---|
| As of 1 January | 139 414 | 123 779 | 209 | 263 402 |
| Result of the year | | | - 251 405 | - 251 405 |
| **As of 31 December** | **139 414** | **123 779** | **-251 196** | **11 997** |

For furhter information see note 19 (sub-sequent events)

## 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 31.12.2024 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 31.12.2024 was MNOK 6.975, of which MNOK 0.9 is current receivable.
The Company has no debt that expiry later than 5 years.

## Note 14 Other receivables from group companies

| | 2024 | 2023 |
|---|---|---|
| **Trade receivables from group companies** | **15 010** | **40 399** |

| | 2024 | 2023 |
|---|---|---|
| Group Cash Pool [1)] | 90 535 | 182 167 |
| Other receivables from subsidiaries | 69 121 | - 0 |
| **Total Other receivables from group companies** | **159 656** | **182 167** |

[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 Pareto Bank. Jøtul AS has a multi-currency cash-pool with Nordea, whereby all subsidiaries (except Aico Spa., are included. 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 2024 purchased products of MNOK 275 and services of MNOK 53 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: | 4 716 |
| Revolving credit facility as at 31 December 2024 undrawn | - |

## 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 % |

For furhter information see note 19 (sub-sequent events)

## Note 17 Debt to credit institutions and mortgages

| | 2024 | 2023 |
|---|---|---|
| Bank overdraft | - | - |
| Pareto Bank (RFC) | 80 000 | - |
| **Total debt to credit institutions** | **80 000** | **-** |

| **Carrying value of mortgaged assets:** | 2024 | 2023 |
|---|---|---|
| Fixed Assets | 94 523 | 103 321 |
| Trade receivables | 21 758 | 20 340 |
| Trade receivables group companies | 15 010 | 40 399 |
| Inventory | 76 758 | 93 186 |
| Shares in subsidiaries | 337 580 | 376 580 |
| **Total mortgaged assets** | **545 629** | **633 826** |

All of the assets of the Group have been pledged to jointly secure senior secured bonds pursuant to the super senior RCF provided by Pareto Bank AB, with 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 Pareto Bank AB in its capacity as lender and hedge counterparty and on behalf of the bondholders. The super senior RCF was entered into on 15 January 2024 and the terms and conditions for the bonds were entered into on 15 January 2024.

Jøtul AS provided a bank guarantee of KNOK 13.850 to the property lessor Festningsveien 2 AS and KEUR 808, equivalent of KNOK 9.526 to the property lessor Prologis Poland LXXXIII Sp.z.o.o. (in 2023: KEUR 808, equivalent of KNOK 9.079).

## Note 18 Senior Secured Bond

| | 2024 | 2023 |
|---|---|---|
| Opening balance at 01/01 | 484 672 | 466 639 |
| Repayment of Bond (2022) | - 484 672 | - |
| Issue of Bond (2024) | 510 000 | - |
| Re-valuation / Establishment Cost | - 24 515 | - |
| Amortisation | 7 614 | 18 033 |
| **Closing balance at 31/12** | **493 099** | **484 672** |
| | | |
| **Interest expensed during the year** | **66 121** | **52 867** |
| **Interest accrued at year-end** | **14 100** | **13 707** |
| | | |
| Current | | |
| Interest accrued at year-end | 14 100 | 13 707 |
| Bond | | 484 672 |
| Non-current | 493 099 | |

*Issue of new bonds in 2024*

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

- Maintenance test performed at each quarter-end. Net interest-bearing debt (excluding the IFRS 16 leases impact) to EBITDA (before IFRS 16 impact, being the lower EBITDA which included rental/lease expenses prior to these being reclassified to depreciation and interest following the IFRS 16 implementation) ratio must be ≤ 5.50x on 31 March 2024, 30 June 2024 and 30 September 2024, and ≤ 5.50x on 31 December 2024, with annual step-down of 0.50x.

- Incurrence test performed when and if applicable. Net interest-bearing debt (excluding the IFRS 16 leases impact) to EBITDA (before IFRS 16 impact) should be ≤ 3.00x.
- Distribution test, as applicable. Net interest-bearing debt (excluding the IFRS 16 leases impact) to EBITDA (before IFRS 16 impact) should be ≤ 2.00x.

Due to continuous unfavourable development of trading throughout Q1 2024, the Group observed that the last twelve months (LTM) development of the EBITDA used for covenant measurement (EBITDA before the IFRS16 impact) deteriorated beyond management expectations resulting in a covenant breach as per the definitions and terms of the financing agreements. More specifically, the Net Interest Bearing Debt (excluding the IFRS 16 leases impact) to LTM EBITDA (before IFRS 16 impact) did not meet the <5.5x covenant required by the Bonds agreement as of Q1 2024 quarter-end. Simultaneously, the drawn RCF to LTM EBITDA (before IFRS 16 impact) <1x covenant was also breached. Upon becoming aware of the breach, the Group initiated negotiations with the creditors and obtained covenant holidays from both the bondholders and the bank for all four quarters of 2024. In addition to the covenant holidays, the following key terms were agreed:

- Delayed publication of the audited annual report and unaudited Q1 interim report – these would be published as soon as possible when an agreement with the creditors was achieved
- Cash injection of MNOK 42.5 from the shareholder in the form of equity or subordinated loans
- Pause in the payment of any management fees for 2024 until compliance is restored
- A consent fee of 2.5% of the outstanding debt is payable when an agreement is reached
- A minimum liquidity test is introduced starting from 30 September 2024, with minimum liquidity of NOK 30 to be maintained

The terms were agreed and favorably voted by 50%+ of the bondholders on 20 June 2024. In addition to the above terms, the Group has also obtained approval from the bank to maintain the RCF limit at the already drawn amount of MNOK 80.0.

**Note 19 Subsequent Events**

Jøtul AS announced on January 15, 2025, postponement of payment of interest under its senior secured floating rate bonds with ISIN NO0011104069 amid discussions with a large group of bondholders.

Considering the continued weak business performance in 2024, including the disappointing high season, the liquidity projections of the Group developed negatively to the point that the Group needed to postpone bond interest payments (and listing) in early 2025 and initiate a structured process with its key stakeholders with the aim of finding a long-term solution for strengthening its liquidity and overall balance sheet. As of March 28, 2025, the Group obtained approval from its bondholders to proceed with a recapitalization plan which will ensure a stronger financial position, significantly improving the Group's balance sheet by converting existing bond debt to equity and raising further capital, while continuing the Group's revolving credit facility with an extended tenor and increased the total loan facility to 100 MNOK. The effective implementation date of the recapitalization plan was April 14, 2025. As of that date, Jøtul was significantly delevered, though debt conversion, and additional liquidity was injected in the form of new liquidity bonds, securing business continuity as a going concern for the foreseeable future. Also, as of that date the bondholders have taken full ownership of the company.

In summary, the following changes to the debt structure of the company were implemented following the recapitalization:

- The pre-conversion value of the bonds was MNOK 562.5, consisting of principal, accrued interest (including default interest) and 4% premium. MNOK 100.0 of bonds were reinstated, while the difference of MNOK 462.5 was converted into equity. The new bonds bear a fixed interest rate of 12.5% and mature in four years. Additionally, there is a PIK toggle right for the interest, with a fixed interest rate of 15% on the PIK interest.
- New bonds of MNOK 109.1 were issues, out of which MNOK 100.0 represent new liquidity bonds, MNOK 4.0 are underwriter fee bonds issued (4% of the new liquidity bonds) and MNOK 5.1 are work fee bonds issued to the bondholders who have taken part in the ad-hoc group (calculated as 1% of the nominal value of the bonds issued in 2024). The new bonds bear a floating interest rate consisting of 6.5% margin + 3-month NIBOR, and mature in 3.5 years. A covenant of minimum MNOK 25 in available liquidity was implemented and had to be observed at all times and tested quarterly, with the first test date being 30 June 2025.

There is no listing requirement for the 2025 bonds.

Additionally, related to this process, the working capital facility balance of MNOK 80, which remained drawn as of the recapitalization implementation date, was converted into a term loan, while MNOK 20 were further made available for drawing upon need.

On January 15, 2025, Jøtul announced the appointment of Asbjørn Eskild as new CEO of the Group, replacing Nils Agnar Brunborg, who retired.

On February 28, the subordinated shareholder loans received by Jøtul AS from Jotul Holdings Sarl amounting to MNOK 87.9, including accrued interest, were converted into share capital.