



JOTUN

Jotun Protects Property



FINANCIAL REPORT

1 January – 31 August 2023

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Jotun Group – Interim Financial Report

- Solid double-digit revenue growth
- Strong earnings growth
- Positive gross margin development
- Continued uncertainty in outlook

The condensed consolidated financial statements for the Jotun Group consist of Jotun A/S and 58 subsidiaries, three joint ventures in China and Korea and five associates in UAE and Saudi Arabia. Subsidiaries are fully consolidated independent of shareholding, while Jotun's share of profits from joint ventures and associates is presented on a separate line in the consolidated income statement.

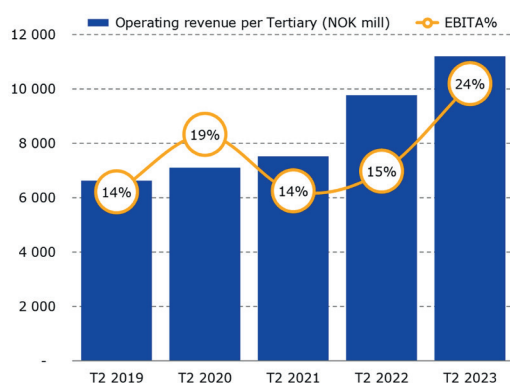
Operating revenue and profit

Operating revenue increased by 18 per cent to NOK 21 589 million in the first eight months of 2023 (2022: NOK 18 243 million). Adjusted for positive currency translation effects due to a weaker Norwegian krone, the underlying sales growth was 14 per cent. The strong topline growth was driven by volume growth and continued effects from price increases.

The strong growth was driven by double-digit sales growth in the Decorative, Marine and Protective segments, while growth in the Powder segment was modest. In Powder, the market in the West Europe and Scandinavia region remains challenging. Overall, all regions achieved solid sales growth in the first eight months, except Americas.

Operating profit increased by 79 per cent to NOK 4 754 million in the first eight months of 2023 (2022: NOK 2 653 million), driven by increased sales, improved gross margin, and good cost control.

The positive gross margin trend is primarily explained by the continued effects of price increases and further supported by lower raw material prices in some markets.



Operating Cash flow

Operating activities generated a positive cash flow of NOK 2 947 million as of August 2023 (2022: NOK 220 million). The increase in operating cash flow compared to last year is mainly attributable to increased operating result and slower build-up of working capital.

Investments

Investments in tangible and intangible assets amounted to NOK 921 million as of August 2023 (2022: NOK 852 million). Ongoing construction of new factories in Indonesia and Egypt, a new regional office and R&D centre in Malaysia and a new warehouse in Qatar account for the main investments year to date.

Net interest-bearing debt

The net interest-bearing debt for the Group was NOK 78 million as of 31 August 2023, compared to NOK 1 690 million as of 31 December 2022. The decrease in net interest-bearing debt is driven by strong cash flow from operation. The Group has a solid financial position with a net interest-bearing debt to EBITDA ratio of 0.01.

Shareholders' equity

Shareholders' equity, including non-controlling interests, increased during the first eight months of 2023 to NOK 17 707 million (31 December 2022: NOK 14 493 million), yielding an equity ratio of 58 per cent as of 31 August 2023 (31 December 2022: 55 per cent). The increase in shareholders' equity is driven by profit after tax of NOK 3 289 million and positive currency translation effects year to date.

Outlook

Jotun expects strong sales in all four segments for the remaining period of the year. Year over year growth rates, however, are expected to be lower due to strong comparison months last year.

Raw material prices have stabilised after declining since the second half of 2022. Lower raw material prices will continue to result in year-on-year margin improvement in the upcoming tertiary. This is partly countered by inflationary pressure in other operating expenses in several markets.

While the overall outlook remains positive, significant uncertainties persist. These include inflation and rising interest rates, increased currency volatility and mounting geopolitical tension. Despite the uncertainties, Jotun is well-positioned to achieve further profitable growth through its broad industrial and international footprint. Jotun maintains its long-term growth strategy and investment plans.

1 January – 31 August 2023

Jotun Group – Financial consolidated information (Unaudited)

CONDENSED CONSOLIDATED INCOME STATEMENT

(NOK million)	31/8 2023	31/8 2022	31/12 2022
Operating revenue	21 589	18 243	27 858
Share of profit from associates and joint ventures	891	410	729
Cost of goods sold	-11 307	-10 298	-15 941
Other operating expenses	-5 745	-5 094	-7 923
Depreciation, amortisation and impairment	-674	-607	-986
Operating profit	4 754	2 653	3 737
Net financial items	-399	-417	-546
Profit before tax	4 355	2 236	3 191
Income tax	-1 066	-687	-1 024
Profit for the period	3 289	1 549	2 167

CONDENSED CONSOLIDATED BALANCE SHEET

(NOK million)	31/8 2023	31/8 2022	31/12 2022
Intangible assets	1 291	1 209	1 241
Property, plant and equipment	8 799	7 907	8 144
Financial fixed assets	2 079	1 593	1 766
Total non-current assets	12 168	10 710	11 151
Inventories	4 798	4 905	4 821
Trade and other receivables	8 768	7 740	7 071
Cash and cash equivalents	4 563	2 442	3 312
Total current assets	18 129	15 087	15 204
Total assets	30 297	25 797	26 355
Share capital	103	103	103
Other equity	17 205	13 357	14 010
Non-controlling interests	399	404	380
Total equity	17 707	13 863	14 493
Non-current liabilities	2 924	3 765	2 797
Current interest-bearing debt	2 429	2 112	2 796
Other current liabilities	7 238	6 057	6 269
Total liabilities	12 590	11 934	11 862
Total equity and liabilities	30 297	25 797	26 355

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(NOK million)	31/8 2023	31/8 2022
Equity as of 1 January	14 493	12 468
Profit for the period	3 289	1 549
Dividends	-947	-840
Other comprehensive income	872	686
Equity as of 31 August	17 707	13 863

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

(NOK million)	31/8 2023	31/8 2022
Operating profit	4 754	2 653
Adjustments to reconcile operating profit to net cash flows:		
Share of profit from associates and joint ventures	-891	-410
Dividend paid from associates and joint ventures	799	548
Depreciation, amortisation and impairment	674	607
Change in accruals, provisions and other	404	-3
Change in operating working capital	-1 585	-2 191
Cash generated from operating activities	4 155	1 205
Net financial items	-424	-402
Tax payments	-784	-583
Net cash flow from operating activities	2 947	220
Net cash flow from investing activities	-908	-423
Dividends paid to Jotun A/S shareholders	-428	-770
Dividends paid to non-controlling interests	-92	-70
Payment of principal portion of lease liabilities	-97	-98
Net proceeds from borrowings	-355	79
Net cash flow from financing activities	-971	-859
Net increase / decrease (-) in cash	1 068	-1 061
Net currency translation effect	182	115
Cash at beginning of period	3 312	3 388
Cash at end of period	4 563	2 442

Sandefjord, Norway, 28 September 2023

The Board of Directors
Jotun A/S

Odd Gleditsch d.y.
Chairman

Jørgen Arnesen

Nicolai A. Eger

Jannicke Nilsson

Nils K. Selte

Camilla Hagen Sørli

Per Kristian Aagaard

Bjørge Engevik Nilsen

Morten Fon
President and CEO