JOTUN

Jotun Protects Property

ANNUAL REPORT 2021

Our Values

LOYALTY

Reliable and trustworthy

Long-term relationships between customers, Jotun and colleagues

Commitment to Jotun's values, strategies, policies and decisions

RESPECT

Value differences in people

Be honest and fair

Build diverse teams across culture and gender

Follow laws and regulations

Treat others the way they expect to be treated

CARE

Help and support others

Display trust and empathy

Appraise and judge fairly

Protect internal and external environment

BOLDNESS

Take initiatives to create the future

Initiate and nurture change

Communicate openly, honestly and with integrity

Be proactive

Address difficulties constructively

Contents

Group key **figures**

(NOK million)	2021	2020	2019	2018	2017	2016	2015	2014	2013
Profit/loss									
Operating revenue	**22 809**	21 070	19 652	17 660	16 401	15 785	16 282	13 171	12 034
Sales revenue outside Norway, in %	**90**	89	89	88	88	88	88	85	83
Operating profit	**3 138**	3 489	2 320	1 361	1 354	1 763	2 064	1 314	1 258
Profit before tax	**2 890**	3 158	2 079	1 115	1 236	1 594	1 918	1 301	1 191
Net cash flow from operating activities	**1 968**	3 272	2 448	1 018	1 097	2 027	1 500	919	819
Year-end financial positions									
Total assets	**23 432**	20 574	19 136	16 715	15 708	15 158	15 187	13 300	10 799
Investments in intangible and fixed assets	**1 363**	1 407	1 464	1 089	967	1 133	922	911	733
Total equity	**12 468**	11 128	9 584	8 469	8 254	8 035	7 932	6 739	5 515
Equity / assets ratio, in %	**53.2**	54.1	50.1	50.7	52.5	53.0	52.2	50.7	51.1
Number of employees in the Group including 100 % in associates and joint ventures	**10 293**	9 855	10 007	9 872	9 789	9 819	9 842	9 676	8 991
Profitability									
Return on capital employed, in %	**21.7**	27.2	18.7	12.2	12.8	17.9	20.9	15.1	17.9
Return on equity, in %	**17.9**	23.0	17.2	8.1	9.8	14.1	17.9	14.0	15.5
Operating margin, in %	**13.8**	16.6	11.8	7.7	8.3	11.2	12.7	10.0	10.5

Profitability

21.7 %

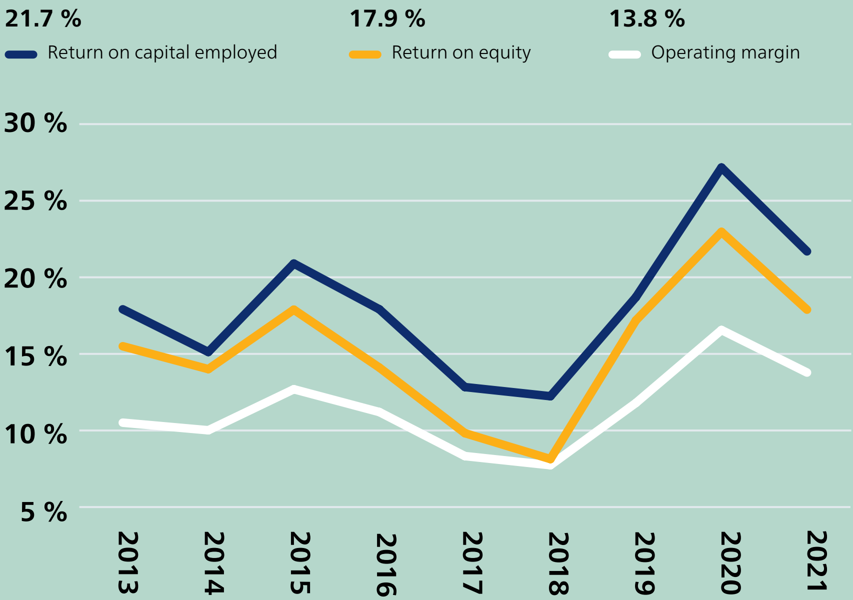
Return on capital employed

17.9 %

Return on equity

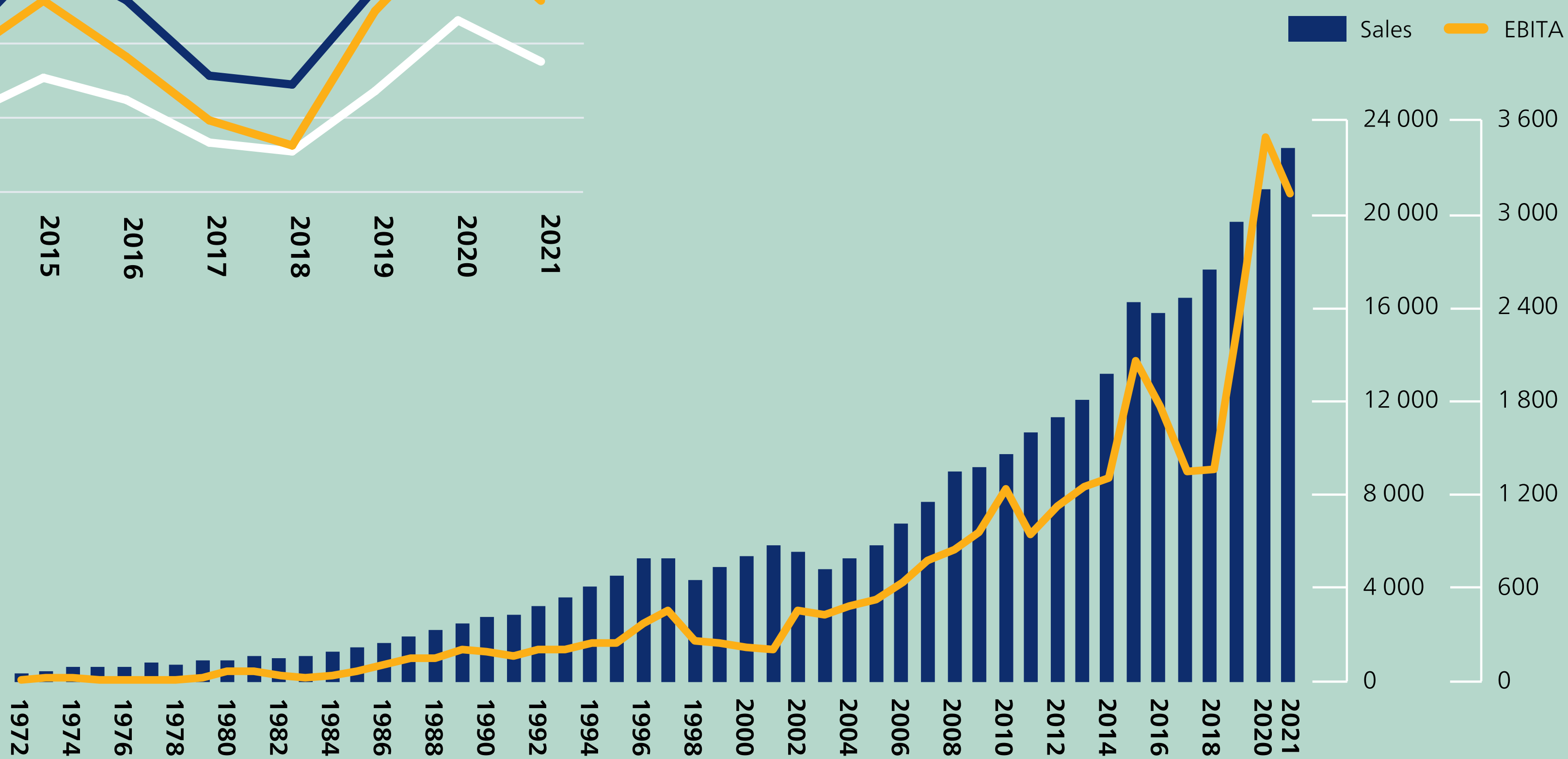
13.8 %

Operating margin



Sales and EBITA development

(NOK MILLION)



Jotun **at a glance**

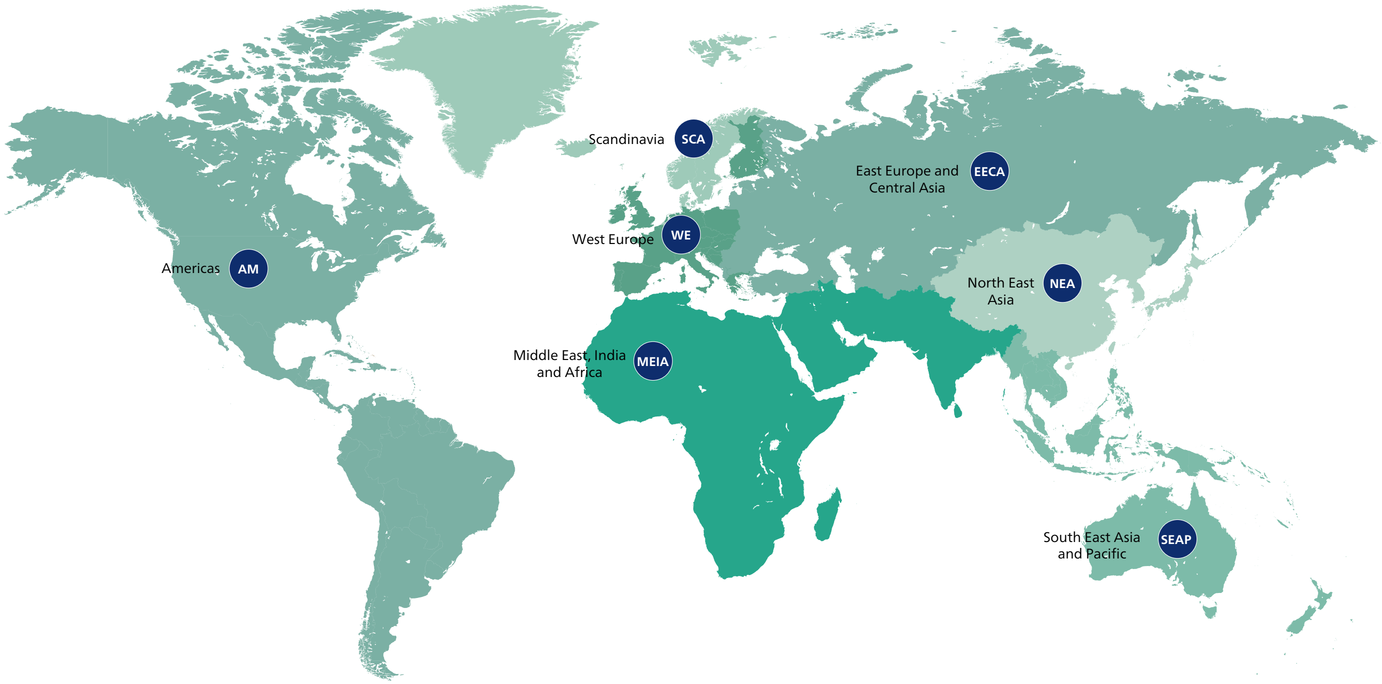
The Jotun Group is a matrix organisation with sales of Decorative Paints and Marine, Protective and Powder Coatings organised into seven regions.

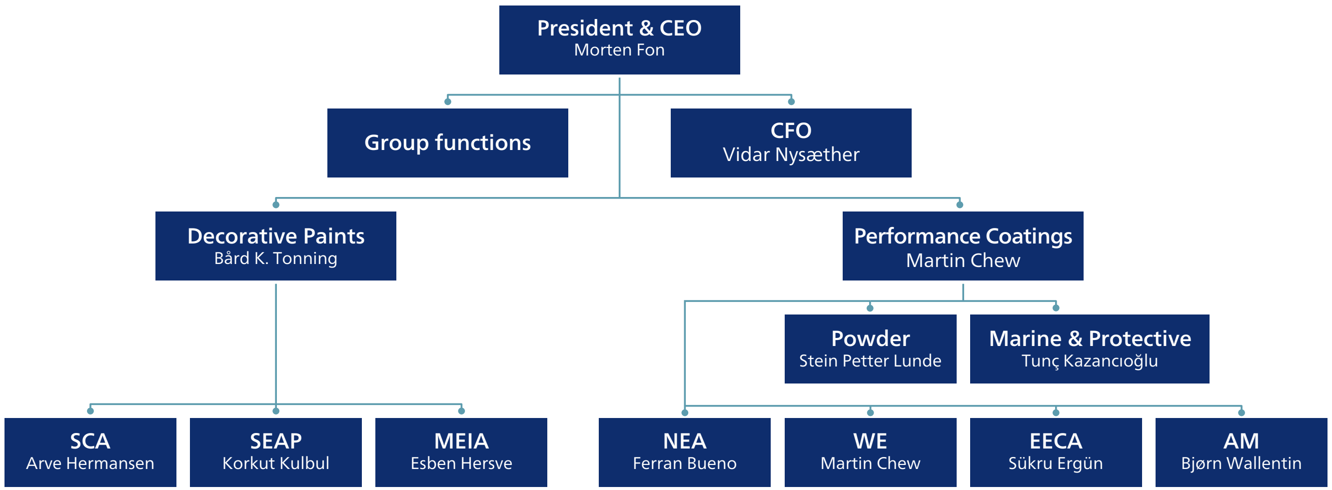
The company has 39 production facilities in 23 countries, with 67 companies in 47 countries, and represented in more than 100 countries worldwide.

100+
Countries

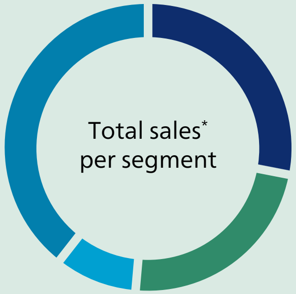
39
Factories

10 293
Employees





Four **segments**



28 %
Protective Coatings

24 %
Marine Coatings

9 %
Powder Coatings

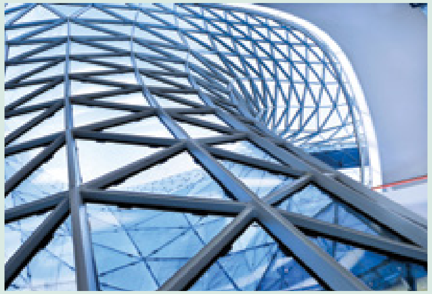
39 %
Decorative Paints

** Incl. 100 % of sales in associates and joint ventures*

MARINE COATINGS
Jotun Marine Coatings is the market leader in high performance hull solutions for the global shipping industry, delivering high quality coatings for newbuilds, drydocking, seastock, tanks and cargo holds, including mega yachts and leisure yachts.

PROTECTIVE COATINGS
Jotun Protective Coatings is a leading supplier of high quality coatings for on- and offshore oil and gas, power generation, renewable energy and infrastructure, projects including intumescent coatings, metallic finishes, high temperature coatings and state-of-the-art anticorrosive protection.

POWDER COATINGS
Jotun Powder Coatings is a leading supplier to companies active in industries related to building components, general industries, pipeline, appliances and furniture.



DECORATIVE PAINTS
Jotun Decorative is a leading paint supplier to commercial buildings, public buildings and homes, serving both professionals and home owners, directly and through a substantial network of Jotun Multicolor centres.

A legacy of **innovation**

Now in its 96th year, Jotun's has grown from a small paint supplier serving the local merchant fleet based in the port town of Sandefjord, Norway, into one of the fastest growing paints and coatings manufacturers in the world. Now active in more than 100 countries on five continents, Jotun's remarkable history is grounded in the company's core mission: Jotun Protects Property.

1926 1932 1948 1953 1962 1976

THE JOTUN STORY BEGINS

Former seafarer, Odd Gleditsch sen. opens a ships chandlery in the port town of Sandefjord, Norway. In addition to ship supplies, he sells marine paints.

1926

Odd Gleditsch sen. establishes Jotun with the purchase of the Jotun Kemiske Fabrik A/S (Jotun Chemical Factory).

1928

To accelerate production and develop his own products, Gleditsch sen. buys Gimle Oljemølle (Gimle Oil Mill).

1932

Jotun launches Arcanol, a marine coating that provides highly effective protection against corrosion. Arcanol would soon become the company's leading brand, helping to differentiate Jotun from the competitors.

SURVIVING THE WAR

Despite restricted access to raw materials during the German occupation of Norway, Jotun manages to produce paints using alternatives to stay in business.

1948

Jotun rival Fleichers Kjemiske Fabrikk launches Drygolin, and exterior wood protection paint which rapidly became Norway's bestselling exterior paint. The technology was further developed by Jotun after companies merged in 1976.

1951

Jotun opens a new five-story factory at Gimle in Sandefjord, Norway, where a whole floor was devoted exclusively to research and development (R&D).

1953

Jotun launches Fenom, a decorative paint that soon becomes a market leader in Norway.

EXPLORING NEW MARKETS

In addition to establishing itself in overseas markets, Jotun pioneers the development of solvent free powder coatings.

1962

The son of the founder, Odd Gleditsch jr., opens the company's first overseas factory in Tripoli, Libya. Six years later, Jotun opens another factory in Thailand.

1968

Jotun partners with the visionary Norwegian chemist Gunnar Myhre to create Corro-Coat A/S and finance its first powder coatings factory in Larvik, Norway.

1970

Jotun purchases Henry Clark & Sons, a highly regarded marine paint manufacturer in the UK, helping Jotun to become an international player.

1972

Jotun merges with former rivals Alf Bjercke A/S, Fleischer and Denofa Lilleborg's paint division. Together, the four companies become a strong domestic player with the resources to expand overseas.

1975

Jotun opens a factory in Dubai, the company's first factory in the Middle East.

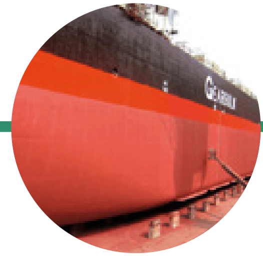
1976

A fire destroys Jotun's factory and warehouse in Sandefjord. The fatal accident forever shapes Jotun's approach to workplace safety. Later that year, Jotun launches the Jotun Multicolor machine, the industry's first computerised in-shop tinting machine, which would secure Jotun's market position in Norway and beyond.

1983

1987

2000



2020

INTERNATIONAL EXPANSION

Jotun's success as an international company was made possible by its deep roots in the global maritime industry and investments in R&D.

ACCELERATED GROWTH

Jotun continues to enter new markets and invest in R&D to grow the business and meet increasing demand for more sustainability.

1983

Jotun introduces Lord & Lady, a new line of interior paint to the Norwegian market. Lady would go on to become Jotun's top selling domestic brand.

1984

Jotun develops Jotashield, a highly durable, solvent free exterior decorative paint in South East Asia and later in Turkey and the Middle East. Today, Jotun factories produce about 50 million litres of Jotashield a year.

1985

Jotun launches Fenomastic in the Middle East, eventually becoming the region's top selling premium interior paint. At the same time, Jotun launches Majestic, another market leading premium interior paint in South East Asia.

1987

Jotamastic, a high solid, two-component protective coating that can be applied to surfaces in almost any condition, was launched and was an almost immediate success.

1998

Jotun introduces its international HSE (Health, Safety, Environment) standard at all production facilities.

2000

With the launch of SeaQuantum, Jotun emerged as a pioneer of tin-free, self-polishing antifoulings.

2005

Jotun reaches an agreement with COSCO, the state-controlled Chinese shipping company, to form a joint venture, Jotun COSCO Marine Coatings (JCMC).

2011

Jotun launches Hull Performance Solutions, a concept that includes premium antifoulings and measurement tools to help shipowners reduce fuel costs and corresponding emissions.

2013

Jotun introduces Jotachar JF750, the industry's first mesh-free epoxy intumescent coating for all hydrocarbon fire scenarios. A year later, Jotun launches Jotachar 1709, a mesh-free solution for hydrocarbon pool fires in the hydrocarbon processing industries.

2013

Jotun's state-of-the-art Vindal factory in Sandefjord, Norway opens.

2015

Jotun opens a cold climate test station in Svalbard, an island archipelago located above the Arctic Circle.

2017

Jotun launches the company's largest-ever digital marketing campaign for Lady, Jotun's premium interior decorative paint brand.

2020

Jotun announces the launch of Jotun Hull Skating Solutions, the industry's first proactive hull cleaning system using the Jotun HullSkater, an advanced underwater automated hull cleaning robot.

Jotun also completed construction of a new headquarters and R&D centre in Sandefjord. The R&D centre is one of the largest privately owned research facilities in northern Europe.

Building
a sustainable business

By making careful, long-term investments in every aspect of the organisation, Jotun can build a more sustainable company and help support the business and environmental ambitions of customers.

In 2021, Jotun successfully navigated a number of challenges, both internally and externally. The coronavirus pandemic impacted business in many key markets, and like many multinational paints and coatings companies, Jotun's earnings were affected by the high cost and availability of raw materials. Closer to home, a fire in the energy central at the company's binder factory in Sandefjord last fall was a "black mark" on Jotun's otherwise improved HSE performance. While there were no injuries and the binder factory is back in operation, the fire served as a potent reminder of fire risk. Nevertheless, it is a testament to the skill and dedication of our workforce that Jotun was not only able to maintain business continuity during a challenging year, but grow the business in 2021.

FROM SUPPLIER TO SOLUTIONS PROVIDER

While the Board anticipates that both the pandemic and raw materials prices will continue to impact Jotun in 2022, the company continues to invest in the development of products, tools and systems to accelerate our transition from a paints and coatings supplier to a solutions provider. And with growing pressure from the public and regulators to combat climate change, Jotun remains committed to offering products and solutions to help customers improve their environmental performance.

The primary driver for this transition is Jotun's Research and Development department. Over the past decade, Jotun has allocated significant resources to recruit skilled chemists and invest in equipment and facilities to upgrade the company's global network of R&D centres. These investments have helped us pioneer the development of low or zero solvent coatings and other specialised products that help customers comply with increasingly strict environmental regulations. In some cases, these products are supported by digital tools, standardised documentation and technologies, often developed in collaboration with other suppliers.

SUSTAINABILITY STRATEGY

Jotun is also committed to improving our own environmental performance. Last year, we announced plans to align the business with relevant UN Sustainable Development Goals. In 2021, the company formalised its integrated Sustainability Strategy, consistent with new reporting requirements. The Board also approved and encouraged other investments, such as a wastewater treatment facility at Jotun's factory in Norway and the installation of solar panels at our factory in Nilai, Malaysia. The Board is confident that the company's continued focus on R&D and renewed focus on sustainability will play a larger role in helping Jotun, and its customers, achieve good results in a more environmentally responsible way in the years ahead.

Board of Directors, from left: Bjørg Engevik Nilsen, Einar Abrahamsen, Odd Gleditsch d.y. (Chairman), Camilla Hagen Sørli, Terje Andersen, Nicolai A. Eger, Jannicke Nilsson and Per Kristian Aagaard.

It is a testament to the skill and dedication of our workforce that Jotun was not only able to maintain business continuity during a challenging year, but grow the business in 2021.

CHAIRMAN OF THE BOARD
Odd Gleditsch d.y.

Directors' **report**

1. MAIN ACTIVITIES

Jotun's primary business activities include the development, production, marketing and sales of paints and coatings systems and related products for the treatment, protection, and beautification of surfaces.

Jotun is a global company made up of 67 companies in 47 countries, including 39 production facilities. The company extends its reach to other countries through a network of subsidiaries, joint ventures, associated companies, sales offices, and distributors. The parent company, Jotun A/S, has its headquarters in Sandefjord, Norway. Of the Group's operating revenue, approximately 10 per cent is related to its activities in Norway, while 90 per cent is related to the rest of the global network.

The Jotun Group is organised into seven regions: "Scandinavia", "West Europe", "East Europe and Central Asia", "Middle East, India and Africa", "North East Asia", "South East Asia and Pacific" and "the Americas".

Jotun's business is organised into Decorative Paints and Performance Coatings.

Decorative Paints

Jotun Decorative is a leading paint supplier to commercial buildings, public buildings and homes, serving both professionals and homeowners, directly and through a substantial network of Jotun Multicolor centres.

Performance Coatings

Jotun Marine Coatings is the market leader in high performance hull solutions for the global shipping industry, delivering high quality coatings for newbuilds, drydocking, seastock, tanks and cargo holds, including mega yachts and leisure yachts.

Jotun Protective Coatings is a leading supplier of high quality coatings for on- and offshore oil and gas, power generation, renewable energy and infrastructure, projects including intumescent coatings, metallic finishes, high temperature coatings and state-of-the-art anticorrosive protection.

Jotun is a leading supplier of powder coatings to companies active in industries related to building components, general industries, pipeline, appliances and furniture.

2. REVIEW OF THE ANNUAL ACCOUNTS

In 2021, the Jotun Group recorded total operating revenue of NOK 22 809 million, which is an increase of eight per cent compared to 2020 (NOK 21 070 million). Excluding negative currency translation effects, mainly due to a stronger Norwegian krone, underlying revenue growth was 15 per cent.

The strong underlying growth is primarily driven by increased sales prices to compensate for the sharp increase in raw material costs. Growth was particularly strong in Protective Coatings and Powder Coatings due to positive development in all regions. Decorative Paints also achieved good growth, mainly driven by a significant improvement in South East Asia, the Middle East and Turkey. Marine Coatings was affected by the cyclical downturn in marine newbuildings, but high activity in the maintenance markets fully countered the impact.

Despite facing an unprecedented increase in raw materials prices, a global supply chain crisis and business interruptions in many markets related to the pandemic, Jotun delivered the second-highest profit in the Group's history.

Profits

The Group achieved an operating profit of NOK 3 138 million in 2021 compared to NOK 3 489 million in 2020. The strong profit is attributable to increased sales volume, price increases and measures to control operating costs.

Net financial costs decreased by NOK 83 million to NOK 248 million, mainly due to lower currency losses. This resulted in a profit before tax of NOK 2 890 compared to NOK 3 158 million in 2020. Jotun's activities are subject to ordinary company tax in the countries in which the Group operates, and income tax amounted to NOK 779 million in 2021. This led to a profit for the year of NOK 2 111 million compared to NOK 2 378 million in 2020.

The parent company, Jotun A/S, achieved a total profit for the year of NOK 1 241 million in 2021, compared to NOK 970 million in 2020.

Allocation of profit for the year:

Jotun A/S posted a profit for the year of NOK 1 241 million. The Board of Directors proposes the following allocation:

Proposed dividend	NOK 770 million
Transfer to equity	NOK 471 million

Financial position, capital structure and risk

Net cash flow from operating activities decreased by NOK 1 304 million to NOK 1 968 million, following a significant increase in net operating working capital. The growth in operating working capital is mainly attributable to the rise in inventories following the extraordinary raw material inflation and a strategic build-up of stock levels in the face of global supply chain challenges. Growth in customer receivables, mainly driven by increased sales prices, also contributed to the rise in working capital.

Still, the cash position of the Group improved. At year-end, the Group had a positive cash position of NOK 3 388 million compared to NOK 2 956 million as of 31 December 2020.

The Group continued to invest in production capacity and R&D facilities in 2021, with total investments amounting to NOK 1 363 million compared to NOK 1 407 million in 2020. Investment activities have mainly been related to investments in new production facilities in Egypt and Vietnam, construction of a new regional headquarter and R&D facility in Dubai and facility upgrades in Norway.

The net interest-bearing debt for the Group was NOK 1 807 million as of 31 December 2021, compared to NOK 1 514 million as of 31 December 2020. The increase in net interest-bearing debt is primarily driven by short-term borrowings in the subsidiaries to finance working capital needs. At year-end, Jotun A/S had NOK 2 540 million in outstanding bonds, of which NOK 640 million was short-term. In addition, Jotun A/S had NOK 408 million in bank debt outstanding, of which NOK 163 million was short-term. External borrowing in the subsidiaries is primarily short-term and through local banks.

Jotun A/S has NOK 1 600 million in long-term credit lines and NOK 400 million in short-term credit lines. This committed funding serves as a strategic reserve for financing of the Group as well as a backstop for short-term certificate loans. At year- end, these credit lines were unused.

The Group's equity ratio was 53 per cent at the end of the year as compared to 54 per cent in 2020. The Group is in a strong financial position.

In its regular business operations, Jotun is exposed to financial risks relating to customer credit and fluctuations in raw material prices, currency exchange rates, and interest rates. Procedures and guidelines for managing these risks are established in the Jotun's Treasury policy. The Group primarily manage financial risks through their normal operations, for example, by increasing prices, when possible, to compensate for higher raw material costs and utilising credit management systems to reduce credit risk.

In addition, the parent company Jotun A/S hedges currency risk related to net cash flows in foreign currencies using forward contracts, options, and foreign currency loans. Currency risk related to the parent company's net investments in subsidiaries, associates, and joint ventures, is generally not hedged. Jotun's procedures and measures are considered satisfactory in relation to the Group's exposure to financial risks.

In accordance with section 3-3a of the Norwegian Accounting Act, the Board confirms that the Group fulfils the requirements necessary to operate as a going concern, and that the 2021 financial statements have been prepared on the basis of this assumption.

3. THE MARKETS

Decorative Paints

Despite continued margin pressure and easing profitability, Jotun achieved double-digit sales growth in the Decorative Paints segment, resulting in the second-best earnings in the company's history. Government responses to the coronavirus pandemic impacted sales of interior and exterior decorative paints in different countries at different times in 2021. For example, in the Middle East, border closures created labour shortages resulting in project delays early in the year, followed by a robust recovery when travel restrictions were eased. In South East Asia, sales growth momentum in the first months of the year were slowed by movement control orders implemented in the spring. In Scandinavia, sales growth was flat compared to the record volumes experienced in 2020, while in Turkey, Jotun achieved record profitability.

Despite challenging circumstances, the company continued to develop and launch innovative, regionally focused products. To reach key stakeholders stuck at home, Jotun utilised digital tools and social media engagement. In some markets, Jotun invited architects, designers, and dealers to "pop-up" shops, which featured digital presentations of new products or Jotun's 2022 Global Colour Trend Collection, "Together." The company also continued to work with social media influencers and encouraged user-generated content.

Protective Coatings

Despite challenges related to the coronavirus pandemic, Jotun achieved record-high sales the Protective Coatings segment. Growth has been driven by success in all regions where Jotun is active, including China, where Jotun is the market leader. While gross margins were impacted by high raw materials costs, the company's implementation of price increases and a focus on controlling manageable costs helped the segment achieve modest year-end profits. The strong results were supported by double-digit sales through dealers.

To accelerate growth in the infrastructure market, Jotun will leverage its R&D expertise in specialised intumescent coatings and provide stakeholders the products and data needed for "green building" certification. Jotun will continue to pursue contracts in oil and gas industries, with a special focus on maintenance projects in the hydrocarbon processing industry. Jotun has also identified opportunities in the growing wind energy sector, where the company has developed "single-source" coatings solutions.

Jotun anticipates that sales growth in the Protective Coatings segment will continue in 2022, but profitability is likely to be impacted by persistently high raw materials prices, at least in the first half of the year. Nevertheless, the segment is a strong position to accelerate growth in the years ahead.

Marine Coatings

The pandemic has disrupted the shipping industry, creating challenges for Jotun Marine Coatings in 2021. Rising steel prices have depressed newbuilding orders and soaring freight rates have encouraged many owners to postpone scheduled maintenance to keep vessels in service. Despite these challenges, the organisation performed well in a difficult year.

Thanks to the hard work of the organisation, Jotun's focus on the seastock and drydock business helped offset losses in the newbuilding market. Jotun's global presence also helped the company mitigate business risk. For example, positive growth in the Middle East, South East Asia and Turkey partially helped to make up for some of the losses the company experienced in West Europe and North East Asia, two of Jotun's most important markets.

Global supply chain disruptions are likely to persist into 2022. The shipping industry is facing increasingly strict global and regional regulations on emissions. To help customers meet this challenge, Jotun has taken steps to develop digital and data services and related technologies helping owners and operators to reduce fuel costs, comply with existing and pending regulations and improve their environmental performance. While Jotun will continue to develop quality primers, antifoulings and topcoats, these digital solutions help strengthen Jotun's leadership role in hull performance management, which will play a larger role in the industry's efforts to decarbonise in the years ahead.

Powder Coatings

Despite business interruptions related to the coronavirus pandemic in the first half of the year, Jotun not only achieved sales growth in every region where the company is active but also recorded double-digit growth in most market categories. As in other segments, record high raw materials costs outpaced the company's efforts to raise prices, impacting profitability.

The segment's performance was supported in part by Jotun's focus on meeting the evolving demands of different customer groups in different markets. For example, the development of powder coatings that deliver metallic finishes helped Jotun grow sales in the Appliances, Furniture and Building Components, while growth in General Industries was driven by highly durable coatings developed to protect exterior units, such as electrical cabinets. Jotun has also expanded its range of colour selections. This development allows Jotun to approach architects, designers, and furniture manufacturers directly to ensure Jotun products are specified at an early stage.

Over the past decade, Jotun has invested significant resources into the development of powder coatings solutions that cure at lower temperatures, which can be used on non-metal substrates. Other promising markets include battery housings for electric cars and durable powder coatings for components found in agriculture and construction equipment. Jotun is also seeking to grow in the highly demanding pipeline market. While raw materials prices are likely to impact the Powder Coatings segment into the first half of next year, Jotun remains confident that growing concerns about the environment will continue to encourage customers to seek coatings solutions free of Volatile Organic Compounds (VOCs).

4. SUSTAINABILITY

Jotun supports all UN Sustainable Development Goals (SDGs), however with focus on four where the company can have the largest impact. These include Goal number 8 (Decent work and economic growth), Goal number 12 (Responsible production and consumption), Goal number 13 (Climate action) and Goal number 14 (Life below water).

Jotun defines sustainability in three dimensions: Environment, Social and Governance(ESG).

5. ENVIRONMENT

Jotun's goal is to reduce the footprint of the company's operations and develop sustainable products and solutions that help customers both comply with regulations and achieve their environmental targets. Jotun's holistic approach minimises the environmental impact across the value chain, from sourcing raw materials and manufacturing, to distribution, and the use, reuse, and recycling of products and materials.

In 2021, the Board approved a new Sustainability Strategy. To communicate and implement this strategy, Jotun developed a simplified three-step model. The model defines Jotun's role across the value chain, including how Jotun designs products and interacts with suppliers (Input) how Jotun manages its own operations (Operations) and how Jotun provides solutions and collaborates with customers and other stakeholders to improve environmental performance (Supply).

The three-step model is grounded in standardised environmental data gathered from multiple sources to produce Life Cycle Assessments (LCAs) and other tools used to measure environmental impacts across the value chain.

Input: Raw material supply and product design

As a global player in the paints and coatings industry, Jotun exert influence over suppliers to ensure they comply with the company's sustainability goals.

In 2021, Jotun initiated a new supplier assessment tool in order to meet Jotun's expectations and requirements for environmental and social performance in the supply chain and in accordance with Jotun's Supplier Integrity Declaration. The goal is to conduct annual assessments on all raw material and packaging suppliers.

Research and Development

Jotun's R&D function works to ensure that products are responsibly designed and documented in line with the company's sustainability goals. While every Jotun product features unique characteristics tailored to meet the needs of specific customer groups, Jotun is sensitive to growing market demand for more sustainable products that help customers comply with increasingly strict environmental regulations. Innovations include paints and coatings that contain minimal or zero VOCs, highly durable coatings that extend maintenance intervals, and a number of specialised coatings to help different customer groups improve their environmental performance.

Life Cycle Assessments of products

Jotun provides customers with Environmental Product Declarations (EPDs), a measurement of "cradle-to-gate" carbon footprint of products, to help customers meet environmental requirements. EPDs are based on a standardised, independently verified Life Cycle Assessment method which document and communicate transparent and comparable information about the environmental impact of Jotun products. In 2021, Jotun introduced the GreenStep Analyser, a tool which allows Jotun to extend the scope of EPDs beyond "gate" to include the use and maintenance phase, which in turn delivers valuable insights that can be shared with customers.

Chemical Policy

Jotun acknowledges that the use of certain chemicals in paints and coatings may represent a risk to health and the environment. To manage these risks in a responsible way, Jotun chemists apply the "Substitution Principle", which requires Jotun to replace hazardous materials with more sustainable alternatives. This principle is consistent with Jotun's Chemical Policy, which is updated annually to ensure that use of certain substances that may represent a high concern of risk to health and the environment are avoided or restricted all across Jotun.

Operations: Manufacturing and distribution

Jotun's GreenSteps programme encompasses five different areas: VOC emissions, hazardous materials, energy consumption, carbon emissions and waste. Jotun tracks progress in each category and has established targets to ensure continuous improvement. Furthermore, Jotun sets goals to eliminate inefficiencies, reuse materials and improve environmental performance. Energy consumption from operations is the highest contributor to Jotun's carbon footprint. To reduce carbon emissions, Jotun is working to improve energy efficiency and increase the share of energy derived from renewable sources. For example, in 2021, Jotun Malaysia installed solar panels to generate renewable electricity.

Carbon footprint

The company's ambitions related to carbon emissions and renewable energy are calculated based on Jotun's experience and forecasts. Our ambition for 2030 is to reduce the total carbon emissions from our own operations with 50 per cent (base year 2017).

In 2021, Jotun recorded global emissions of 79.918 tons CO2-equivalents, marking an overall increase of 8.7 per cent per ton produced. Non-renewable electricity stands for the major contribution to these emissions. The total electrical consumption in 2021 was 131 kWh/tonnes produced, compared to 130 kWh in 2020. Our ambition is therefore to increase our share of renewable electricity to 70 per cent in 2030.

Jotun has furthermore been working on relevant activities and requirements in procedures and systems to ensure that sustainability becomes a natural part of all evaluations, such as in investment decisions and projects. These initiatives are managed through Jotun's HSEQ Management System, which sets environmental targets and requires all factories to implement local improvement programmes.

Waste

The waste generated relative to the volume produced was 19 per cent in 2021 compared to 18 per cent in 2020. There were no discharges to water or soil causing any significant pollution to the environment in 2021.

Construction projects

Jotun has worked to make sure that sustainability issues are considered and evaluated in all existing facilities and in construction projects. These initiatives are managed through Jotun's HSEQ Management System, which sets environmental targets and requires all factories to implement local improvement programmes.

Transportation and distribution

In most countries where Jotun is active, the company uses external transport suppliers. Where possible, Jotun selects sustainable and low-carbon suppliers. Jotun also has programmes in place to achieve warehouse and vehicle capacity optimisation for efficient supply to customers and safe and sustainable packaging and transport.

Usage: Use, reuse and recycle

Jotun recognises that it can improve its environmental performance by focusing on how efficiently Jotun uses, reuses, or recycles materials. Initiatives include reducing waste by reusing or recycling plastics, certain chemicals or substances, paints, coatings and process water, and other materials. For example, Jotun completed construction of a wastewater treatment facility in Sandefjord, Norway in 2021. When fully operational, the plant will have the capacity to recycle close to 3.5 million litres of process water every year.

Externally, Jotun works closely with customers to ensure the efficient and safe preparation of surfaces, application and maintenance. This supports better decisions, leading to improved durability, cost efficiency and customer satisfaction.

6. SOCIAL

Jotun is committed to modelling good corporate behaviour for both company employees and the societies where we operate. With a strong corporate culture and sound corporate values, Jotun creates a safe, diverse and inclusive workplace where people can thrive. In addition, Jotun seeks to make a positive impact through community initiatives and collaboration. As a responsible corporate citizen, Jotun places ethical business conduct at the heart of its operations. Strong values and business principles allow the company to sustain a robust and effective organisation in the light of evolving markets and growing competition.

Sustainable workforce

Jotun's ambition is to create a robust and diverse workforce, equipped to meet current and future business needs to secure Jotun's competitive advantage. In 2021, Jotun's workforce rose to 10,293 employees.

In 2021, Jotun launched a new Human Resources Management System (HRMS), which will help support, facilitate, and document all HR processes, including yearly development meetings with employees.

Diversity and Inclusion

Jotun recognises the importance of having a diverse and inclusive workforce. By building a culture of belonging and creating a welcoming workplace, Jotun can foster innovation and encourage collaboration. Jotun seeks to attract and develop talent across all diversity groups and respect and appreciate differences to create a good work environment.

Jotun's Diversity and Inclusion Policy is aligned with relevant UN Sustainable Development Goals, including goal number 8 (Decent work and economic growth).

Sustained and inclusive economic growth can drive progress, create decent jobs for all and improve living standards. Jotun's goal is not only to provide for Jotun employees and their families, but to contribute to development of the societies where we operate by establishing good working conditions, ensuring decent salaries, providing equal opportunities, and supporting minorities in the labour market.

Jotun companies all have different starting points and face different realities navigating local labour markets. Nevertheless, all Jotun companies are required to make conscious efforts to ensure that their workforce mirrors the societies where they operate expressed in gender, age, profession, ethnicity or nationality, disability, sexual orientation, religious, political and/or social backgrounds. Furthermore, Jotun employees are expected to act as inclusive colleagues, and to respect and recognize the contribution and value of all colleagues.

Tracking diversity

To track Jotun's status and progress, the company measures gender balance, generational representation, and ethnic and cultural diversity, expressed by national representation. Balance within these diversity parameters is tracked and followed up by different companies, functions, and organisation levels.

More information about Jotun's Diversity and Inclusion initiative, as well as results of the status and progress, is found on https://www.jotun.com/ww-en/about-jotun/sustainability/social/diversity-and-inclusion-in-jotun-norway/

Accommodating special needs

Jotun cooperates with several institutions towards facilitating training and adjusting work conditions for Jotun employees who, for different reasons (e.g., health, age, personal reasons), struggle with fulfilling daily regular working commitments. When needed, cooperation agreements are entered with relevant institutions to promote training, internship and work experience opportunities for people who struggle to enter the labour market.

Global mobility

Jotun's Global Mobility programmes allow Jotun to rotate and transfer employees safely, legally, and effectively between Jotun companies and countries. The Board continues to support programmes that encourage employees to gain cross-functional, cross-segment and cross-border experience. Mobility programmes include both short and long-term assignments, and provide employees with the infrastructure, support and benefits, including support for the partners of employees on overseas assignments. In 2021, 165 employees participated in mobility programmes.

Competence development

By offering employees ample opportunities for career development and competence development initiatives that have the same, high standard all over the world, Jotun strengthens its competitive advantage. In addition, Jotun offers workshops related to team alignment, business planning, cultural awareness, Diversity & Inclusion, and other subjects.

Jotun's approach to competence development is made up of three elements: Jotun Academy, a vital resource for strengthening corporate culture and individual skills within key business areas; Digital Learning, an advanced suite of digital tools that provides point-of-work learning and helps employees keep pace with change; and Team Development, delivering workshops and tools to enhance team effectiveness. Looking ahead, Jotun is exploring the potential of using virtual and augmented reality solutions for future training purposes.

HSEQ – Health and safety

Jotun's goal is to conduct our operations with zero injuries, fires, spills, or claims, and to protect our employees and the environment as we deliver quality products and services.

Most of this work is achieved through Jotun's HSEQ Management System. The Jotun HSEQ Management System outlines the rules and regulations that must be implemented across the company. Specifically, it provides the structure to track and manage 15 elements related to health, safety, environment, and product quality management. Jotun expands and updates the system regularly to make sure it meets or exceeds demanding international standards, reflecting Jotun's commitment to health and safety for people, care for the environment, and quality in our products and services.

Fire represents the most significant threat to Jotun personnel and property. In 2021, Jotun focused on electrical fires, fire detection, fire-fighting systems, fire segregation and managing risk related to static electricity. In 2021, Jotun experienced two major fires, one very serious, which occurred at the energy central at the company's binder factory in Sandefjord. This fire resulted in no injuries, but significant material damage to the building. The Board expects corrective actions to be implemented pending the conclusion of a formal investigation. Otherwise, the company registered six minor fire and 17 potential fires in other countries. None of these fires resulted in injury or property damage.

Creating a safe work environment is a priority for the Board. The Group continually develops and improves HSEQ Management System to safeguard the safety of Jotun employees. The number of injuries resulting in an absence of one day or more per one million working hours (Lost Time Injury Rate LTIR) was 1.4 (1.7 in 2020), representing an all-time low. The LTIR for Jotun A/S was 0.0 in 2021 compared with 0.59 in 2020. Absence due to sickness for the Group in 2021 was 1.6 per cent, compared to 1.7 per cent in 2020. Absence due to sickness in Jotun A/S was 3.1 per cent in 2021 compared with 2.1 per cent in 2020.

In Jotun's efforts to continuously and proactively identify risks and maintain optimal manufacturing performance, Jotun documents issues, record incidents, implements improvements and shares best practices. Jotun schedules periodic HSEQ audits to verify compliance. In 2021, Jotun completed a total of nine HSEQ audits of Jotun factories. In addition, Jotun performed three audits on ongoing construction projects in Dubai, Egypt, and Qatar.

"I Care" initiative

Every Jotun employee contributes to making their workplace safer through the ongoing "I Care" initiative. Each Jotun company runs three separate "I Care" projects every year. One project is centrally initiated, and each of the manufacturing sites launches the other two. The choice of theme is based on needs and risk factors identified within Jotun production units and varies annually. The outcomes from "I Care" campaigns are carefully measured, and improvements are rewarded both individually and at a team level.

COVID 19 pandemic

In 2021, Jotun personnel and operations were impacted by the coronavirus in different regions and at different times. All Jotun companies followed Jotun's COVID-19 guidelines which included 10 elements covering rules for work and social situations and met requirements to document and report on infections. Jotun also encouraged open communication between countries and regions to share effective risk mitigation strategies. The company encouraged vaccination, and in some countries, purchased vaccines for distribution to employees and their families. By building on lessons learned the year before, sharing effective strategies and remaining in full compliance with locally enforced health and safety guidelines, Jotun was able to safeguard the welfare of employees.

Global commitment

In collaboration with its partners, Jotun can generate a greater positive impact while ensuring effective resource allocation. Organisations worked with over the past years include the International Red Cross Red Crescent, Norwegian People's Aid, Bellona, UN Global Compact and Transparency International. In 2021, Jotun made substantial donations to UNICEF and the COVAX programme and to the Red Cross Red Crescent in their work to fight the pandemic in India.

Local commitment

Jotun operates in many countries around the world, and the needs in the local communities often differ. Therefore, the company focuses on initiatives that can make a difference locally, engage our employees, make targeted donations, and share our expertise. Jotun help fund institutions like schools and hospitals, making it easier to access basic health services and education. Many of our projects also target disadvantaged and vulnerable groups, helping them regain confidence and see prospects for their future. In 2021, these efforts also focused on providing local support for communities impacted by the coronavirus pandemic.

Business ethics

As a responsible corporate citizen, Jotun puts ethical business conduct at the heart of our operations. Standing by our values and business principles allows us to sustain a robust and effective organisation in light of evolving markets and growing competition.

Jotun conducts business operations in line with the company values (Loyalty, Care, Respect and Boldness) in the interest of customers, suppliers, employees, shareholders, the environment, and society at large. Jotun's business principles cover the areas of ethics and integrity, community, fair trade, and free competition. They also define how the company treats employees and operate the business.

Anti-corruption, dilemma training

Jotun works actively against corruption. Corruption and bribery are threats to economic development and foster poverty. The Board recognises Jotun's responsibility to customers, shareholders, employees, and local communities where the company is active, to maintain its integrity and live by high ethical standards. Jotun emphasises openness, discussions, and training as the best way of creating the right attitudes in combination with rules and guidelines.

Jotun's approach and expectations are defined by Jotun's Anti-Corruption Policy. The Policy provides an overview of Jotun's approach to anti-corruption and outlines the basic requirements that Jotun employees are required to follow to avoid corrupt practices in connection to their company business activities.

While all employees are required to adhere to Jotun's Anti-Corruption Policy, The Board recognises that certain employees, including sales teams, purchasing staff and company management, face greater risk of exposure to potentially corrupt scenarios. As such, they receive tailored training initiatives, with a particular emphasis on dilemma training.

Whistle blowing

Jotun has established a channel for reporting intolerable circumstances relating to Jotun's activities, which can be used both for internal and external stakeholders. All reports are handled confidentially, and whistle-blowers are protected and treated with respect. Jotun encourages individuals to report on suspected severe violations of Jotun's Business Principles, laws or regulations.

Human rights

Jotun supports international efforts, standards, declarations, and collaborations aimed at creating fair, proper and healthy business environments. Jotun's Human Rights Policy is aligned with the United Nations Guiding Principles on Human Rights and the International Labour Organisation (ILO) Declaration on Fundamental Principles and Rights at Work. The company adheres to the United Nations Global Compact (UNGC) to contribute to the goal of creating a sustainable and inclusive global economy.

7. GOVERNANCE

Jotun's governance framework defines how Jotun is directed, managed, and controlled to ensure sound decision-making and responsible operations.

Governance bodies

Jotun's values, Business Principles and commitment to sustainability are anchored by Jotun's Board of Directors. These concepts are reinforced by corporate, regional, and divisional bodies, and supported by documents, policies, and leadership training. The hierarchy of governance bodies is as follows: Board of Directors, Jotun Group management, regional and local management with the support of staff functions on all levels.

Policies and programmes

All Group policies and guidelines are grounded in Jotun's corporate values (Loyalty, Care, Respect and Boldness), Business Principles and sustainability commitments. Local policies derive from the Group policies, providing a hierarchy of steering documents. These documents are accessible to all employees within the framework of the Jotun Management System, which is updated semi-annually.

Compliance

Jotun's extensive compliance programme ensures the effective handling of issues within our companies. Group companies are responsible for operational compliance, while support functions provide the companies with necessary materials and guidance. For example, every Jotun company reports on its HSEQ performance, with reports regularly reviewed by their respective Boards. Once a year, the Board of Directors of Jotun A/S are updated on compliance status, including whistleblowing cases.

Certifications

A number of our companies are certificated according to the following standards: Quality Management (ISO 9001), Environmental Management (ISO 14001) and Occupational Health and Safety (ISO 45001).

Reporting, audits, and reviews

Jotun has established reporting systems, audits and reviews to make sure performance in line with expectations. These systems are continuously updated to reflect new policies developed by relevant departments. Operational activities are followed up through a combination of structured self-reporting, internal control, audits, and reviews.

Jotun schedules periodic Business Reviews for all Jotun companies.

In addition to detailing sales figures and market forecasts, companies must provide data covering everything from environmental impacts to competence development milestones, health, and safety initiatives to Corporate Responsibility projects, among other categories.

Directors and Officers liability insurance

Jotun has established adequate directors and officers liability insurance.

8. FUTURE PROSPECTS

The Board anticipates that many challenges that Jotun faced in 2021 are likely to carry over at least into the first half of 2022. Raw material prices, which reached extraordinary highs last year, are not expected to ease before the second quarter of 2022 and the threat of new coronavirus variants may result in business interruptions in some markets. However, based on Jotun's strong performance in 2021, the Board is confident that Jotun has the right strategy, personnel, experience and systems in place to adapt to any challenging market condition.

The Board expects that a modest recovery in newbuilding orders will benefit Jotun Marine Coatings while growing demand for energy, combined with increased investments in renewable energy and infrastructure projects, will help support continued growth in the Protective Coatings segment. Jotun's record-high results in the Powder Coatings segment in 2021, combined with the development of innovative products for non-metal substrates and the pipeline market, suggest a bright future. The Board is also confident that Jotun will continue to grow sales in the Decorative Paints segment, which has enjoyed years of uninterrupted growth.

With growing pressure from the public and regulators to combat climate change, Jotun is in an increasingly strong position to help customers improve their environmental performance and comply with increasingly strict regulations.

Whatever challenges 2022 may bring, the Board remains confident that Jotun's ongoing investments in R&D, production capacity and skilled personnel will give Jotun a strong basis for continued profitable growth as well as help accelerate Jotun's position as one of the world's leading paint and coatings providers.

Sandefjord, Norway, 15 February 2022
The Board of Directors
Jotun A/S

Odd Gleditsch d.y.
Chairman

Einar Abrahamsen

Bjørg Engevik Nilsen

Terje Andersen

Jannicke Nilsson

Nicolai A. Eger

Camilla Hagen Sørli

Per Kristian Aagaard

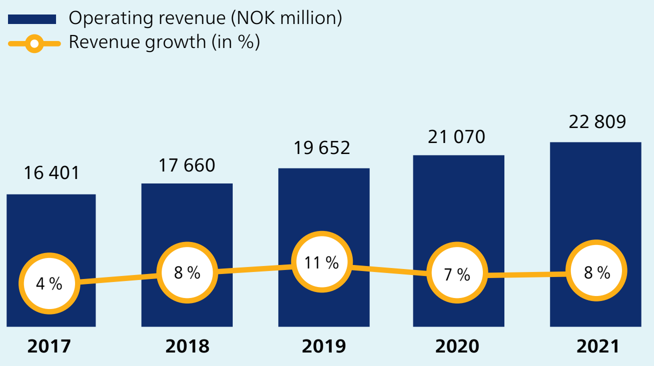
Morten Fon
President & CEO

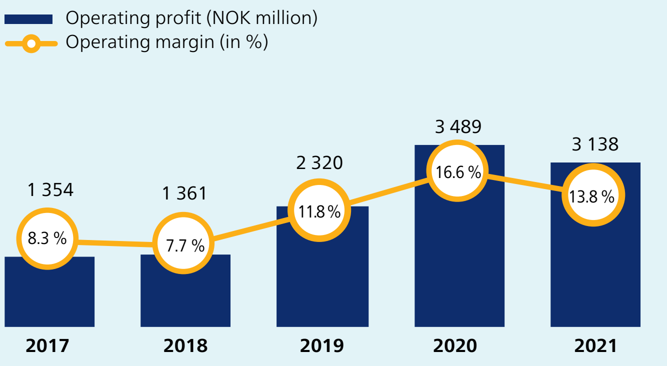
CONSOLIDATED INCOME STATEMENT

(NOK million)	Note	2021	2020
Operating revenue	2.1	22 809	21 070
Share of profit from associates and joint ventures	5.5	496	746
Cost of goods sold	2.1	-12 480	-10 643
Payroll expenses	2.2	-3 389	-3 277
Other operating expenses	2.3	-3 421	-3 584
Depreciation, amortisation and impairment	3.2, 3.3	-876	-824
Operating profit		**3 138**	**3 489**
Net financial items	4.3	-248	-331
Profit before tax		**2 890**	**3 158**
Income tax expense	5.1	-779	-780
Profit for the year		**2 111**	**2 378**
Profit for the year attributable to:			
Equity holders of the parent company		1 998	2 280
Non-controlling interests		113	98
Total		**2 111**	**2 378**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(NOK million)	Note	2021	2020
Profit for the year		**2 111**	**2 378**
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Actuarial gain / loss (-) on defined benefit pension plans (net of tax)	5.2	-8	-13
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Gain / loss (-) on hedge of net investments in foreign operations (net of tax)		15	-41
Currency translation differences in foreign operations		-90	-176
Other comprehensive income for the year, net of tax		**-83**	**-230**
Total comprehensive income for the year		**2 028**	**2 148**
Total comprehensive income attributable to:			
Equity holders of the parent company		1 913	2 044
Non-controlling interests		115	104
Total		**2 028**	**2 148**





CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(NOK million)	Note	31.12.2021	31.12.2020
ASSETS			
Non-current assets			
Deferred tax assets	5.1	386	358
Other intangible assets	3.2	765	741
Property, plant and equipment	3.3, 5.4	7 612	6 985
Investments in associates and joint ventures	5.5	1 419	1 598
Share investments	5.9	9	16
Other non-current financial receivables	4.1, 5.9	67	65
Total non-current assets		**10 257**	**9 762**
Current assets			
Inventories	3.4	4 034	2 877
Trade and other receivables	3.5, 5.9	5 753	4 979
Cash and cash equivalents	4.2, 5.9	3 388	2 956
Total current assets		**13 175**	**10 812**
Total assets		**23 432**	**20 574**

(NOK million)	Note	31.12.2021	31.12.2020
EQUITY AND LIABILITIES			
Equity			
Share capital	5.8	103	103
Other equity		12 014	10 699
Non-controlling interests		352	326
Total equity		**12 468**	**11 128**
Non-current liabilities			
Pension liabilities	5.2	296	243
Deferred tax liabilities	5.1	73	62
Provisions	3.7	188	314
Interest-bearing debt	4.1, 5.9	2 995	3 007
Other non-current liabilities		15	50
Total non-current liabilities		**3 567**	**3 675**
Current liabilities			
Interest-bearing debt	4.1	2 266	1 528
Trade payables	5.9	2 926	2 334
Tax payable	5.1	227	259
Other current liabilities	3.6, 3.7, 5.9	1 979	1 650
Total current liabilities		**7 398**	**5 771**
Total liabilities		**10 964**	**9 446**
Total equity and liabilities		**23 432**	**20 574**

Sandefjord, Norway, 15 February 2022
The Board of Directors
Jotun A/S

Odd Gleditsch d.y.
Chairman

Einar Abrahamsen

Bjørg Engevik Nilsen

Terje Andersen

Jannicke Nilsson

Nicolai A. Eger

Camilla Hagen Sørli

Per Kristian Aagaard

Morten Fon
President & CEO

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

		EQUITY HOLDERS OF THE PARENT COMPANY					
(NOK million)	Note	Share capital	Other equity	Translation differences	Total	Non-controlling interests	Total equity
Equity as of 1 January 2020		**103**	**8 310**	**892**	**9 305**	**280**	**9 584**
Dividends	5.8		-547		-547	-79	-626
Profit for the year			2 280		2 280	98	2 378
Other comprehensive income			-54	-182	-236	6	-230
Share capital increase			-	-	-	22	22
Equity as of 31 December 2020		**103**	**9 989**	**710**	**10 802**	**326**	**11 128**
Dividends	5.8		-599		-599	-93	-691
Profit for the year			1 998		1 998	113	2 111
Other comprehensive income			7	-92	-85	2	-83
Share capital increase			-	-	-	4	4
Equity as of 31 December 2021		**103**	**11 396**	**618**	**12 116**	**352**	**12 468**

CONSOLIDATED STATEMENT OF CASH FLOWS

(NOK million)	Note	2021	2020
Cash flow from operating activities			
Operating profit		3 138	3 489
Adjustments to reconcile operating profit to net cash flows:			
Share of profit from associates and joint ventures	2.2, 5.5	-496	-746
Dividend paid from associates and joint ventures	5.5	727	559
Depreciation, amortisation and impairment	3.2, 3.3	876	824
Change in accruals, provisions and other		152	-290
Working capital adjustments:			
Change in trade and other receivables		-774	287
Change in trade payables		591	220
Change in inventories		-1 156	-48
Cash generated from operating activities		**3 059**	**4 294**
Interest received	4.3	21	31
Interest paid	4.3	-168	-185
Other financial items		-128	-117
Income tax payments		-816	-752
Net cash flow from operating activities		**1 968**	**3 272**
Cash flows used for investing activities			
Proceeds from sale of property, plant and equipment		80	18
Purchase of property, plant and equipment	3.3	-1 260	-1 296
Purchase of intangible assets	3.2	-103	-111
Share capital increase in non-controlling interests		4	22
Net cash flow used for investing activities		**-1 280**	**-1 367**
Cash flows from financing activities			
Proceeds from borrowings		2 284	1 020
Repayment of borrowings		-1 672	-1 036
Payment of principal portion of lease liabilities		-141	-138
Dividend paid to equity holders of the parent company	5.8	-599	-547
Dividend paid to non-controlling interests		-93	-79
Net cash flow from financing activities		**-220**	**-780**
Net increase / decrease (-) in cash and cash equivalents		**469**	**1 125**
Net currency translation effect		-37	-72
Cash and cash equivalents as of 1 January	4.2	2 956	1 903
Cash and cash equivalents as of 31 December	4.2	**3 388**	**2 956**

Notes for the Group

The notes are grouped into five sections and contain relevant financial information as well as a description of the accounting policies applied for the respective accounts included in the individual note.

01 Basis of Preparation

02 Results for the Year

03 Invested Capital and Working Capital Items

04 Capital Structure and Financial Items

05 Other Disclosures

BASIS OF PREPARATION

Jotun A/S is a limited liability company incorporated in Norway. The Group's headquarter is in Sandefjord, Norway, and the Group including associates and joint ventures employs around 10 300 people in 47 countries.

The Group consists of the parent company Jotun A/S and its subsidiaries. The consolidated financial statements consist of the Group as well as the Group's net interests in associates and joint ventures.

1.1 ACCOUNTING POLICIES

Accounting policies, estimates and judgements are incorporated into the individual notes with the exception of general information described in this section.

The consolidated financial statements are prepared based on the historical cost principle, except for financial assets and liabilities which are recognised at fair value.

The consolidated financial statements have been prepared on the basis of the going concern assumption.

Statement of compliance

The Group's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations as adopted by the European Union (EU), as well as Norwegian disclosure requirements that follow from the Norwegian Accounting Act.

Debt and equity instruments in the Group are not traded in a public market. Consequently, operating segment reporting according to IFRS 8 does not apply for the Group.

Basis for consolidation

The Group's consolidated financial statements comprise Jotun A/S and companies in which Jotun A/S has a controlling interest. The financial statements of subsidiaries are fully consolidated from the date that control commences until the date that control ceases.

The financial statements of the subsidiaries are prepared for the same reporting period as Jotun A/S. All intercompany balances, income and expenses and cash flows relating to transactions between members of the Group are eliminated in full.

Interests in associates and joint ventures

The Group has interests in associates and joint ventures. An associate is an entity in which the Group has significant, but not controlling influence, with an ownership normally between 20 and 50 per cent. A joint venture is a jointly controlled entity, normally with a 50/50 ownership.

The Group's investments in associates and joint ventures are accounted for using the equity method. Under the equity method, the Group presents its share of the companies' results after tax on a separate line in the income statement. Share of equity is reported as investments in associates and joint ventures in the balance sheet.

The financial statements of associates and joint ventures are prepared for the same reporting period and based on the same accounting policies as for the Group.

Non-controlling interests

The non-controlling interests are presented separately in the consolidated financial statements representing the minority's share of equity and profit.

Foreign currency transactions

In the individual financial statements for each entity in the Group, transactions in foreign currency are initially recorded in the entity's functional currency based on exchange rates at the date of transaction. Monetary items in foreign currency are translated into functional currency using the exchange rate applicable at the balance sheet date. Non-monetary items in foreign currency are translated into functional currency using the exchange rate applicable at the transaction date.

Translation of foreign operations to NOK

The Group's presentation currency is Norwegian Krone (NOK). This is also Jotun A/S' functional currency. Each entity in the Group determines its own functional currency, and the majority of financial statements are denominated in other currencies than NOK.

Assets and liabilities in entities with other functional currencies than NOK are translated into NOK using the exchange rate applicable at the balance sheet date. Their income statements are translated monthly at the average exchange rate for the month. Exchange rate differences are recognised in other comprehensive income.

Financial risk management

Jotun A/S uses foreign currency options and forward currency contracts to ensure predictability in the short to medium term cash flows.

Hedge accounting in the Group is limited to hedge of net investment. Jotun A/S finances the majority of its subsidiaries with intercompany loans in local currencies. Intercompany loans for which settlement is neither planned nor likely to occur in the foreseeable future are accounted for as part of the net investment in foreign operations. In addition, a USD loan and a rolling currency swap serve as a hedge of net investments in foreign operations for which gains or losses related to the effective portion of the hedge are recognised in other comprehensive income.

1.2 NEW ACCOUNTING POLICIES

No new IFRS standards, amendments or interpretations have been issued that have a significant impact on the consolidated financial statements for the Group

1.3 ESTIMATES AND JUDGEMENTS

In preparing the consolidated financial statements, Management makes various accounting estimates and assumptions that form the basis of the presentation, recognition and measurement of Jotun's assets and liabilities.

Determining the carrying amounts of some assets and liabilities requires estimates and assumptions concerning future events. Estimates and assumptions are based on historical experience and other factors, which Management assesses to be reasonable, but which by their nature involve uncertainty and unpredictability. These assumptions may have to be revised as unexpected events or circumstances may occur.

The areas that involve a high degree of judgement and are material to the financial statements are described in more detail in the relevant notes.

1.4 EVENTS AFTER THE BALANCE SHEET DATE

New information regarding the Group's financial position at the end of the reporting period and that becomes known after the reporting period, is recorded in the annual accounts. Events after the reporting period that do not affect the Group's financial position at the end of the reporting period, but which will affect the Group's financial position in the future, are disclosed if significant.

No events have taken place after the balance sheet date that would have affected the financial statements, or any assessments carried out.

Section **02**

This section includes notes related to the consolidated income statement.

Results for **the Year**

Jotun achieved good sales growth and its second-best result ever in 2021, despite challenges imposed by escalating raw materials prices, a global supply chain crisis and business interruptions caused by the coronavirus pandemic.

The increase in operating revenue is driven by growth in all regions and all segments except Marine Coatings. Sales in Marine Coatings were affected by the cyclical downturn in newbuilding activity, but increased maintenance and repair sales resulted in stable operating revenue for the year.

Operating profit dropped by 10 per cent in 2021 compared to last year. The drop is mainly explained by lower gross margins caused by a rise in raw material prices of almost 60 per cent in 2021. However, the impact of the raw material price inflation was partly mitigated by increased selling prices and low underlying cost growth.

Negative currency translation effects due to a stronger Norwegian krone, also affected reported operating profit in 2021.

22 809

Operating revenue
(NOK million)
2020: 21 070

3 138

Operating profit
(NOK million)
2020: 3 489

13.8 %

Operating margin
2020: 16.6 %

2.1 OPERATING REVENUE

Total operating revenue consists of revenue from the sale of paints and coatings, classified as revenue from contracts with customers, as well as other revenue, which includes royalty income from associates, joint ventures and other external partners, miscellaneous grants and refunds, and profit from sale of fixed assets.

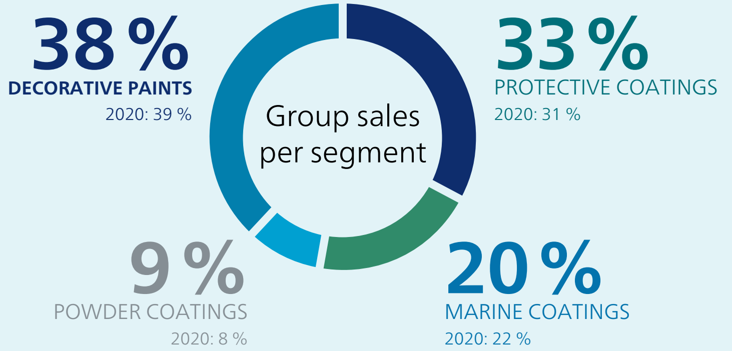
(NOK million)	2021	2020
Revenue from contracts with customers	21 423	19 735
Revenue from contracts with customers - associates and joint ventures	899	891
Total revenue from contracts with customers	**22 321**	**20 626**
Other revenue	171	123
Other revenue from associates and joint ventures	316	321
Total operating revenue	**22 809**	**21 070**

(NOK million)	2021	2020
South East Asia and Pacific	5 371	5 060
North East Asia	4 140	3 725
Middle East, India and Africa	3 654	3 346
Scandinavia	3 474	3 449
West Europe	2 609	2 506
East Europe and Central Asia	2 440	2 043
Americas	632	497
Total revenue from contracts with customers	**22 321**	**20 626**

(NOK million)	2021	2020
Decorative	8 389	8 005
Protective	7 344	6 354
Marine	4 538	4 534
Powder	2 050	1 733
Total revenue from contracts with customers	**22 321**	**20 626**
Cost of Goods Sold	12 480	10 643
Gross Profit	**9 842**	**9 983**

Cost of goods sold comprises raw materials and packaging materials. The five largest raw materials categories account for more than 50 per cent of total cost of goods sold. These categories are titanium dioxide, emulsions, epoxy resins, additives and metals. Cost of conversion is reported as part of manufacturing costs as described in Note 2.3.

Payment terms are based on agreements and local business practices and are in general in the range of 30 to 90 days.



Accounting policy

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. Revenues are presented net of value added tax and discounts.

Variable considerations such as rebates, bonuses, discounts and payments to customers, are accrued for when performance obligations are met and related revenue is recognised. Variable considerations are only recognised when it is highly probable that they will not be subject to significant reversal.

The Group does not have any contracts where the period between the transfer of the goods to the customer and payment by the customer exceeds one year. Consequently, the Group does not adjust transaction prices for the time value of money.

2.2 PAYROLL EXPENSES

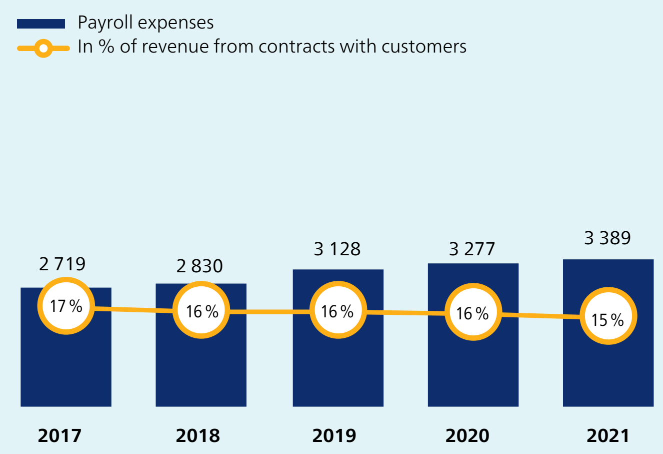
Payroll expenses are the total disbursements relating to remuneration of personnel employed by the Group. These expenses comprise direct salaries and holiday pay, bonuses, pension costs and public taxes/charges relating to the employment of personnel.

(NOK million)	2021	2020
Wages including bonuses	2 718	2 669
Social costs	366	317
Pension costs, ref. Note 5.2	192	177
Other personnel costs	113	115
Total	**3 389**	**3 277**
Average full-time equivalent employees	7 444	7 307

The Group has a system of annual bonuses that applies to senior management and is limited to a maximum of 20 per cent of annual basic salary. Further, all members of Group Management, including the President & CEO, are part of an annual profit-dependent bonus system limited upwards to 50 per cent of annual basic salary.

The Group's pension plans are primarily defined contribution plans. For further information see Note 5.2.

For further information regarding remuneration to the President & CEO and Board of Directors see Note 5.3.



2.3 OTHER OPERATING EXPENSES

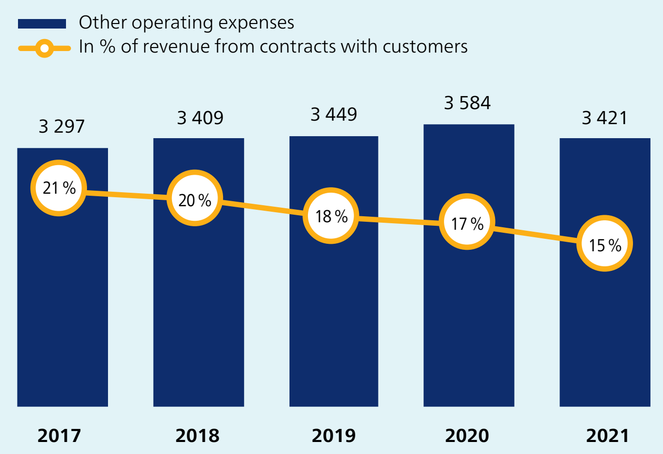
Other operating expenses comprise all operating expenses that are not related to cost of goods sold, payroll expenses and capital costs such as depreciation, amortisation and impairment. The main items of other operating expenses have been grouped in the table below.

(NOK million)	2021	2020
Manufacturing	464	452
Warehouse	217	209
Transportation	629	555
Sales and marketing	1 104	1 126
Research and Development	309	260
General and administrative	566	611
Other	132	370
Total	**3 421**	**3 584**

Manufacturing costs include change in cost of conversion related to finished goods.

Research and Development consists of costs from projects in a research phase and development costs related to cancelled projects. Total Research and Development costs including payroll expenses are NOK 576 million (2020: NOK 521 million) of which NOK 37 million has been capitalised as intangible assets specified in Note 3.2.

Other consists mainly of product liability claims, losses on accounts receivable and technical service. See Note 3.5 and 3.7 for further details.




JOTUN

Section **03**

The notes in this section provide details of the assets and related liabilities that form the basis for the Group's activities.

Invested Capital and **Working Capital Items**

Due to the persistent uncertainty stemming from the ongoing pandemic, Jotun maintained its focus on managing liquidity and working capital throughout 2021. This helped bring down operating working capital in per cent of revenue to 27.4 per cent.

However, net operating working capital in nominal values increased. This is mainly explained by the extraordinary rise in raw material prices and a strategic build-up of inventory due to disruptions in the global supply chain. Despite various supply chain challenges, Jotun was generally able to maintain delivery of products to customers without significant interruptions or delays.

The increase in capital employed, beyond the rise in operating working capital, is driven by investments in new production facilities in Egypt and Vietnam, construction of a new regional headquarter and R&D facility in Dubai and facility upgrades in Norway.

27.4 %

Operating working capital / revenue

2020: 28.7 %

14 482

Capital employed

(NOK million)

2020: 12 846

1 344

Investments in intangible and fixed assets

(NOK million)

2020: 1 407

3.1 OVERVIEW

The table shows investments in working capital items and invested capital. Capital employed is the total of net working capital and invested capital, which is the basis for generation of operating profit before interest and tax (EBIT). Return on capital employed (ROCE) is the ratio of EBITA to capital employed, and is used to measure the Group's profitability and capital efficiency.

(NOK million)	Note	31.12.2021	31.12.2020	Change
Inventories	3.4	4 034	2 877	1 156
Accounts receivable	3.5	5 118	4 432	686
Trade payables	5.9	-2 926	-2 334	-591
Operating working capital		**6 227**	**4 975**	**1 251**
Bank drafts	3.5	118	134	-16
Other receivables	3.5	516	413	104
Public charges and holiday pay	3.6	-332	-344	12
Other accrued expenses	3.6	-1 139	-902	-236
Current provisions	3.6, 3.7	-206	-146	-59
Other working capital		**-1 042**	**-846**	**-196**
Net working capital		**5 185**	**4 129**	**1 055**
Intangible assets	3.2	765	741	24
Property, plant and equipment	3.3	7 612	6 985	628
Investments in associates and joint ventures	5.5	1 419	1 598	-179
Non-current provisions	3.7	-188	-314	125
Pension liabilities	5.2	-296	-243	-52
Other non-current liabilities		-15	-50	35
Invested capital		**9 298**	**8 717**	**581**
Capital employed		**14 482**	**12 846**	**1 637**
Net deferred tax	5.1	313	296	17
Tax payable	5.1	-227	-259	33
Share investments	5.9	9	16	-7
Prepaid dividend from associates and joint ventures	3.6	-301	-257	-44
Other invested capital		**-206**	**-204**	**-2**
Invested capital and working capital items		**14 276**	**12 642**	**1 634**
Net interest-bearing debt	4.1	-1 807	-1 514	-293
Total Equity		**12 468**	**11 128**	**1 340**

3.2 INTANGIBLE ASSETS

Intangible assets are non-physical assets that have either been capitalised through internal development of products (development cost), customisation of IT applications or separate acquisitions.

Accounting policy

Intangible assets are measured at cost, net of accumulated amortisation and accumulated impairment losses.

Amortisation of intangible assets with limited economic lives are calculated on a straight-line basis over the estimated useful life. The amortisation method and period are assessed at least once a year. Changes to the amortisation method and/or period are accounted for as a change in estimate. Intangible assets with unlimited useful lives are not amortised but tested for impairment annually. The methodology for impairment testing is described in Note 3.3.

All intellectual property rights are owned by Jotun A/S. Development costs are capitalised only if the product is technically and commercially feasible and the business case demonstrates a probability for future economic benefit. Capitalised development costs mainly include internal payroll costs in addition to purchased materials and services used in the development programmes. Amortisation of assets with limited useful life begins when development is complete, and the asset is available for use.

(NOK million)	Development cost	IT applications and other intangibles	Total
Cost			
Balance as of 1 January 2020	395	755	**1 150**
Additions	50	61	**111**
Disposals	-	-3	**-3**
Reclassifications	-	8	**8**
Foreign currency translation effect	-	-8	**-8**
Balance as of 31 December 2020	**445**	**813**	**1 258**
Additions	37	67	**103**
Disposals	-	-117	**-117**
Reclassifications	-	2	**2**
Foreign currency translation effect	-	4	**4**
Balance as of 31 December 2021	**482**	**769**	**1 250**
Amortisation and impairment			
Balance as of 1 January 2020	-88	-350	**-438**
Amortisation	-19	-59	**-79**
Disposals	-	3	**3**
Reclassifications	-	-8	**-8**
Foreign currency translation effect	-	5	**5**
Balance as of 31 December 2020	**-107**	**-410**	**-517**
Amortisation	-20	-62	**-83**
Disposals	-	114	**114**
Reclassifications	-	-	**-**
Foreign currency translation effect	-	-	**-**
Balance as of 31 December 2021	**-127**	**-358**	**-486**
Net book value			
Balance as of 31 December 2021	355	410	**765**
Balance as of 31 December 2020	338	403	**741**
Estimated useful life	8-10 years	3-8 years	

3.3 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment (PP&E) comprises various types of tangible fixed assets needed for the type of business conducted by the Group.

A major part of the amount under Construction in progress relates to the new production facilities in Qatar and Egypt, facility upgrades in Norway and Indonesia and construction of a new regional headquarter and R&D facility in Dubai.

See Note 5.4 for further information related to Right-of-Use assets.

(NOK million)	Land	Buildings	Electrical installations	Machinery, vehicles and equipment	Construction in progress	Right-of-Use assets	Total
Cost							
Balance as of 1 January 2020	349	3 950	539	4 302	1 400	723	**11 263**
Additions	2	159	92	247	795	165	**1 461**
Disposals	-	-7	-1	-121	-2	-51	**-183**
Reclassifications	-34	620	363	265	-1 133	28	**109**
Foreign currency translation effect	-9	-133	-23	-108	-58	-14	**-345**
Balance as of 31 December 2020	**308**	**4 588**	**971**	**4 584**	**1 003**	**852**	**12 306**
Additions	24	282	168	594	192	226	**1 486**
Disposals	-1	-106	-2	-125	-	-10	**-245**
Reclassifications	1	24	-11	47	-63	-1	**-3**
Foreign currency translation effect	-12	-10	-9	-70	28	-12	**-85**
Balance as of 31 December 2021	**319**	**4 779**	**1 117**	**5 030**	**1 160**	**1 055**	**13 459**
Depreciation and impairment							
Balance as of 1 January 2020	-11	-1 635	-229	-2 768	-	-131	**-4 774**
Depreciation	-	-151	-64	-357	-	-152	**-724**
Depreciation on disposals	-	5	-	113	2	18	**138**
Impairment	-	-4	-	-2	-15	-	**-21**
Reclassifications	6	-41	-25	-49	-	-	**-109**
Foreign currency translation effect	-	68	12	76	1	12	**169**
Balance as of 31 December 2020	**-6**	**-1 760**	**-305**	**-2 986**	**-12**	**-252**	**-5 322**
Depreciation	-	-160	-92	-382	-	-148	**-782**
Depreciation on disposals	-	97	1	112	-	7	**217**
Impairment	-	-11	-	-	-	-	**-12**
Reclassifications	-	4	10	-12	-	1	**3**
Foreign currency translation effect	-	-	4	30	9	5	**48**
Balance as of 31 December 2021	**-6**	**-1 830**	**-382**	**-3 239**	**-3**	**-387**	**-5 847**
Net book value							
Balance as of 31 December 2021	313	2 949	735	1 791	1 156	668	**7 612**
Balance as of 31 December 2020	302	2 829	665	1 598	991	600	**6 985**
Estimated useful life	indefinite	25-33 years	10-14 years	3-10 years			

Accounting policy

PP&E are stated at cost less accumulated depreciation and impairment charges. Costs include expenditures that are directly attributable to the purchase of the asset, including borrowing cost of investment projects under construction.

PP&E are depreciated over estimated useful life after deduction of estimated residual value. Depreciation methods, useful lives and residual values are reassessed annually. Changes to the estimated residual value of useful life are accounted for as a change in estimate.

Costs of major maintenance activities are capitalised and depreciated over the estimated useful life. Maintenance costs which cannot be separately defined as a component of PP&E are expensed in the period in which they occur.

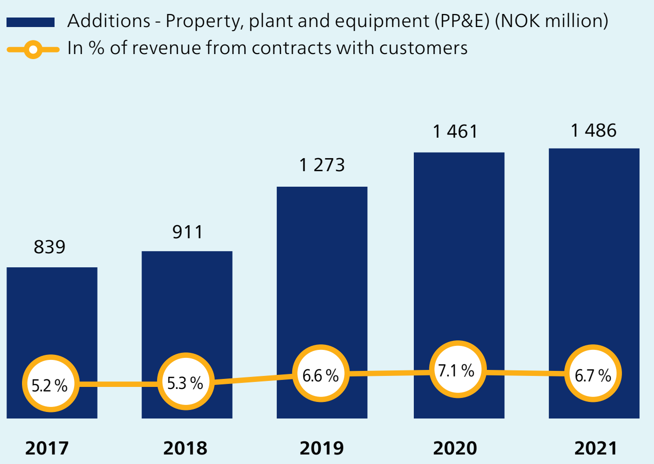
Estimate and judgement

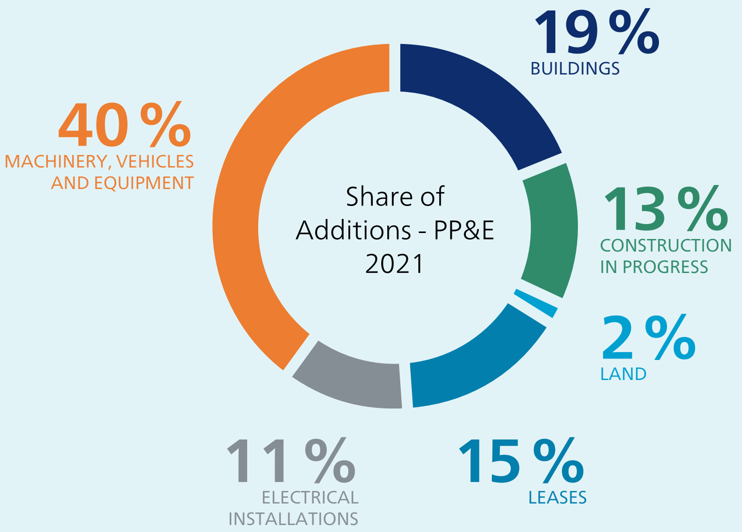
The Group assesses the carrying value of intangible assets and PP&E whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable.

If the carrying value of an asset exceeds its estimated recoverable amount, an impairment loss is recognised in the income statement.

The assessment for impairment is performed for assets generating largely independent cash inflows.

The Group reverses impairment losses in the income statement if and to the extent this is substantiated by a change in the estimates used to determine the recoverable amount.


Additions - Property, plant and equipment (PP&E) (NOK million)
In % of revenue from contracts with customers
839
911
1 273
1 461
1 486
5.2 %
5.3 %
6.6 %
7.1 %
6.7 %
2017
2018
2019
2020
2021


19 %
BUILDINGS
40 %
MACHINERY, VEHICLES AND EQUIPMENT
Share of Additions - PP&E 2021
13 %
CONSTRUCTION IN PROGRESS
2 %
LAND
11 %
ELECTRICAL INSTALLATIONS
15 %
LEASES

3.4 INVENTORIES

Inventories comprise the Group's stock of raw materials used for production, finished goods and purchased goods for resale. Packaging to be used for sold goods is included. Any profit from intercompany sales has been eliminated.

(NOK million)	31.12.2021	31.12.2020
Raw materials	1 950	1 211
Finished goods	2 216	1 808
Allowance for obsolete goods	-132	-141
Total	**4 034**	**2 877**

Accounting policy

Inventories are stated at the lower of cost and net sales value. The cost incurred in bringing each product to its present location and condition is accounted for as follows:

1) The cost of raw materials is determined using the weighted average cost method as an overall principle for the Group. This involves the computation of an average unit cost by dividing the total cost of units by the number of units.
2) The cost of finished goods includes cost of direct materials and cost of conversion such as labour and a proportion of manufacturing overhead based on normal operating capacity, and excludes any borrowing costs. Change in cost of conversion is reported as manufacturing costs, see Note 2.3.

Estimate and judgement

Net sales value is the estimated selling price, less estimated costs of completion and the estimated costs necessary to make the sale. The Group's products are sold in markets where there are limited observable market references available, requiring use of judgement in determining net sales value. Management has used its best estimate in setting net sales value for inventories. Allowances are made for inventories with a net sales value less than cost.

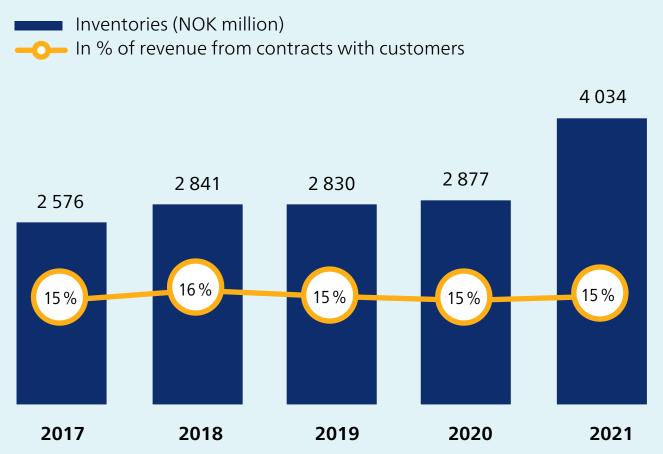
3.5 TRADE AND OTHER RECEIVABLES

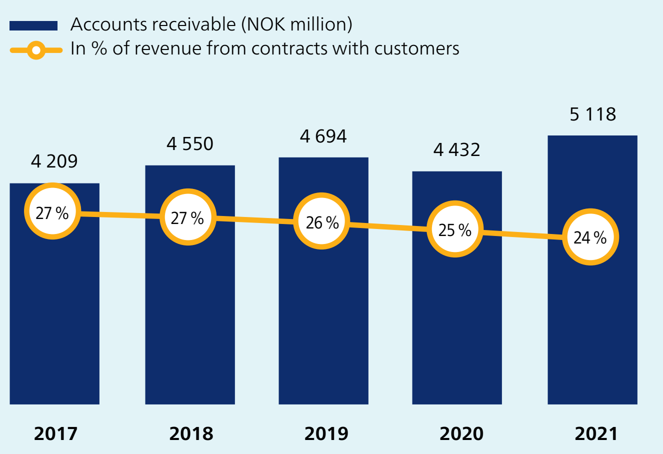
Trade and other receivables are presented net of allowance for bad debt. Changes in allowance for bad debt, including realised losses, are classified as other operating expenses in the income statement, ref. Note 2.3. Bank drafts are received as payment of accounts receivable and have a maturity period of more than three months. Received bank drafts are used to pay suppliers, ref. Note 3.9.

(NOK million)	31.12.2021	31.12.2020
Accounts receivable	5 118	4 432
Bank drafts	118	134
Trade receivables	**5 237**	**4 566**
Other receivables	516	413
Total	**5 753**	**4 979**

The change in allowance for bad debt is shown in the following table:

(NOK million)	31.12.2021	31.12.2020
Balance as of 1 January	264	189
Allowances for bad debt made during the period	27	99
Realised losses for the year	-27	-24
Balance as of 31 December	**264**	**264**





Ageing of accounts receivable

(NOK million)	31.12.2021	31.12.2020
Not due	3 799	3 263
Less than 30 days	587	504
30-60 days	288	274
60-90 days	168	116
More than 90 days	541	539
Allowance for bad debt	-264	-264
Accounts receivable	**5 118**	**4 432**

Accounting policy

Accounts receivable are recognised at transaction price. The Group applies a simplified approach when accounting for expected credit losses. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime expected credit losses at period end. Allowances for bad debt are based on an individual assessment of the trade receivable, considering all relevant information at the time of reporting, including historical, current and future information.

Estimate and judgement

Allowances have been made for bad debt, which cover uncertain receivables to a reasonable extent. The Management continues to assess the credit risks in order to ensure the credit risk never exceeds the allowance for bad debt. For further description of credit risk, see Note 4.4.

3.6 OTHER CURRENT LIABILITIES

Other current liabilities are other payables, such as unpaid government charges and taxes, unpaid wages and holiday pay and other accruals and provisions.

(NOK million)	31.12.2021	31.12.2020
Public charges and holiday pay	332	344
Received dividend from associates or joint ventures	303	257
Other accrued expenses	1 139	902
Total current provisions, ref. Note 3.7	206	146
Total	**1 979**	**1 650**

Prepaid dividends from associates or joint ventures are recognised as current liabilities until the final approval by the General Assembly in the following year. Other accrued expenses are related to commissions, bonuses to employees and other accrued expenses.

3.7 PROVISIONS

Provisions consist mainly of product liability claims and environmental remediation costs related to specific cases or events that have occurred before the year end, and where the costs involved are not certain, but based on best estimates.

2021

(NOK million)	Claims	Environmental	Other	Total
Balance sheet 1 January	287	105	67	460
Provisions arising during the year	11	-	26	37
Utilised	-65	-	-21	-87
Unused amounts reversed	-6	-	-11	-17
Currency translation effects	-	-	1	1
Balance as of 31 December	**228**	**105**	**61**	**394**
Current, ref. Note 3.6	168	-	38	206
Non-current	60	105	24	188
Total	**228**	**105**	**61**	**394**

2020

(NOK million)	Claims	Environmental	Other	Total
Balance sheet 1 January	497	58	88	643
Provisions arising during the year	74	48	43	165
Utilised	-249	-1	-23	-273
Unused amounts reversed	-36	-	-41	-76
Currency translation effects	1	-	-	1
Balance as of 31 December	**287**	**105**	**67**	**460**
Current, ref. Note 3.6	90	-	56	146
Non-current	198	105	11	314
Total	**287**	**105**	**67**	**460**

Other provisions include obligations relating to ongoing restructuring programmes. The provision is expected to be utilised within the next year.

Product liability claims are reported as other operating expenses, ref. Note 2.3.

Accounting policy

A provision for a liability is made when a legal or constructive obligation exists, payment is probable (more likely than not), and the liability is possible to estimate. If any of the recognition criteria are not met, the liability is considered a contingent liability and no provision shall be recorded, but instead described in Note 3.8.

Estimate and judgement

Product liability claims consist of various warranty claims arising from products sold. By nature, the related amounts and timing of any outflows are difficult to predict. Assumptions used to calculate provisions for product liability claims are based on technical assessments of product failures and the related expected repair costs for each specific case. It is expected that most of these costs will be payable in the next three years, and all will have been payable within five years after the reporting date.

The Group has recorded provisions for environmental liabilities at some currently or formerly owned, leased and third-party sites throughout the world. Pre-studies and analysis of relevant areas have been undertaken to reliably estimate the provisions that have been recognised.

3.8 CONTINGENT LIABILITIES

Product liability claims and disputes

Jotun Group is, through its ongoing business, involved in product liability claims cases and disputes in connection with the Group's operational activities. Provisions have been made to cover the expected outcome of disputes insofar as negative outcomes are likely and reliable estimates can be made. In evaluating the size of the provisions, expected insurance cover is considered separately. Jotun acknowledges the uncertainty of the disputes, but believes that these cases will be resolved without significant impact on the Group's financial position.

Environmental matters

The Group is through its operations exposed to environmental and pollution risk. Production facilities and product storage sites have been inspected with respect to environmental conditions in the soil. For clean-up projects where implementation is probable and reliable cost estimates exist, provisions are made accordingly. Due to uncertainties inherent in the estimation process, it is possible that such estimates could be subject to change. In addition, further expenditures may arise as conditions at various sites have yet to be determined. The amount of such future costs is not determinable due to the unknown timing and extent of corrective actions which may be required.

All of Jotun's activities are carried out in accordance with local laws and regulations, and Jotun's Health, Safety and Environment (HSE) requirements. These laws and regulations are subject to changes, and such changes may require that the company make investments and/or incurs costs to meet more stringent emission standards or to take remedial actions related to e.g., soil contamination.

Accounting policy

As stated in Note 3.7, contingent liabilities are potential liabilities that do not meet the recognition criteria for provisions and are hence not recorded in the balance sheet. IFRS accounting standards, however, require disclosure of such information in the notes.

3.9 CONTRACTUAL OBLIGATIONS AND GUARANTEES

Purchase obligations

The Group's contractual purchase obligations are mainly related to investments in new plants and buildings. There is a substantial investment programme ongoing in the Group. Out of the total ongoing investment programme, NOK 568 million is contractually committed capital expenditure (CAPEX) at year-end. These contractual commitments mainly relate to projects in Egypt, Dubai and Vietnam. For purchase of raw materials there are no actual commitments for the Group. In general, these contracts can be terminated without significant penalties.

Other obligations

Jotun A/S has guarantees covering tax withholding and other guarantees for its subsidiaries. These amounted to approximately NOK 403 million in 2021 (2020: NOK 398 million).

A subsidiary in China, Jotun Coatings (Zhangjiagang) Co. Ltd., has used bank drafts to pay some of its suppliers. The issuing bank(s) is obligated to make unconditional payment to the supplier (or bearer) on a designated date. If unforeseen events occur and the issuing bank(s) is not able to meet its obligation, then Jotun would still hold the final obligation towards its suppliers. Unsettled bank drafts totalling NOK 651 million (2020: NOK 404 million) have been used as payment as of 31 December 2021.

Section **04**

This section includes notes related to Jotun's capital structure and financial items, including financial risks.

Capital Structure and **Financial Items**

Jotun's capital structure and financial position remain robust. The Group's liquidity position stayed solid throughout the year, with ample reserves available to support liquidity needs in the Group.

The Group's equity ratio at year-end was 53 per cent, well above the loan covenant requirement of minimum 25 per cent. The strong financial performance in 2021 also kept the Group's leverage ratio (Net debt/EBITDA) at 0.5, significantly below the loan covenant requirement of maximum 4.0.

As a consequence of Jotun's global footprint in its operations, investments and financing, Jotun is exposed to financial risks related to currency exchange rates, interest rates, raw material prices and customer credit. These risks are primarily managed through the companies' normal operations and in accordance with the Group's Treasury policy.

53.2 %

Equity / asset ratio, in %

2020: 54.1 %

0.5

Net debt / EBITDA

2020: 0.4

21.7 %

Return on capital employed

(NOK million)

2020: 27.2 %

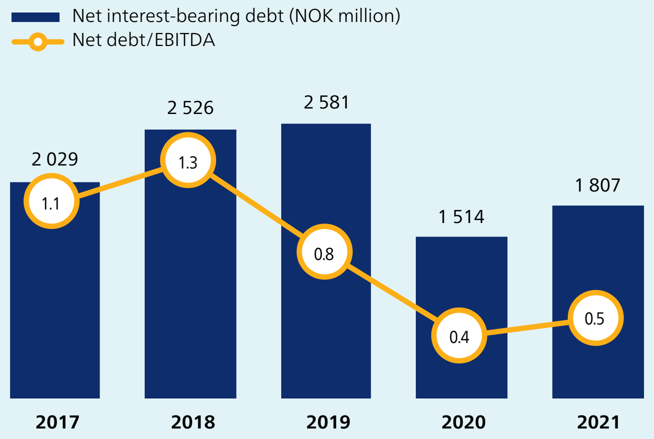
4.1 INTEREST-BEARING DEBT

The Group's main sources of financing are from the Norwegian Bond market and bilateral bank facilities. Certificate loans are also used as a source of liquidity. The time to maturity for new loans and credit facilities is normally 3-5 years.

Bond funding in the Group has remained unchanged during 2021. The loan from Nordic Investment Bank (NIB) of USD 120 million is maintained and semi-annual instalments began in 2018.

As of 31 December 2021, there were no drawings on the committed credit facilities.

(NOK million)	Currency	31.12.2021	31.12.2020
Non-current interest-bearing debt			
Bond 2018-22 (NIBOR+0.7 %)	NOK	-	750
Bond 2018-24 (NIBOR+0.9 %)	NOK	650	650
Bond 2019-23 (NIBOR+0.93 %)	NOK	600	600
Bond 2021-26 (NIBOR+0.7 %)	NOK	300	-
Bond 2021-28 (NIBOR+0.9 %)	NOK	350	-
Bank debt NIB 2013-24 (USD LIBOR+1.2 %), unsecured	USD	245	394
Other Bank debt, unsecured		406	286
Other Bank debt, secured		46	-
Total excl. lease liability		**2 597**	**2 680**
Lease liability, ref. Note 5.4		399	327
Total		**2 995**	**3 007**
Current interest-bearing debt			
Bond 2014-21 (Fixed rate 3.9 %)	NOK	-	400
Bond 2018-22 (NIBOR+0.7 %)	NOK	640	-
Bank debt NIB 2013-24 (USD LIBOR+1.2 %), unsecured	USD	163	158
Other bank debt, unsecured		1 255	810
Other bank debt, secured		85	44
Total excl. lease liability		**2 143**	**1 412**
Lease liability, ref. Note 5.4		123	116
Total		**2 266**	**1 528**
Total interest-bearing debt excl. lease liability		**4 740**	**4 092**
Total lease liability, ref. Note 5.4		522	443
Total interest-bearing debt		**5 261**	**4 534**
Non-current interest-bearing receivables		67	65
Cash and cash equivalents		3 388	2 956
Net interest-bearing debt		**1 807**	**1 514**



Change in interest-bearing debt balance

(NOK million)	31.12.2020	Cash	Non-cash changes: Reclass. & other	Non-cash changes: FX	31.12.2021
Non-current interest-bearing debt	3 007	717	-741	13	2 995
Current interest-bearing debt	1 528	-16	969	-215	2 266

Maturity profile interest-bearing debt and unutilised credit facilities

(NOK million)	Total	< 1 year	1-2 years	2-3 years	3-4 years	4-5 years	>5 years
Total interest-bearing debt excl. lease liability							
2021	**4 740**	**2 143**	**861**	**763**	**16**	**300**	**657**
2020	4 092	1 412	936	785	736	4	218
Unutilised credit facilities							
2021	**2 000**	**400**	**-**	**600**	**600**	**300**	**100**
2020	1 700	-	400	600	600	-	100

4.2 CASH AND CASH EQUIVALENTS

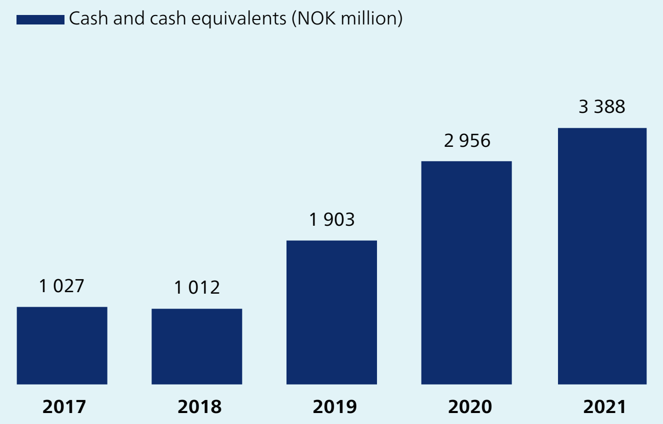
(NOK million)	31.12.2021	31.12.2020
Cash deposits	2 621	2 343
Short-term investments	767	613
Total	**3 388**	**2 956**

Cash deposits in banks are attributable to the Group's cash pool arrangement and local bank accounts held by the respective subsidiaries. Only subsidiaries owned 100 per cent by the Group are participants in the cash pool. The net cash position in the Group's cash pool per 31 December 2021 was NOK 372 million (2020: NOK 378 million).

Surplus cash in subsidiaries not participating in the cash pool is accessible through dividend distribution and/or repayment of debt to Jotun A/S.

Accounting policy

Cash includes cash in hand and cash deposits in banks. Cash equivalents are short-term liquid investments which are convertible into a known amount of cash on short notice and have a maximum term to maturity of three months.



4.3 NET FINANCIAL ITEMS

The Group has net financial items mainly comprising net interest expenses, foreign exchange gains and losses and fair value changes of the Group's financial instruments related to hedging.

Financial income

(NOK million)	2021	2020
Fair value changes financial instruments	-	32
Interest income	21	31
Dividend	3	3
Net foreign exchange gain	43	51
Other financial income	6	5
Total	**74**	**123**

Financial cost

(NOK million)	2021	2020
Fair value changes financial instruments	-34	-
Interest costs	-168	-185
Net foreign exchange loss	-67	-212
Other financial costs	-53	-56
Total	**-322**	**-453**
Net financial items	**-248**	**-331**

Foreign exchange gains and losses related to forwards, options and swaps in Jotun A/S have affected net financial items with the following amounts:

(NOK million)	2021	2020
Unrealised gain/loss (-)	-34	32
Realised gain/loss (-)	20	-24

Unrealised part is reported as fair value changes financial instruments, while the realised part is reported as foreign exchange gain or loss.

4.4 FINANCIAL RISK MANAGEMENT

Financial risks include raw material price risk, foreign currency risk, customer credit risk, interest rate risk and liquidity risk managed by the Group Treasury according to policy.

Raw material price risk

Raw material risk is the risk of fluctuating raw material prices affecting cost of goods sold, which represent more than 60 per cent of total costs. The main raw materials purchased by the Group are described in Note 2.1. Currently, the Group does not hedge this type of risk as availability of effective hedging instruments is limited. As increases in raw material prices cannot be compensated for immediately through increased product prices, profits will be negatively impacted for a period of time. The time horizon for Group-wide implementation of price increases is generally 9-12 months.

Cost of goods sold was NOK 12.5 billion in 2021 of which NOK 6.9 billion were costs for the top five raw materials. A ten per cent increase in commodity prices will result in an increase in cost of goods sold by NOK 1.2 billion.

Foreign currency risk

The Group's consolidated financial statements are exposed to a currency risk related to translation of local currencies to NOK. In 2021, sales and operating profit outside Norway were NOK 19.2 billion and NOK 2.9 billion respectively. A ten per cent appreciation in NOK will result in a reduction in sales of NOK 1.9 billion and operating profit of NOK 0.3 billion. Excluding currency effects, sales growth for the Group would have been reduced from 8 per cent to 16 per cent, and the drop in operating profit would have been reduced from -10 per cent to -2 per cent.

In addition to share capital, Jotun A/S finances the majority of its subsidiaries with intercompany loans in local currencies. Intercompany loans for which settlement is neither planned nor likely to occur in the foreseeable future are accounted for as part of the net investment in foreign operations. Exchange differences are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

Jotun A/S has a USD 46.3 million loan and a rolling USD 28 million currency swap which serves as a hedge of net investment in foreign operations. Gains or losses on the hedging instrument related to the effective portion of the hedge are recognised in other comprehensive income while any gains or losses relating to the ineffective portion are recognised in the income statement.

A gain of NOK 15.1 million on hedge of net investments was recognised in other comprehensive income in 2021 (2020: loss NOK 41.2 million).

Credit risk

The management of customer credit risk related to accounts receivable and other operating receivables is handled as part of the business risk.

The Group's credit risk is mainly related to markets with generally high Days Sales Outstanding (DSO). Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and controls. Outstanding customer receivables are regularly monitored based on defined credit limits, and credit risk assessments are performed.

There is no significant concentration of credit risk in respect of single counterparts. Some groups of counterparts can be viewed as significant: Shipyards, shipowners, real estate developers and some larger retail chains in Scandinavia.

The need for bad debt allowances is analysed on an individual customer basis. The maximum exposure to credit risk at the reporting date is the carrying value of each ageing class of accounts receivable disclosed in Note 3.5. Customer receivables are unsecured, which means that customers are not required to post collateral.

Given the geographical distribution of customers with few large single accounts, credit risk in the Group is viewed as low and well diversified. The Group's customers are spread across several jurisdictions and industries and operate in largely independent markets.

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates to the Group's long-term debt with floating interest rates. Jotun manages its interest rate risk by monitoring the impact on net profit. The Group has a relatively low leverage ratio. Consequently, the majority of the debt is with floating interest rate apart from lease liability (ref. Note 4.1).

The Group has long-term interest-bearing debt of NOK 2 551 million with floating interest rate. A three percentage point increase in interest rate will affect the financial items by NOK 77 million.

Funding and liquidity risk

It is the Group's policy that long-term debt and credit facilities shall have a minimum average time to maturity of two years. In addition, the target is to maintain a strategic financing reserve equivalent to five per cent of the Jotun's operating revenue.

The Group estimates its future cash flow by forecasting. Cash flow from operations has seasonal cycles, especially due to the sales of exterior decorative paints in Scandinavia. Through the first months of the year, the Group has substantial build-up of working capital in preparation for sales during spring and summer season. This is an expected cyclical movement and is taken into account when planning the Group's financing.

Other drivers of the liquidity development are investments in new factories and changes in the working capital in the individual companies. Jotun A/S repatriates' cash through both ordinary and interim dividends based on target equity ratios for its subsidiaries.

Section **05**

This section includes other statutory notes not related to previous sections.

Other **Disclosures**

779

Income tax expense

(NOK million)

2020: 780

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27 %

Effective tax rate based on profit before tax

2020: 25 %

769.5

Proposed dividend

(NOK million)

2020: 598.5

5.1 TAXATION

Income taxes refer to taxation of the profits of the different companies in the Group. Value added tax, property tax, custom duties and similar indirect taxes are not included in the tax expense. Income taxes are computed based on profit before tax and broken into current taxes and changes in deferred taxes. Deferred tax assets and liabilities are the result of temporary differences between financial and tax accounting.

The major components of the income tax expense are:

(NOK million)	2021	2020
Current income tax charge:		
Tax payable	789	750
Deferred tax:		
Relating to original and reversal of temporary differences	-10	30
Income tax expense reported in the income statement	**779**	**780**

Reconciliation of Norwegian nominal statutory tax rate to effective tax rate
The difference between the Group's nominal and effective tax rate is mainly due to non-deductible expenses, non-refundable withholding taxes on dividends and tax losses carried forward from operations without recognition of deferred tax assets. In addition, the tax expense is driven by local income tax from associates where taxes are liable by Jotun A/S as a foreign shareholder.

In the following table, reported income tax is reconciled with the calculated tax expense based on the Norwegian tax rate of 22 per cent (22 per cent in 2020). The main components are specified.

(NOK million)		2021		2020
Profit before tax as reported in the income statement		2 890		3 158
Share of profit of associates and joint ventures net of tax		-496		-746
Profit before tax excluding associates and joint ventures		**2 394**		**2 412**
Income taxes at statutory tax rate	22 %	527	22 %	531
Non refundable foreign withholding tax	3 %	78	2 %	50
Corrections previous years	1 %	21	0 %	10
Tax effect related to equity accounted companies	3 %	64	2 %	56
Non deductible expenses and non taxable income	2 %	41	2 %	41
Unused tax losses not recognised as deferred tax assets	2 %	54	4 %	92
Difference between tax rates in Norway and abroad	0 %	-6	0 %	1
Total income tax expense		**779**		**780**
Effective tax rate excluding profit from associates and joint ventures		33 %		32 %
Effective tax rate based on profit before tax		27 %		25 %

Specification of total tax payable

(NOK million)	31.12.2021	31.12.2020
Tax payable for the year	789	750
Prepaid taxes	-497	-412
Withholding taxes receivable	-103	-122
Other tax payable	37	44
Total tax payable	**227**	**259**

Specification of deferred tax
Deferred tax is generally recognised for all temporary differences. Deferred tax assets for temporary differences and tax loss carried forward are recognised to the extent that it is probable that future taxable income will be available to utilise the credits. Deferred tax liabilities comprise the Group's tax liabilities that are payable in the future.

(NOK million)	31.12.2021	31.12.2020
Non-current assets	423	653
Current assets	-330	-360
Liabilities	-1 330	-1 387
Tax loss carried forward	-110	-101
Net temporary differences and tax loss carried forward	**-1 347**	**-1 195**
Net deferred tax presented in the consolidated statement of financial position		
Deferred tax assets	386	358
Deferred tax liabilities	-73	-62
Net deferred tax	**313**	**296**

Specification of tax loss carried forward and unused tax credits

(NOK million)	31.12.2021	31.12.2020
2021		124
2022	73	67
2023	20	33
2024	48	47
2025	47	578
2026 and after	573	-
Without expiration	698	728
Total loss carried forward	**1 459**	**1 576**
Calculated nominal tax effect of tax loss carried forward	434	465
Valuation allowance	-404	-437
Deferred tax assets recognised from tax loss carried forward	**31**	**28**

Tax loss carried forward relates to subsidiaries with a history of losses that may not be used to offset taxable income elsewhere in the Group. Jotun's operations in the US, Brazil, India, Spain, South Africa and the Philippines have substantial tax reducing temporary differences and tax losses carried forward that have not been recognised due to uncertainty about future taxable profit available to utilise the credits.

Accounting policy

Current income tax

Current income tax assets and liabilities are measured at the amount that is expected to be paid to or recovered from the tax authorities. The current and deferred income tax is calculated based on tax rates and tax laws that have been enacted or substantively enacted, in the countries where the Group operates and generates taxable income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax assets and deferred tax liabilities are calculated on all differences between the book value and tax value of assets and liabilities. Deferred tax assets and deferred tax liabilities are recognised at their nominal value and classified as non-current liabilities and non-current assets in the balance sheet. Deferred tax liabilities and deferred tax assets are offset as far as possible as permitted by taxation legislation and regulations. Deferred tax assets are recognised for all unused tax losses and temporary differences to the extent that it is probable that taxable profit will be available against which losses and temporary differences can be utilised.

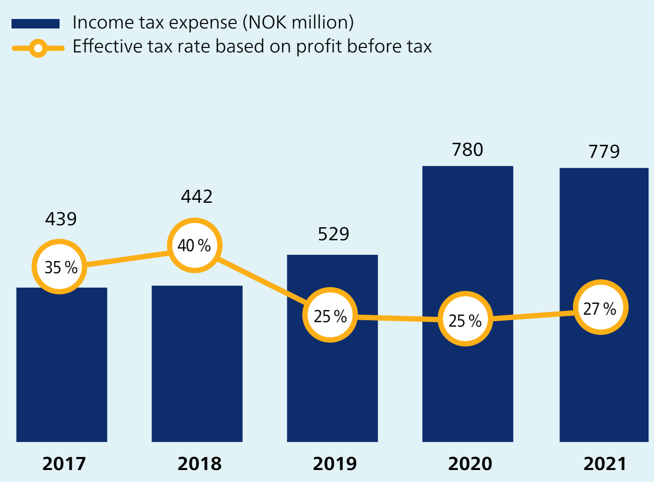
Estimate and judgement

Uncertainties exist with respect to determining the Group's deferred tax assets and deferred tax liabilities. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits, together with future tax planning strategies.

Jotun's widespread business operations expose us to several tax regimes and their interaction. Tax authorities in different jurisdictions may challenge the calculation of taxes payable from prior periods, which results in changes to income tax expense in the period of change, as well as interest and penalties. Management evaluates, among other factors, the degree of probability of an unfavourable outcome and the ability to make a reasonable estimate of the amount of loss. Unanticipated events or changes in these factors may require the Group to accrue for a matter that has not been previously accrued for because it was not considered probable.

Jotun is involved in several tax disputes with tax authorities, of which the outcomes are subject to significant uncertainties.

In 2021 Jotun A/S received a notification from the Norwegian tax authorities for the years 2017 to 2020 related to taxation of dividends received from our companies in Saudi Arabia. Over the years Jotun A/S has reported the dividends from Saudi Arabia as free of tax in accordance with the Norwegian participation exemption model. The authorities consider Saudi Arabia being a low tax jurisdiction, consequently the dividends should be taxed in Norway. Jotun has disputed the notification. Supported by external legal advice, the Management considers Jotun A/S has a strong case, and no provision has been made in the consolidated financial statements.



5.2 PENSIONS AND OTHER LONG-TERM EMPLOYEE BENEFITS

The Group companies provide various retirement plans in accordance with local regulations and practices in the countries in which they operate.

The majority of the Group's pension plans are defined contribution plans, whereby the company's obligation is limited to annual contributions to the employees' pension plans. The Group also has a few, remaining defined benefit pension plans with net pension obligation. Costs related to these plans account for less than 15 per cent of total pension costs in 2021.

Summary of pension costs

(NOK million)	2021	2020
Pension costs defined contribution plans and other severance schemes	174	162
Pension costs defined benefit plans	18	14
Total pension costs recognised in the income statement, ref. Note 2.2	**192**	**177**
Actuarial gain / loss (-) recognised in other comprehensive income (net of tax)	**-8**	**-13**

The Group has defined benefit plans in a limited number of countries, including Norway, the UK, Greece, Turkey, Indonesia and in certain countries in South East Asia and the Middle East. In Norway, the defined benefit schemes were replaced by defined contribution plans in 2004, and the defined benefit plan in the UK was closed for new members in 2012.

Defined benefit plans in Norway and Indonesia account for around 67 per cent and 27 per cent, respectively, of the Group's net pension obligation as of 31 December 2021. In Norway, net pension obligations are primarily related to previous early retirement schemes for the Group's senior executives. In certain countries in South East Asia and the Middle East, such as Indonesia, Thailand and Oman, there are pension schemes based on a final salary principle in accordance with local regulations. These are included in net pension obligations.

Other severance schemes comprise mainly obligations related to operating pension schemes for employees in the Norwegian companies with an annual basic salary and pension base exceeding 12 times the basic amount (G). This accounts for 83 per cent of the other severance scheme obligation.

Actuarial assumptions

	Norway		Indonesia	
	2021	2020	2021	2020
Discount rate in %	1.1	1.0	7,3	7.4
Expected return in %	1.1	1.0	3.75	4.0
Wage adjustment in %	3.50	2.0	6.0	6.0
Inflation / increase in social security basic amount (G) in %	2.25	1.8	3.1	2.6
Pension adjustment in %	1.1-2.5	0.0-2.0	-	-

Schemes with net pension obligations

	Pension plan assets		Defined benefit obligations		Net pension obligations	
(NOK million)	2021	2020	2021	2020	2021	2020
Balance as of 1 January	**471**	**440**	**-611**	**-575**	**-140**	**-135**
Translation difference at the beginning of the period	12	2	-12	-	-	2
Recognised in the income statement						
Pension earnings for the year	-	-	-12	-11	-12	-11
Interest income / cost (-)	-	-	-13	-13	-13	-13
Expected return on pension plan assets	7	9	-	-	7	9
Recognised in the income statement	**7**	**9**	**-25**	**-23**	**-18**	**-14**
Other movements	-37	20	25	-13	-12	8
Net pension obligation defined benefit plans	**453**	**471**	**-624**	**-611**	**-171**	**-140**
Other severance schemes	-	-	-125	-103	-125	-103
Balance as of 31 December	**453**	**471**	**-749**	**-715**	**-296**	**-243**

Breakdown of net pension liabilities in funded and unfunded schemes

(NOK million)	31.12.2021	31.12.2020
Present value of funded pension obligations	-491	-504
Pension plan assets	453	471
Net funded pension obligations	**-38**	**-33**
Present value of unfunded pension obligations	-257	-211
Capitalised net pension assets / liabilities (-)	**-296**	**-243**

Pension plan assets

Pension plan assets are mainly in bonds and shares. The estimated return will vary depending on the composition of the various classes of assets. Contributions to pension plan assets during 2022 are expected to be approximately NOK 6.3 million.

Breakdown of pension plan assets (fair value)

	31.12.2021	31.12.2020
Cash and cash equivalents in %	4.3	0.4
Bonds in %	74.8	54.7
Shares in %	15.6	40.6
Property in %	5.3	4.3
Total pension plan assets	**100.0**	**100.0**

Accounting policy

Defined contribution plans

The pension cost related to the Group's defined contribution plans is equal to the annual contribution made to the employee's individual pension accounts in the accounting period. Annual contributions correspond to an agreed percentage of the employee's salary in accordance with local pension arrangements. In Norway, the rate is five per cent of annual basic salary, limited upwards to twelve times the social security basic amount. In addition, 18.1 per cent contribution is made for annual basic salary between 7.1-12 times the social security basic amount. The pension contributions are expensed when incurred. The return on the pension funds will affect the size of the employees' pension, and the risk of returns lies with the employees.

Defined benefit plans

In the defined benefit plans, the Group companies are responsible for paying an agreed pension to the employee based on his or her final pay. Defined benefit plans are valued at the present value of accrued future pension obligations at the end of the reporting period. Pension plan assets are valued at their fair value. The capitalised net liability is the sum of the accrued pension liability minus the fair value of the associated pension fund asset.

Actuarial gains and losses are recognised in other comprehensive income. Introduction of new or changes to existing defined benefit plans that will lead to changes in pension liabilities are recognised in the income statement as they occur. Gains or losses linked to changes or terminations of pension plans are also recognised in the income statement when they arise.

Other severance schemes

Other severance schemes comprise mainly of obligations related to pension schemes for employees in the Norwegian companies with an annual basic salary exceeding 12 times the basic amount (G). In addition, minor statutory obligations to employees in a few other countries are also included. Obligations related to other severance schemes are recognised as non-current liabilities.

Estimate and judgement

Defined benefit plans are calculated based on a set of selected financial and actuarial assumptions. Changes in parameters such as discount rates, future wage adjustment, etc. could have a substantial impact on the estimated pension liability. Similarly, changes in selected assumptions for the return on pension assets could affect the amount of the pension assets. The Group will not be materially affected by a reasonable expected change in key assumptions.

All assumptions are reviewed at each reporting date.

5.3 REMUNERATIONS

Remuneration of the President & CEO

(NOK thousand)	Ordinary salary	Bonus	Benefits in kind	Pension cost	Total
President & CEO	6 624	2 828	376	4 109	13 936

The President & CEO is part of a pension scheme that includes a mutual opportunity to discontinue employment in whole or in part up to five years earlier than a stipulated retirement age of 67 years.

The Group has no obligation to give the President & CEO or the Chairman of the Board of Directors special remuneration upon discontinuance or change of employment or office. Should the President & CEO's employment discontinue, his contract has a clause stipulating that a one-year "competition quarantine" may be imposed with compensation. The President & CEO has a notice period of six months.

The Group has not given any loans or guarantees to the President & CEO, the Chairman of the Board, or to any shareholders or members of Group Management, the Board of Directors or Corporate Assembly.

Remuneration of the Board of Directors and Corporate Assembly

(NOK thousand)	2021	2020
Board of Directors	2 730	2 840
Corporate Assembly	180	195
Total	**2 910**	**3 035**

Shares controlled by members of the Board of Directors and the Group Management are specified in Note 5.8.

External auditor remuneration

(NOK thousand)	2021	2020
Statutory audit	14 761	13 739
Other attestation services	151	426
Tax services	2 979	3 884
Other services	1 658	1 076
Total	**19 549**	**19 126**

5.4 LEASES

The Group has lease contracts for various assets (land, buildings, machinery and equipment and transport vehicles) used in its operations.

Accounting policy

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract includes a right to control the use of an identified asset for a period of time in exchange for a financial consideration.

The Group applies a single recognition and measurement approach for all leases. The Group recognises lease liabilities for payment obligations for leases and right-of-use assets representing the value of the right to use the underlying assets.

Right-of-Use assets

The Group recognises right-of-use assets at the date the underlying asset is available for use. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets. When assessing the life of the leases, the Group considers the non-cancellable lease term and options to extend the lease where Jotun is reasonably certain to extend. Extension options are assessed for all lease's premises. For other assets, the life is equal to the non-cancellable lease period and extensions are not considered for these.

Right-of-use assets are also subject to impairment, using the same method as for Property, plant and equipment, see Note 3.3.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group. Variable lease payments that do not depend on an index or a rate are recognised as operating expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term or a change in the lease payments. The Group's lease liabilities are included in interest-bearing debt, see Note 4.1.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to all short-term leases, which are leases that have a lease term of 12 months or less from the commencement date. It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Cash flow

The Group has classified the principal portion of lease payments within financing activities and the interest portion within operating activities in the statement of cash flow.

Estimate and judgement

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

Right-of-Use assets:

(NOK million)	Land	Buildings	Machinery, vehicles and equipment	Total
Cost				
Balance as of 1 January 2020	313	228	182	**723**
Additions	1	92	73	**165**
Disposals	-24	-17	-11	**-51**
Reclassifications	28	1	-1	**28**
Foreign currency translation effect	-3	-7	-4	**-14**
Balance as of 31 December 2020	**315**	**297**	**239**	**852**
Additions	20	125	81	**226**
Disposals	-	-3	-7	**-10**
Reclassifications	-1	1	-1	**-1**
Foreign currency translation effect	5	-6	-12	**-12**
Balance as of 31 December 2021	**339**	**414**	**301**	**1 055**
Amortisation and impairment				
Balance as of 1 January 2020	-10	-62	-59	**-131**
Depreciation	-10	-70	-71	**-152**
Depreciation on disposals	2	5	11	**18**
Impairment	-	-	-	**-**
Reclassifications	-	-1	1	**-**
Foreign currency translation effect	1	8	4	**12**
Balance as of 31 December 2020	**-17**	**-120**	**-115**	**-252**
Depreciation	-10	-71	-67	**-148**
Depreciation on disposals	-	2	6	**7**
Impairment	-	-	-	**-**
Reclassifications	1	1	-1	**1**
Foreign currency translation effect	-	1	4	**5**
Balance as of 31 December 2021	**-26**	**-186**	**-174**	**-387**
Net book value				
Balance as of 31 December 2021	313	228	127	**668**
Balance as of 31 December 2020	298	177	124	**600**

Lease liability as of 31 December

(NOK million)	31.12.2021	31.12.2020
Non-current	399	327
Current	123	116
Total	**522**	**443**

Undiscounted lease liabilities and maturity of cash outflows

(NOK million)	31.12.2021	31.12.2020
Less than 1 year	146	135
1-2 years	105	92
2-3 years	69	60
3-4 years	48	34
4-5 years	35	25
More than 5 years	340	288
Total undiscounted lease liabilities	**742**	**634**

Amounts recognised in the consolidated income statement:

(NOK million)	2021	2020
Leases		
Depreciation of Right-of-Use assets	148	152
Impairment of Right-of-Use assets	-	-
Interest expense	26	26
Other lease expenses recognised in the income statement:		
Expenses relating to short-term leases	14	21
Expenses relating to lease of low value assets	8	9
Expenses related to variable payments	24	21
Rent concession - Covid-19 pandemic	-	-
Total	**220**	**229**

Total cash outflow relating to lease of Right-of-Use assets was NOK 168 million for the period.
The portfolio of short-term leases does not vary significantly from year to year.

5.5 ASSOCIATES AND JOINT VENTURES

The Group has investments in associates in the Middle East and joint ventures in North East Asia, involved in production and sales of products within all the Group's four segments. See Note 1.1 for accounting policy. See Note 5.7 to the Parent Company Financial Statements for more information.

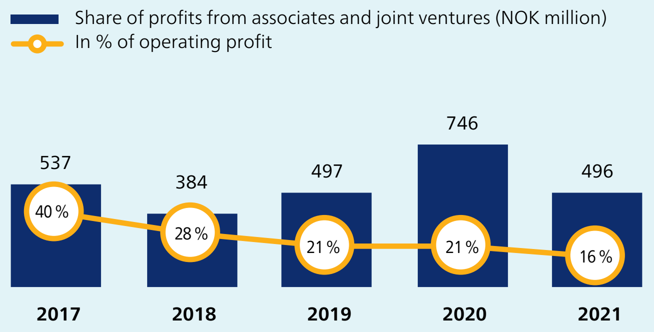
Overview of changes in investments in associates and joint ventures

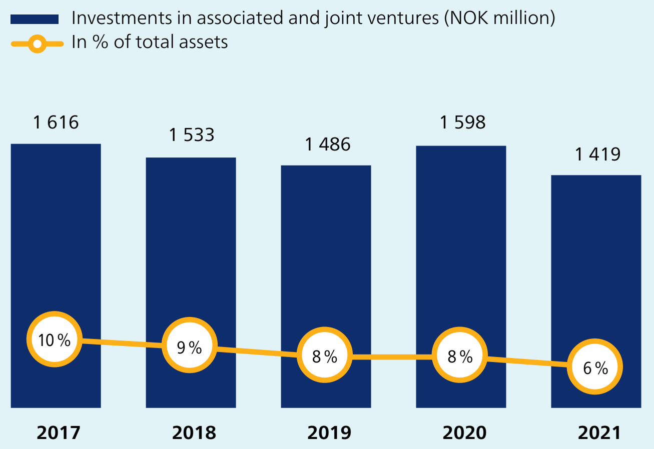
	31.12.2021			31.12.2020		
(NOK million)	Associates	Joint ventures	Total	Associates	Joint ventures	Total
Investments as of 1 January	826	772	1 598	886	600	1 486
Share of profit	487	9	496	525	221	746
Exchange differences	42	10	53	-77	1	-75
Dividend	-510	-217	-727	-508	-51	-559
Investments as of 31 December	**845**	**575**	**1 419**	**826**	**772**	**1 598**

Summary of financial information for the associates and joint ventures based on 100 per cent figures:

	31.12.2021			31.12.2020		
(NOK million)	Associates	Joint ventures	Total	Associates	Joint ventures	Total
Non-current assets	875	1 157	2 032	854	1 229	2 083
Current assets	2 300	2 089	4 389	2 048	2 101	4 150
Total assets	**3 175**	**3 247**	**6 421**	**2 903**	**3 330**	**6 233**
Equity	2 249	1 499	3 748	2 186	1 881	4 068
Non-current liabilities	197	137	334	225	165	390
Current liabilities	729	1 610	2 340	491	1 284	1 775
Total equity and liabilities	**3 175**	**3 247**	**6 421**	**2 903**	**3 330**	**6 233**
Revenues	4 969	3 054	8 023	4 901	3 633	8 533
Revenues - Jotun entities*	626	1 351	1 977	538	1 381	1 919
Total revenues	**5 595**	**4 405**	**10 000**	**5 438**	**5 014**	**10 452**
Profit for the year	**1 221**	**20**	**1 241**	**1 300**	**453**	**1 752**

* Subsidiaries, associates and joint ventures.





5.6 RELATED PARTIES

Two parties are deemed to be related if one party can influence the decisions of the other.

During 2021, goods and services were purchased and sold to various related parties in which the Group holds a 50 per cent or less equity interest. Investments in associates and joint ventures are presented in Note 5.5, shareholder and dividend information are presented in Note 5.8.

The transactions between related parties are mainly sales and purchases of finished goods. Joint expenses are distributed in accordance with agreed cost contribution arrangements.

Outstanding balances at the year-end are unsecured and there have been no guarantees provided or received for any related party receivables or payables. As of 31 December 2021, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (2020: NOK 0). This assessment is undertaken each financial year by examining the financial position of the related party and the market in which the related party operates. The amount of these transactions is shown in the table below.

2021

(NOK million)	Sales of goods to	Purchases of goods from	Other revenue from	Loans to	Interests on loan to	Other current liabilities	Trade and other receivables
Joint ventures	750	566	143	-	1	137	178
Associates	149	523	174	1	-	165	82
Total	**899**	**1 089**	**316**	**1**	**1**	**302**	**261**

2020

(NOK million)	Sales of goods to	Purchases of goods from	Other revenue from	Loans to	Interests on loan to	Other current liabilities	Trade and other receivables
Joint ventures	766	550	144	-	-	102	171
Associates	125	441	177	1	-	120	76
Total	**891**	**992**	**321**	**1**	**-**	**222**	**246**

Details on remuneration and shares held for the Board of Directors and Group Management is described in Notes 5.3 and 5.8. Besides remuneration and shares, the Group has not identified any transactions with the Board of Directors or key management personnel during 2021.

5.7 SUBSIDIARIES

For the list of subsidiaries included in the consolidated accounts, refer to Note 5.6 to the Parent Company Financial Statements.

5.8 SHARE CAPITAL AND SHAREHOLDER INFORMATION

The share capital in Jotun A/S as of 31 December 2021 consists of the following share classes:

(NOK)	Quantity	Face value	Share capital
A-shares	114 000	300	34 200 000
B-shares	228 000	300	68 400 000
Total	**342 000**	**300**	**102 600 000**

At the general meeting, each A-share has ten votes and each B-share has one vote. There are no changes from last year.

Ownership structure
The number of shareholders as of 31 December 2021 was 921. The largest shareholders were:

Shareholders	A-shares	B-shares	Total	Ownership	Voting interest
Paint Holding AS	42 204	103 446	145 650	42.6 %	38.4 %
Odd Gleditsch AS	11 500	37 880	49 380	14.4 %	11.2 %
Mattisberget AS	29 522	643	30 165	8.8 %	21.6 %
Leo Invest AS	3 008	7 022	10 030	2.9 %	2.7 %
Abrafam Holding AS	3 387	3 666	7 053	2.1 %	2.7 %
Bog Invest AS	-	6 850	6 850	2.0 %	0.5 %
Bjørn Ekdahl	2 324	3 381	5 705	1.7 %	1.9 %
ACG AS	-	5 553	5 553	1.6 %	0.4 %
Hejo Holding AS	-	5 257	5 257	1.5 %	0.4 %
Elanel AS	3 027	2 113	5 140	1.5 %	2.4 %
Kofreni AS	131	4 114	4 245	1.2 %	0.4 %
Bjørn Ole Gleditsch	26	3 689	3 715	1.1 %	0.3 %
Pina AS	-	3 443	3 443	1.0 %	0.3 %
Conrad Wilhelm Eger	1 172	2 155	3 327	1.0 %	1.0 %
Jill Beate Gleditsch	-	3 171	3 171	0.9 %	0.2 %
Anne Cecilie Gleditsch	5	3 061	3 066	0.9 %	0.2 %
Nils Johannes Ekdahl	2 322	645	2 967	0.9 %	1.7 %
Vida Holding AS	142	2 588	2 730	0.8 %	0.3 %
Bengt Erik Ekdahl	2 322	188	2 510	0.7 %	1.7 %
Oaknut Invest AS	1 000	1 500	2 500	0.7 %	0.8 %
Total 20 largest	**102 092**	**200 365**	**302 457**	**88.4 %**	**89.3 %**
Total others	11 908	27 635	39 543	11.6 %	10.7 %
Total number of shares	**114 000**	**228 000**	**342 000**	**100.0 %**	**100.0 %**

Shares owned by members of the Board of Directors, Corporate Assembly and Group Management and / or related parties

Name	Office	A-shares	B-shares	Total
Odd Gleditsch d.y.	Chairman of the Board	27	**6 737**	**6 764**
Einar Abrahamsen	Member of the Board	3 387	**3 674**	**7 061**
Nicolai A. Eger	Member of the Board	1 112	**4 301**	**5 413**
Terje Andersen	Member of the Board		**2**	**2**
Bjørn Ekdahl	Chairman of the Corporate Assembly	2 324	**3 631**	**5 955**
Bjørn Ole Gleditsch	Member of the Corporate Assembly	26	**10 539**	**10 565**
Anne Cecilie Gleditsch	Member of the Corporate Assembly	5	**8 615**	**8 620**
Kornelia Eger Foyn-Bruun	Member of the Corporate Assembly	100	**274**	**374**
Nils Andreas Arnesen	Member of the Corporate Assembly	157	**522**	**679**
Terje V. Arnesen	Member of the Corporate Assembly		**1**	**1**
Jens-Erlend Trana	Member of the Corporate Assembly		**2**	**2**
Morten Fon	President & CEO	9	**21**	**30**
Bård K. Tonning	GEVP Decorative Paints		**5**	**5**
Vidar Nysæther	GEVP & CFO		**20**	**20**

There are no options for share acquisitions.

Dividend paid and proposed

Declared and paid during the year	**2021**	**2020**
Total dividend on ordinary shares	598 500 000	547 200 000
Dividend per share	1 750	1 600

Proposed for approval at the Annual General Meeting	**2021**	**2020**
Total dividend on ordinary shares	769 500 000	598 500 000
Dividend per share	2 250	1 750

Dividend is deducted from equity and recognised as a liability after approval by the Annual General Meeting.

5.9 DETAILS OF FINANCIAL ASSETS AND LIABILITIES

This note gives an overview of measurement of financial assets and liabilities and the accounting treatment of these balance sheet items. The measurement method in the tables are defined as follows:

Level 1: Recorded fair value based on quoted. unadjusted prices in active markets for identical assets and liabilities
Level 2: Recorded fair value based on valuation using observable market data. directly or indirectly. as input
Level 3: Recorded fair value based on valuation without availability of any observable market data as input

2021

(NOK million)	Note	Level	Fair value	Amortised cost	Total	Interest-bearing
Non-current assets						
Share investments		3	9		9	
Non-current financial receivables				67	67	67
Total			**9**	**67**	**75**	**67**
Current assets						
Accounts receivable	3.5			5 118	5 118	
Other current receivables	3.5			635	635	
Current derivatives	4.1	1				
Cash and cash equivalents	4.2			3 388	3 388	3 388
Total			**-**	**9 141**	**9 141**	**3 388**
Total financial assets			**9**	**9 208**	**9 216**	**3 455**

2020

(NOK million)	Note	Level	Fair value	Amortised cost	Total	Interest-bearing
Non-current assets						
Share investments		3	16		16	
Non-current financial receivables				65	65	65
Total			**16**	**65**	**80**	**65**
Current assets						
Accounts receivable	3.5			4 432	4 432	
Other current receivables	3.5			512	512	
Current derivatives	4.1	1	35		35	
Cash and cash equivalents	4.2			2 956	2 956	2 956
Total			**35**	**7 900**	**7 935**	**2 956**
Total financial assets			**51**	**7 964**	**8 015**	**3 020**

Accounting policy

Fair value of financial instruments:

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions, reference to the current fair value of another instrument that is substantially the same, a discounted cash flow analysis or other valuation models.

2021

(NOK million)	Note	Level	Fair value	Amortised cost	Total	Interest-bearing
NON-CURRENT LIABILITIES						
Non-current financial liabilities	4.1			2 995	2 995	2 995
Total			**-**	**2 995**	**2 995**	**2 995**
CURRENT LIABILITIES						
Interest-bearing debt	4.1			2 266	2 266	2 266
Trade and other payables				2 926	2 926	
Current tax liabilities	5.1			227	227	
Other liabilities	3.6			1 966	1 966	
Current derivatives	4.1	1	14		14	
Total			**14**	**7 384**	**7 398**	**2 266**
Total financial liabilities			**14**	**10 379**	**10 393**	**5 261**

2020

(NOK million)	Note	Level	Fair value	Amortised cost	Total	Interest-bearing
NON-CURRENT LIABILITIES						
Non-current financial liabilities	4.1			3 007	3 007	3 007
Total			**-**	**3 007**	**3 007**	**3 007**
CURRENT LIABILITIES						
Interest-bearing debt	4.1			1 528	1 528	1 528
Trade and other payables				2 334	2 334	
Current tax liabilities	5.1			259	259	
Other liabilities	3.6			1 650	1 650	
Total			**-**	**5 771**	**5 771**	**1 528**
Total financial liabilities			**-**	**8 777**	**8 777**	**4 534**

FINANCIAL ASSETS:
The Group's financial assets include cash and short-term deposits, trade and other receivables, loans and other receivables, quoted and unquoted financial instruments and derivative financial instruments.

Initial recognition and measurement
Financial assets are classified at initial recognition and subsequently measured at amortised cost or fair value through profit or loss, correspondingly. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. Financial assets are initially measured at their fair value. However, trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15.

For a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are "Solely Payments of Principal and Interest" (SPPI) on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Subsequent measurement
The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate method (EIR), less impairment. Gains and losses are recognised in the income statement when the assets are derecognised, modified or impaired.

Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Financial assets at fair value through profit and loss are carried in the statement of financial position at fair value with changes in fair value recognised in net financial items in the consolidated income statement.

Impairment of financial assets
Further disclosure relating to impairment of financial assets are also provided in Note 3.5.

The Group recognises an allowance for Expected Credit Losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The carrying amount of the asset is reduced using an allowance account and the amount of the loss is recognised in the income statement.

FINANCIAL LIABILITIES:
Initial recognition and measurement
Financial liabilities are classified at initial recognition as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, carried at amortised cost. This includes directly attributable transaction costs.

Subsequent measurement
The measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss
Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9.

Gains or losses on liabilities held for trading are recognised in the income statement.

Loans and borrowings
After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method (EIR). Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in financial costs in the income statement.

5.10 ALTERNATIVE PERFORMANCE MEASURES

The Group uses certain financial measures that are not defined in IFRS to describe the Group's financial performance, financial position and cash flows. These financial measures may therefore be defined and calculated differently from similar measures in other companies, and thus not be comparable.

The performance measures set out below have been consistent over time and are some of the key indicators used in management reporting to monitor business performance.

The non-IFRS financial measures presented in the Annual Report are:

EBITDA: Profit before interest, income tax, depreciation and amortisation

EBITA: Profit before interest, income tax and amortisation

$$\text{Operating working capital revenue \%} = \frac{\text{Average operating working capital}}{\text{Revenue from contracts with customers}} \times 100$$

$$\text{Return on capital employed \%} = \frac{\text{Operating profit + amortisation of intangible assets}}{\text{Average capital employed}} \times 100$$

$$\text{Operating margin \%} = \frac{\text{Operating profit}}{\text{Operating revenue}} \times 100$$

$$\text{Return on equity \%} = \frac{\text{Total comprehensive income for the year}}{\text{Average equity}} \times 100$$

$$\text{Capital employed} = \text{Net working capital + invested capital}$$

Furthermore, a breakdown of operating working capital, net working capital and invested capital is given in Note 3.1

Read more about Sustainability in the Jotun Group Report 2021.

Parent Company **Financial Statements**

Jotun A/S
31 December 2021

INCOME STATEMENT

(NOK million)	Note	2021	2020
Operating revenue	2.1, 5.5	4 208	4 049
Cost of goods sold	5.5	-1 960	-1 832
Payroll expense	2.2, 5.2	-1 092	-1 108
Other operating expenses	2.3, 5.4, 5.5	-710	-692
Depreciation, amortisation and impairment	3.1, 3.2, 5.4	-303	-228
Operating profit		**143**	**189**
Dividend from subsidiaries		812	852
Dividend from associates and joint ventures		654	644
Net financial items	4.3, 4.4, 5.4, 5.5	-129	-517
Profit before tax		**1 480**	**1 168**
Income tax expense	5.1	-239	-197
Profit for the year		**1 241**	**970**

STATEMENT OF COMPREHENSIVE INCOME

(NOK million)	Note	2021	2020
Profit for the year		**1 241**	**970**
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Actuarial gain / loss (-) on defined benefit pension plans (net of tax)	5.2	-10	-3
Other comprehensive income for the year, net of tax		**-10**	**-3**
Total comprehensive income for the year		**1 231**	**967**

STATEMENT OF FINANCIAL POSITION

(NOK million)	Note	31.12.2021	31.12.2020
ASSETS			
Non-current assets			
Deferred tax assets	5.1	144	132
Other intangible assets	3.1	590	563
Property, plant and equipment	3.2, 5.4	2 263	2 283
Investments in subsidiaries	5.6	3 487	3 164
Investments in associates and joint ventures	5.7	318	318
Share investments	5.8	8	8
Other non-current financial receivables	4.1, 4.4, 5.4, 5.5	2 084	2 345
Total non-current assets		**8 894**	**8 812**
Current assets			
Inventories	3.3	633	524
Trade and other receivables	3.4, 5.5	1 059	1 105
Cash and cash equivalents	4.1, 4.2	1 400	995
Total current assets		**3 093**	**2 624**
Total assets		**11 987**	**11 436**
EQUITY AND LIABILITIES			
Equity			
Share capital	5.9	103	103
Other equity		6 683	6 050
Total equity		**6 786**	**6 153**
Non-current liabilities			
Pension liability	5.2	201	169
Provisions	3.6, 3.7	138	276
Interest-bearing debt	4.1	2 198	2 428
Total non-current liabilities		**2 537**	**2 873**
Current liabilities			
Interest-bearing debt	4.1	819	570
Trade and other payables	5.5	519	449
Tax payable	5.1	68	23
Other current liabilities	3.5, 3.6, 4.1, 5.5	1 259	1 369
Total current liabilities		**2 665**	**2 410**
Total liabilities		**5 201**	**5 284**
Total equity and liabilities		**11 987**	**11 436**

Sandefjord, Norway, 15 February 2022
The Board of Directors
Jotun A/S

Odd Gleditsch d.y.
Chairman

Einar Abrahamsen

Bjørg Engevik Nilsen

Terje Andersen

Jannicke Nilsson

Nicolai A. Eger

Camilla Hagen Sørli

Per Kristian Aagaard

Morten Fon
President & CEO

STATEMENT OF CHANGES IN EQUITY

(NOK million)	Note	Share capital	Other equity	Total equity
Equity as of 1 January 2020		**103**	**5 630**	**5 733**
Dividends	5.9		-547	-547
Profit for the year			970	970
Other comprehensive income	5.2		-3	-3
Equity as of 31 December 2020		**103**	**6 050**	**6 153**
Dividends	5.9		-599	-599
Profit for the year			1 241	1 241
Other comprehensive income	5.2		-10	-10
Equity as of 31 December 2021		**103**	**6 683**	**6 786**

STATEMENT OF CASH FLOWS

(NOK million)	Note	2021	2020
Cash flow from operating activities			
Operating profit		143	189
Adjustments to reconcile operating profit to net cash flows:			
Gain (-) / loss on sale of fixed assets	3.2	-41	-15
Depreciation, amortisation and impairment	3.1, 3.2	326	231
Change in accruals, provisions and other		-52	-138
Working capital adjustments:			
Change in trade and other receivables		-16	-139
Change in trade payables		70	30
Change in inventories		-109	-19
Cash generated from operating activities		**320**	**139**
Dividend from subsidiaries, associates and joint ventures		1 466	1 495
Interest received	4.3, 5.5	89	131
Interest paid	4.3	-43	-74
Other financial items	4.3	-19	-153
Income tax payments	5.1	-199	-208
Net cash flow from operating activities		**1 615**	**1 331**
Cash flows used for investing activities			
Proceeds from sale of property, plant and equipment	3.2	50	252
Purchase of property, plant and equipment	3.2	-197	-346
Purchase of intangible assets	3.1	-98	-106
Investments in subsidiaries, associates and joint ventures	5.6, 5.7	-517	-520
Net cash flow used for investing activities		**-763**	**-721**
Cash flows from financing activities			
Repayment (-) / proceeds in group account system (cash pool)	5.5	-194	401
Cash payments for new lending	4.4, 5.5	366	-
Repayment (-) / proceeds from borrowings	4.1	-4	-180
Payment of principal portion of lease liabilities	5.4	-17	-14
Dividend paid	5.9	-599	-547
Net cash flow from financing activities		**-448**	**-340**
Net increase / decrease (-) in cash and cash equivalents		**405**	**271**
Cash and cash equivalents as of 1 January	4.2	995	725
Cash and cash equivalents as of 31 December	4.2	**1 400**	**995**


佐敦涂料
JOTUN
源自北欧
Premium Paints
What's New
JOTUN Colours for Beautiful Interiors

Notes for **the Parent Company**

1.1 ACCOUNTING POLICIES

The financial statements for Jotun A/S have been prepared in accordance with simplified IFRS pursuant to section 3-9 of the Norwegian Accounting Act. This mainly implies that the financial statements are presented in accordance with IFRS and the notes are presented in accordance with the requirements of the Norwegian Accounting Act. The accounting policies for the Group therefore also apply to Jotun A/S.

Line items in the notes named Jotun entities comprise subsidiaries, associates and joint ventures.

Accounting policies estimates and judgements specific to Jotun A/S are incorporated into the individual notes.

For more information about accounting policies, see consolidated financial statements for the Group.

1.2 ESTIMATES AND JUDGEMENTS

In preparing the company's financial statements, Management makes various accounting estimates and assumptions that form the basis of the presentation, recognition and measurement of the company's assets and liabilities. See Note 1.3 to the consolidated statements.

1.3 EVENTS AFTER THE BALANCE SHEET DATE

No events have taken place after the balance sheet date that would have affected the financial statements, or any assessments carried out.

2.1 OPERATING REVENUE

(NOK million)	2021	2020
Revenue from contracts with customers	1 801	1 783
Revenue from contracts with customers from Jotun entities	1 274	1 201
Total revenue from contracts with customers	**3 075**	**2 984**
Other revenue	61	39
Other revenue from Jotun entities	1 072	1 027
Total operating revenue	**4 208**	**4 049**

Other revenue includes among others royalty income, misc. grants and refunds and profit from sale of fixed assets.

Revenue from contracts with customers by segments

(NOK million)	2021	2020
Decorative	2 681	2 613
Marine	279	257
Protective	79	83
Powder	36	30
Total revenue from contracts with customers	**3 075**	**2 984**
Cost of Goods Sold	1 960	1 832
Gross Profit	**1 115**	**1 152**

Payment terms are based on agreements and local business practices, and are in general in the range of 30 to 60 days.

2.2 PAYROLL EXPENSES

Jotun A/S has a system of annual bonuses that applies to senior management and is limited to a maximum of 20 per cent of annual basic salary. Further, all members of Group management, including the President & CEO, are part of an annual profit-dependent bonus system limited upwards to 50 per cent of annual basic salary.

The company's pension plans are primarily defined contribution plans. For further information, see Note 5.2.

For remuneration of President & CEO and Board of Directors, see Note 5.3.

Wages and other social costs

(NOK million)	2021	2020
Wages including bonuses	867	903
Social costs	139	127
Pension costs, ref. Note 5.2	98	94
Other personnel costs	-12	-17
Total	**1 092**	**1 108**
Average full-time equivalents employees	975	973

2.3 OTHER OPERATING EXPENSES

(NOK million)	2021	2020
Manufacturing	99	70
Warehouse	28	18
Transportation	54	47
Sales and marketing	78	84
Technical service	19	30
Research and Development	309	260
General and administrative	102	81
Royalty	30	36
Other*	-8	67
Total	**710**	**692**

* Other consists mainly of product liability claims and losses on accounts receivable.

3.1 INTANGIBLE ASSETS

Intangible assets are non-physical assets that have either been capitalised through internal development of products (development cost), customisation of IT applications or separate acquisitions. See Note 3.2 to the consolidated financial statements for further information.

(NOK million)	Development cost	IT Applications and other intangibles	Total
Cost			
Balance as of 1 January 2020	395	657	**1 052**
Additions	50	56	**106**
Disposals	-	-238	**-238**
Reclassifications	-	-	**-**
Balance as of 31 December 2020	**445**	**475**	**920**
Additions	37	61	98
Disposals	-	-107	**-107**
Balance as of 31 December 2021	**482**	**430**	**912**
Amortisation and impairment			
Balance as of 1 January 2020	-87	-209	**-296**
Amortisation	-19	-43	-63
Disposals	-	1	**1**
Balance as of 31 December 2020	**-107**	**-251**	**-358**
Amortisation	-20	-48	**-68**
Disposals	-	104	**104**
Balance as of 31 December 2021	**-127**	**-195**	**-322**
Net book value			
Balance as of 31 December 2021	355	235	**590**
Balance as of 31 December 2020	338	224	**563**
Estimated useful life	8-10 years	3-10 years	

3.2 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment comprises various types of tangible fixed assets.

See Note 5.4 for further information related to Right-of-Use assets.

(NOK million)	Land	Buildings	Electrical installations	Machinery, vehicles and equipment	Construction in progress	Right-of-Use assets	Total
Cost							
Balance as of 1 January 2020	47	885	202	999	1 189	63	**3 385**
Additions	-	108	89	51	98	9	**355**
Disposals	-	-	-	-42	-	-	**-42**
Reclassifications	-	588	326	210	-1 124	-	**-**
Balance as of 31 December 2020	**47**	**1 580**	**617**	**1 218**	**163**	**72**	3 698
Additions	-	9	2	50	137	40	**237**
Disposals	-	-103	-2	-57	-	-	**-162**
Balance as of 31 December 2021	**47**	**1 487**	**617**	**1 212**	**300**	**112**	3 774
Depreciation and impairment							
Balance as of 1 January 2020	-	-438	-78	-758	-	-13	**-1 288**
Depreciation	-	-32	-35	-84	-	-14	**-166**
Disposals	-	-	-	38	-	-	**38**
Balance as of 31 December 2020	**-**	**-471**	**-114**	**-804**	**-**	**-27**	**-1 416**
Depreciation	-	-49	-64	-94	-	-17	**-224**
Disposals	-	95	1	45	-	-	**141**
Impairment	-	-11	-	-	-	-	-12
Balance as of 31 December 2021	**-**	**-437**	**-177**	**-854**	**-**	**-44**	**-1 511**
Net book value							
Balance as of 31 December 2021	47	1 050	440	358	300	69	**2 263**
Balance as of 31 December 2020	47	1 110	504	414	163	45	**2 283**
Estimated useful life	unlimited	25-33 years	10-14 years	3-10 years			

3.3 INVENTORIES

(NOK million)	31.12.2021	31.12.2020
Raw materials	265	198
Finished goods	382	339
Allowance for obsolete goods	-14	-13
Total	**633**	**524**

3.4 TRADE AND OTHER RECEIVABLES

(NOK million)	31.12.2021	31.12.2020
Accounts receivable	75	79
Accounts receivable - Jotun entities	695	699
Total accounts receivable	**770**	**778**
Other receivables external	117	97
Other receivables - Jotun entities	173	230
Total	**1 059**	**1 105**

The change in allowance for bad debt is shown in the following table:

(NOK million)	2021	2020
Balance as of 1 January	45	80
Allowances for bad debt made during the period	21	-3
Realised losses for the year	-26	-32
Balance as of 31 December	**40**	**45**

Ageing of accounts receivable as of 31 December was as follows:

(NOK million)	31.12.2021	31.12.2020
Not due	618	652
Less than 30 days	53	42
30-60 days	24	-1
60-90 days	20	3
More than 90 days	93	126
Allowance for bad debt*	-40	-45
Total	**770**	**778**

* Allowances related to receivables from Jotun entities represent NOK 39 million (2020: NOK 39 million).

3.5 OTHER CURRENT LIABILITIES

(NOK million)	31.12.2021	31.12.2020
Public charges and holiday pay	174	169
Prepaid dividend from Jotun entities	357	328
Other liabilities to Jotun entities	448	614
Other accrued expenses	122	144
Total current provisions, see Note 3.6	157	115
Total	**1 259**	**1 369**

Received interim dividend from associates or joint ventures are recognised as current liability until the final approval by the General Assembly subsequent year. Other liabilities to Jotun entities consist of NOK 442 million related to subsidiaries share of cash pool. Other accrued expenses are related to commissions, bonuses to employees and other accrued expenses.

3.6 PROVISIONS

2021

(NOK million)	Claims	Environmental	Other	Total
Balance sheet 1 January	284	70	37	**390**
Provisions arising during the year	1	-	-	**1**
Utilised	-79	-	-11	**-90**
Unused amounts reversed	-3	-	-3	**-6**
Balance as of 31 December	**203**	**70**	**22**	**295**
Current, ref. Note 3.5	145	-	12	**157**
Non-current	58	70	10	**138**
Total	**203**	**70**	**22**	**295**

2020

(NOK million)	Claims	Environmental	Other	Total
Balance sheet 1 January	463	23	22	**509**
Provisions arising during the year	60	48	27	**134**
Utilised	-240	-1	-1	**-242**
Unused amounts reversed	-	-	-11	**-11**
Balance as of 31 December	**284**	**70**	**37**	**390**
Current, ref. Note 3.5	88	-	27	**115**
Non-current	196	70	10	**276**
Total	**284**	**70**	**37**	**390**

3.7 CONTINGENT LIABILITIES

Product liability claims and disputes

Product liability claims consist of several separate and specific guarantee claims arising from products sold. Assumptions used to calculate provisions for claims are based on technical assessments of product failures and the expected repair cost for each specific case.

In accordance with Jotun policies, claims should in principle be covered by customer-owner company. When a claim is caused by product or specification failure, costs will be reimbursed by Jotun A/S based on the prevailing royalty agreements and cost contribution arrangement.

Environmental matters

Jotun A/S is through its operation exposed to environmental and pollution risk. Production facilities and product warehouse sites have been inspected regarding environmental conditions in the soil. For sites where clean-up costs are probable and reliable estimates of the costs have been made, provisions are recorded accordingly. Due to uncertainties inherent in the estimation process, it is possible that such estimates could be revised in the near term. In addition, further expenditures may arise as the full scope of conditions at some sites has yet to be determined. The related amount of potential, future costs is not determinable due to the unknown timing and extent of corrective actions which may be required. Jotun's activities are carried out in accordance with local laws and regulations, and the Group's HSE requirements. Changes in laws and regulations may require Jotun A/S to make investments and incur costs to meet future compliance requirements.

3.8 CONTRACTUAL OBLIGATIONS AND GUARANTEES

Purchase obligations

Jotun A/S contractual purchase obligations are mainly related to completion of upgrade of the factory, and reconstruction of the Binder factory. Out of the total ongoing investment programme, NOK 49,9 million is contractual committed capital expenditures (CAPEX) at year end. For purchase of raw materials there are no actual commitments for the company. In general, these contracts can be terminated without significant penalties.

Other obligations

Jotun A/S has guarantees mainly covering tax withholding and other guarantees for subsidiaries. These amounted to approximately NOK 403 million in 2021 (2020: NOK 398 million).

4.1 INTEREST-BEARING DEBT

The table below gives an overview of total net interest-bearing debt. Further information is given in Note 4.1 to the consolidated financial statements.

(NOK million)		31.12.2021	31.12.2020
Non-current interest-bearing debt			
Bond 2018-22 (NIBOR+0.7%)	NOK	-	750
Bond 2018-24 (NIBOR+0.9%)	NOK	650	650
Bond 2019-23 (NIBOR+0.93%)	NOK	600	600
Bond 2021-26 (NIBOR+0.7%)	NOK	300	-
Bond 2021-28 (NIBOR+0.9%)	NOK	350	-
Bank debt NIB 2013-24 (USD LIBOR+1.2%), unsecured	USD	245	394
Total excl. lease liability		**2 145**	**2 394**
Lease liability		53	34
Total		**2 198**	**2 428**
Current interest-bearing debt			
Bond 2014-21 (fixed rate 3.9 %)	NOK		400
Bond 2018-22 (NOBOR+0.7 %)	NOK	640	
Bank debt NIB 2013-24 (US LIBOR + 1.2 %), unsecured	USD	163	158
Other current interest-bearing debt (cash pool)		442	612
Total excl. lease liability		**1 245**	**1 170**
Lease liability		16	12
Total		**1 261**	**1 182**
Total interest-bearing debt excl. lease liability		**3 390**	**3 564**
Total lease liability		70	46
Total interest-bearing debt		**3 459**	**3 610**
Non-current interest-bearing receivables		2 084	2 345
Current interest-bearing receivables		148	230
Cash and cash equivalents		1 400	995
Total interest-bearing receivables		**3 633**	**3 570**
Net interest-bearing receivables / debt (-)		**174**	**-40**

4.2 CASH AND CASH EQUIVALENTS

(NOK million)	31.12.2021	31.12.2020
Cash deposits	372	383
Short-term investments	1 028	613
Total	**1 400**	**995**

As of 31 December 2021 Jotun, A/S had NOK 2 000 million (2020: 1 700 million) of undrawn credit facilities available. See Note 4.1 to the consolidated financial statements.

4.3 NET FINANCIAL ITEMS

Financial income

(NOK million)	2021	2020
Interest income	10	9
Interest income on loans to Jotun entities	79	121
Net foreign exchange gain	-	-
Other financial income	9	7
Total	**99**	**137**

Financial costs

(NOK million)	2021	2020
Interest costs	-43	-74
Net foreign exchange loss	-19	-149
Impairment of shares in subsidiaries, see Note 5.6	-157	-421
Other financial costs	-9	-11
Total	**-228**	**-654**
Net financial items	**-129**	**-517**

Exchange gains and losses related to forwards, options and swaps have affected the net financial items with the following amounts:

(NOK million)	2021	2020
Unrealised gain / loss (-)	-49	39
Realised gain / loss (-)	27	2

4.4 FINANCIAL RISK MANAGEMENT

The company's financial risks and the management of these are in all material aspects identical to the disclosures made in Note 4.4 to the consolidated financial statements, unless otherwise stated below.

To reduce currency risk in cash flows, Jotun A/S uses currency options and forward contracts to ensure predictability in cash flows up to 16 months ahead. As of 31 December 2021, Jotun A/S has hedged 50 per cent of its next cash flow over the next 12 months.

The currency exposures related to external loans in foreign currency given to Jotun entities are disclosed in the table below.

(NOK million)	31.12.2021		31.12.2020	
Local currency	**Currency amount**	**NOK**	**Currency amount**	**NOK**
USD	46	409	50	425
MYR	174	368	174	369
EUR	25	247	26	275
IDR	210 636	130	353 000	214
GBP	18	215	18	209
QAR	80	194	80	187
PHP	841	145	919	163
SGD	22	144	22	142
RUB	580	68	780	89
CNY		-	65	85
Other		114		213
Total		**2 035**		**2 370**

5.1 TAXATION

Income tax reported in the income statement

(NOK million)	2021	2020
Current income tax charge:		
Tax payable	248	163
Deferred tax:		
Relating to original and reversal of temporary differences	-9	35
Income tax expense reported in the income statement	**239**	**197**

Reconciliation of Norwegian nominal statutory tax rate to effective tax rate
In the following table reported income tax is reconciled with the calculated tax expense based on the Norwegian tax rate of 22 per cent. The main components are specified below.

(NOK million)		2021		2020
Profit before tax as reported in the income statement		**1 480**		**1 168**
Income taxes at statutory tax rate	22 %	326	22 %	257
Exempted tax on dividends	-18 %	-260	-21 %	-248
Tax on dividends and surplus in controlled foreign companies (CFC)	5 %	75	9 %	100
Non-deductible expenses and non-taxable income*	2 %	26	7 %	83
Correction previous year and change in temporary differences	0 %	2	-1 %	-17
Taxation outside Norway less deductible in Norwegian Tax	5 %	70	2 %	23
Total income tax expense		**239**		**197**
Effective tax rate		16 %		17 %

* Non-deductible expenses are primarily related to write-down of shares. See Note 5.6 for further information.

Specification total tax payable

(NOK million)	31.12.2021	31.12.2020
Tax payable for the year	248	163
Net foreign tax paid	-84	-31
Norwegian tax settlement for previous years	-8	16
Withholding taxes receivable	-66	-80
CFC tax receivable (NOKUS)	-18	-39
SkatteFUNN (R&D tax incentive scheme) receivable	-5	-5
Total tax payable in Norway and abroad	**68**	**24**
Tax payable in Norway	42	-7

Specification of deferred tax

(NOK million)	31.12.2021	31.12.2020
Non-current assets	-106	-64
Current assets	-50	-1
Liabilities	-500	-537
Net temporary differences	**-656**	**-601**
Tax rate	22 %	22 %
Deferred tax asset recognised in the statement of financial position	**144**	**132**

Information about estimate and judgment, see Note 5.1 to the consolidated financial statements.

5.2 PENSIONS AND OTHER LONG-TERM EMPLOYEE BENEFITS

Jotun A/S has both defined contribution and defined benefit pension plans. The majority of the company's pension plans are defined contribution plans, whereby the company's obligation is limited to annual contributions to the employees' pension plans. Costs related to the defined benefit plans account for less than five per cent of total pension costs in 2021.

Summary of pension costs

(NOK million)	2021	2020
Pension costs defined contribution plans and other severance schemes	94	91
Pension costs defined benefit plans	3	3
Total pension costs recognised in the income statement, ref. Note 2.2	**98**	**94**
Actuarial gain / loss (-) recognised in other comprehensive income (net of tax)	**-10**	**-3**

The defined benefit schemes were replaced by defined contribution plans in 2004. Net pension obligations as of 31 December 2021 are primarily related to previous early retirement schemes for Jotun A/S's senior executives.

Other severance schemes are obligations related to operating pension schemes for employees with an annual basic salary and pension base exceeding 12 times the basic amount (G).

Actuarial assumptions

	2021	2020
Discount rate in %	1.1	1.0
Expected return in %	2.9	1.0
Wage adjustment in %	2.5-3.5	2.00
Inflation / increase in social security basic amount (G) in %	2.3-2.5	1.75
Pension adjustment in %	1.2-2.0	0.0-2.0

Schemes with net pension obligation

	Net pension obligations	
(NOK million)	2021	2020
Balance as of 1 January	**-85**	**-80**
Recognised in the income statement	-3	-4
Other movements	-10	-1
Net pension obligation defined benefit plans	**-98**	**-85**
Other severance schemes	-104	-85
Balance as of 31 December	**-201**	**-169**

5.3 REMUNERATIONS

Remuneration of the President & CEO

(NOK thousand)	Ordinary salary	Bonus	Benefits in kind	Pension cost	Total
President & CEO	6 624	2 828	376	4 109	**13 936**

The President & CEO is part of a pension scheme that includes a mutual opportunity to discontinue employment in whole or in part up to five years earlier than a stipulated retirement age of 67 years.

Jotun A/S has no obligation to give the President & CEO or the Chairman of the Board special remuneration upon discontinuance or change of employment or office. Should the President & CEO's employment discontinue, his contract has a clause stipulating that a one-year "competition quarantine" may be imposed with compensation. The President & CEO has a notice period of six months.

Jotun A/S has not given any loans or guarantees to the President & CEO, the Chairman of the Board, or to any shareholders or members of Jotun A/S Management, the Board of Directors or Corporate Assembly.

Remuneration of the Board of Directors and Corporate Assembly

(NOK thousand)	2021	2020
Board of Directors	2 730	2 840
Corporate Assembly	180	195
Total	**2 910**	**3 035**

Shares controlled by members of the Board of Directors and Jotun A/S Management are specified in Note 5.8 in the consolidated financial statements.

External auditor remuneration

(NOK thousand)	2021	2020
Statutory audit	3 036	4 038
Other attestation services	25	80
Tax services	550	833
Other services	23	-
Total	**3 634**	**4 951**

5.4 LEASES

Right-of-Use assets

(NOK million)	Land	Buildings	Machinery, vehicles and equipment	Total
Cost				
Balance as of 1 January 2020	21	8	33	**63**
Additions	-	-	9	**9**
Balance as of 31 December 2020	**21**	**9**	**42**	**72**
Additions	6	13	21	**40**
Balance as of 31 December 2021	27	22	63	**112**
Depreciation and impairment				
Balance as of 1 January 2020	-2	-2	-10	**-13**
Depreciation	-2	-2	-10	**-14**
Balance as of 31 December 2020	**-4**	**-3**	**-20**	**-27**
Depreciation	-2	-2	-12	**-17**
Balance as of 31 December 2021	**-6**	**-6**	**-32**	**-44**
Net book value				
Balance as of 31 December 2021	21	16	31	69
Balance as of 31 December 2020	18	5	22	45

Lease liability as of 31 December

(NOK million)	31.12.2021	31.12.2020
Non-current	53	34
Current	16	12
Total	**70**	**46**

Lease liability is classified as interest-bearing debt, see Note 4.1.

Undiscounted lease liabilities and maturity of cash outflows:

(NOK million)	31.12.2021	31.12.2020
Less than 1 year	18	13
1-2 years	16	9
2-3 years	13	8
3-4 years	9	5
4-5 years	6	3
More than 5 years	14	13
Total undiscounted lease liabilities	**76**	**51**

Amounts recognised in the consolidated income statement:

(NOK million)	2021	2020
Leases		
Depreciation of Right-of-Use assets	17	14
Interest expense	2	2
Other lease expenses recognised in the income statement:		
Expenses relating to short-term leases	3	1
Expenses relating to lease of low value assets	1	1
Expenses related to variable payments	15	12
Total	**37**	**29**

The total cash outflow related to lease of Right-of-Use asset was NOK 19 million (2020: 15 million). The portfolio of short-term leases does not vary significantly from year to year.

5.5 RELATED PARTIES

Two parties are deemed to be related if one party can influence the decisions of the other. During 2021, goods and services were purchased and sold to various related parties in which Jotun A/S holds a 100 per cent or less equity interest. Investments in subsidiaries are presented in Note 5.6, investments in associates and joint ventures are presented in Note 5.7 and shareholder and dividend information are presented in Note 5.8 to the consolidated financial statements.

The transactions between related parties are sales and purchases of finished goods, raw materials and technical services. Jotun A/S also has considerable royalty income from Jotun entities. Joint expenses are distributed in accordance with agreed cost contribution arrangements. Internal trading within the Group is carried out in accordance with arm's length principles.

Purchases of services from the Group companies are mainly related to global and regional functions included in the cost contribution arrangement. In addition, Jotun A/S purchases research and development services from Jotun entities. Parts of the research and development costs are capitalised, see Note 3.1.

The amounts of these transactions are shown in the table below.

2021

(NOK million)	Sales of goods to	Purchases of goods from	Other revenue from	Cost contribution income	Purchases of services from	Interests on loans to
Group companies	1 166	323	790	572	384	79
Associates and joint ventures	108	82	282	161	224	1
Total	**1 274**	**405**	**1 072**	**733**	**609**	**79**

2020

(NOK million)	Sales of goods to	Purchases of goods from	Other revenue from	Cost contribution income	Purchases of services from	Interests on loans to
Group companies	1 089	233	750	563	375	121
Associates and joint ventures	112	30	277	175	258	-
Total	**1 201**	**264**	**1 027**	**738**	**633**	**121**

Intercompany balances are disclosed in the table below.

	Subsidiaries		Associates / Joint ventures	
(NOK million)	31.12.2021	31.12.2020	31.12.2021	31.12.2020
Non-current assets				
Other non-current receivables	2 063	2 323	1	1
Total non-current assets	**2 063**	**2 323**	**1**	**1**
Current assets				
Trade receivables	589	601	106	98
Other current receivables	173	230	-	-
Total current assets	**762**	**831**	**106**	**98**
Total assets	**2 825**	**3 154**	**107**	**99**
Trade creditors	116	94	26	25
Other short term liabilities	498	676	308	265
Total liabilities	**613**	**770**	**333**	**290**

5.6 SUBSIDIARIES

SHARES HELD DIRECTLY BY THE PARENT COMPANY

Company	City	Country	Book value (NOK million)	Ownership %
Jotun Algerie S.A.R.L	Algiers	Algerie	11	70.00
Jotun Australia Pty. Ltd.	Melbourne	Australia	42	100.00
Jotun Bangladesh Ltd	Dhaka	Bangladesh	73	99.99
Jotun Brasil Importacao, Exportacao E Ind De Tintas Ltda.	Rio De Janeiro	Brazil	196	100.00
Jotun (Cambodia) LTD	Phnom Penh	Cambodia	1	100.00
Jotun Paints (HK) Ltd.	Hong Kong	China	85	100.00
Jotun Cyprus Ltd.	Limassol	Cyprus	8	100.00
Jotun Danmark A/S	Kolding	Denmark	3	100.00
El-Mohandes Jotun S.A.E.	Cairo	Egypt	143	69.95
Jotun Powder Coatings LLL	Cairo	Egypt	-	10.00
Jotun Ethiopia Paint Manufacturing PLC	Adama	Ethiopia	65	100.00
Jotun France S.A.	Paris	France	2	100.00
Jotun (Deutschland) Gmbh	Hamburg	Germany	12	83.33
Jotun Hellas Ltd.	Glyfada	Greece	3	97.40
Jotun Insurance Cell	St. Peterport	Guernsey	8	100.00
Jotun India Private Ltd.	Mumbai	India	488	96.42
P.T. Jotun Indonesia	Jakarta	Indonesia	88	56.63
Jotun (Ireland) Ltd.	Cork	Ireland	-	100.00
Jotun Italia S.R.L.	Trieste	Italy	93	100.00
Jotun Kazakhstan LLP.	Almaty	Kazakhstan	1	100.00
Jotun Kenya Limited	Nairobi	Kenya	4	95.00
Jotun Libya J.S.Co.	Tripoli	Libya	6	80.00
Jotun Paints (Malaysia) Sdn. Bhd.	Kuala Lumpur	Malaysia	93	100.00
Jotun (Malaysia) Sdn.Bhd.	Kuala Lumpur	Malaysia	106	100.00
Jotun Mexico, S.A. de C.V.	Veracruz	Mexico	17	99.54
Jotun Maroc SARL D Associe Unique	Casablanca	Morocco	20	100.00
Jotun Myanmar Services Company Limited	Yangon	Myanmar	-	99.99
Jotun Myanmar Company Limited	Yangon	Myanmar	-	99.99
Jotun B.V.	Spijkenisse	Netherlands	49	100.00
Scanox AS	Drammen	Norway	80	100.00
Jotun Powder Coatings AS	Sandefjord	Norway	109	100.00
Jotun Paints Co. L.L.C.	Muscat	Oman	45	62.00
Jotun Pakistan (Private) Limited	Lahore	Pakistan	-	100.00
Jotun Powder Coatings Pakistan (Pvt) Ltd	Lahore	Pakistan	39	26.90
Jotun (Philippines) Inc	Manila	Philippines	49	100.00
Jotun Polska Sp.zo.o.	Gdansk	Poland	18	100.00
Jotun Paints Qatar W.L.L.	Doha	Qatar	1	80.00
Jotun Paints Factory Doha W.L.L.	Doha	Qatar	99	80.00
Jotun Romania SRL	Voluntari City	Romania	1	100.00
Jotun Paints LLC.	St.Petersburg	Russia	247	100.00
Jotun (Singapore) Pte. Ltd.	Singapore	Singapore	28	100.00
Jotun Paints South Africa (Pty) Ltd.	Cape Town	South Africa	20	100.00
Jotun Iberica S.A.	Barcelona	Spain	50	100.00
Jotun Sverige AB	Gothenburg	Sweden	5	100.00
Jotun Thailand Ltd.	Bangkok	Thailand	133	100.00
Jotun Boya Sanayi ve Ticaret A.S.	Istanbul	Turkey	108	100.00
Jotun MEIA FZ-LLC	Dubai	UAE	470	100.00
Jotun MENA LLC,	Dubai	UAE	50	100.00
Jotun Paints (Europe) Ltd	Flixborough	UK	86	100.00
Jotun Paints Inc.	Houston	US	170	100.00
Jotun Paints Vietnam Co. Ltd.	Ho Chi Minh City	Vietnam	60	100.00
Total			**3 487**	

Below follows the specification of companies subject to write downs in 2021.

Company (NOK million)	**Country**	**Write down**
Jotun Myanmar Company Limited	Myanmar	42
Jotun (Philippines) Inc	Philippines	34
Jotun Brasil Importacao, Exportacao E Ind De Tintas Ltda.	Brazil	25
Jotun Bangladesh Ltd	Bangladesh	17
Jotun Maroc SARL D Associe Unique	Morocco	15
Jotun Libya J.S.Co.	Libya	13
Jotun Mexico, S.A. de C.V.	Mexico	10
Jotun (Malaysia) Sdn.Bhd.	Malaysia	9
Jotun Pakistan (Private) Limited	Pakistan	8
Jotun Kenya Limited	Kenya	7
Jotun Powder Coatings Pakistan (Pvt) Ltd	Pakistan	3
Jotun Italia S.R.L.	Italy	-27
Total		**157**

Estimate and judgement

Jotun A/S assess the carrying value of investments in shares whenever events or changes in circumstances indicate that the carrying value of an investment may not be recoverable. If the carrying value of an investment exceeds its estimated recoverable amount, an impairment loss is recognised in the income statement. Jotun A/S reverse impairment losses in the income statement if and to the extent Jotun A/S has identified a change in estimates used to determine the recoverable amount.

SHARES HELD BY SUBSIDIARIES AND ASSOCIATES

Company	City	Country	Ownership %
Jotun Powder Coatings AS			
Jotun Bulgaria EOOD	Sofia	Bulgaria	100.00
Jotun CZECH a.s.	Usti nad Labem	Czech Republic	100.00
Jotun Powder Coatings LLL	Cairo	Egypt	90.00
Jotun India Private Ltd.	Mumbai	India	3.58
P.T. Jotun Indonesia	Jakarta	Indonesia	43.04
Jotun Kenya Limited	Nairobi	Kenya	5.00
Jotun Powder Coatings (Malaysia) Sdn. Bhd.	Kuala Lumpur	Malaysia	100.00
Jotun Mexico, S.A. de C.V.	Veracruz	Mexico	0.40
Jotun Powder Coatings Pakistan (Pvt) Ltd	Lahore	Pakistan	72.27
Jotun Paints (H.K.) Ltd.			
Jotun Coatings (Zhangjiagang) Co. Ltd.	Zhangjiagang	China	100.00
Jotun (Shanghai) Manangement Co. Ltd.	Shanghai	China	100.00
Jotun Coatings (Taiwan) Ltd company	Taipei	China	100.00
Jotun B.V.			
Jotun (Deutschland) Gmbh	Hamburg	Germany	16.67
Jotun Hellas Ltd.	Glyfada	Greece	2.60
Jotun (Malaysia) Sdn. Bhd			
Jotun Bangladesh Ltd	Dhaka	Bangladesh	0.01
Jotun Myanmar Services Company Limited	Yangon	Myanmar	0.01
Jotun Myanmar Company Limited	Yangon	Myanmar	0.01
Jotun MEIA FZ-LLC			
El-Mohandes Jotun S.A.E.	Cairo	Egypt	0.05
Egyptian Arabic Projects L.L.C.	Cairo	Egypt	0.20
El-Mohandes Joutn S.A.E.			
Egyptian Arabic Projects L.L.C.	Cairo	Egypt	99.80

5.7 SHARES IN JOINT VENTURES AND ASSOCIATES

SHARES HELD DIRECTLY BY THE PARENT COMPANY

Company	City	Country	Book value (NOK million)	Ownership %
Jotun COSCO Marine Coatings (HK) Ltd.	Hong Kong	China	34	50
Jotun Saudia Co. Ltd.	Dammam	Saudi Arabia	39	40
Jotun Powder Coatings Saudi Arabia Co. Ltd.	Dammam	Saudi Arabia	26	30
Chokwang Jotun Ltd.	Busan	South Korea	82	50
Jotun U.A.E. Ltd. (LLC)	Dubai	UAE	109	41.5
Jotun Abu Dhabi Ltd.	Abu Dhabi	UAE	28	35
Jotun Yemen Paints Ltd.	Aden	Yemen	-	14
Total			**318**	

SHARES HELD BY SUBSIDIARIES AND ASSOCIATES

Company	City	Country	Ownership %
Jotun Paints Co. L.L.C.			
Jotun Yemen Paints Ltd.	Aden	Yemen	22.00
Jotun Saudia Co. Ltd.			
Jotun Yemen Paints Ltd.	Aden	Yemen	17.00
Jotun U.A.E. Ltd. (L.L.C.)			
Jotun Abu Dhabi Ltd.	Abu Dhabi	U.A.E.	40.00
Jotun COSCO Marine Coatings (HK) Co. Ltd.			
Jotun COSCO Marine Coatings (Qingdao) Co Ltd.	Qingdao	China	100.00
Jotun Powder Coatings U.A.E. Ltd. (LLC)			
Jotun Powder Coatings Saudi Arabia Co. Ltd.	Dammam	Saudi Arabia	40.00
Jotun Powder Coatings AS			
Jotun Powder Coatings U.A.E. Ltd. (LLC)	Dubai	U.A.E.	47.00

For further information regarding investments in associates and joint ventures, see Note 5.5 to the consolidated financial statements.

5.8 SHARE INVESTMENTS

Company	City	Country	Book value (NOK million)	Ownership %
Nor-Maali OY	Lahti	Finland	8	33.44
Total			**8**	

5.9 SHARE CAPITAL AND SHAREHOLDER INFORMATION

See Note 5.8 to the consolidated financial statements.

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Statsautoriserte revisorer
Ernst & Young AS

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Medlemmer av Den norske Revisorforening

INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Jotun A/S

Opinion

We have audited the financial statements of Jotun A/S (the Company) which comprise the financial statements of the Company and the consolidated financial statements of the Company and its subsidiaries (the Group). The financial statements of the Company comprise the statement of financial position as at 31 December 2021 and the income statement, statement of comprehensive income, statement of cash flows and statement of changes in equity for the year then ended and notes to the financial statements, including a summary of significant accounting policies. The consolidated financial statements of the Group comprise the statement of financial position as at 31 December 2021, the income statement, statement of comprehensive income, statement of cash flows and statement of changes in equity for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion

- the financial statements comply with applicable legal requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2021 and its financial performance and cash flows for the year then ended in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act,
- the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2021 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting 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 in accordance with the requirements of the 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

Other information consists of the information included in the annual report other than the financial statements and our auditor's report thereon. Management (the board of directors and the CEO) is responsible for the other information. Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and, in doing so, consider whether the board of directors' report contains the information required by applicable legal requirements and whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information or that the information required by applicable legal requirements is not included, we are required to report that fact.

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We have nothing to report in this regard, and in our opinion, the board of directors' report is consistent with the financial statements and contains the information required by applicable legal requirements.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements of the Company in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act and of the consolidated financial statements of the Group in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Oslo, 15 February 2022
ERNST & YOUNG AS

Finn Ole Edstrøm

Finn Ole Edstrøm
State Authorised Public Accountant (Norway)

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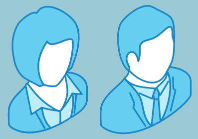
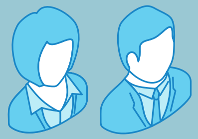
8 

Board of Directors

Board of Directors

Odd Gleditsch d.y., Chairman
Einar Abrahamsen
Terje Andersen
Nicolai A. Eger
Bjørg Engevik Nilsen
Jannicke Nilsson
Camilla Hagen Sørli
Per Kristian Aagaard

12 

Corporate Assembly

Corporate Assembly

Bjørn Ekdahl, Chairman
Nils Andreas Arnesen
Terje V. Arnesen
Kornelia Eger Foyn-Bruun
Anne Cecilie Gleditsch
Bjørn Ole Gleditsch
Carl Erik Hagen
Knut Are Lohne
Thomas Ljungqvist
Siri Gilde Flenstad
Kari Lindtvedt
Jens-Erlend Thrana

Jotun's Board of Directors visited Expo 2020. The Norwegian pavilion is painted by Jotun.

From left: Jannicke Nilsson, Nicolai A. Eger, Per Kristian Aagaard, Bjørg Engevik Nilsen, Odd Gleditsch d.y. (Chairman), Einar Abrahamsen, Camilla Hagen Sørli and Terje Andersen.

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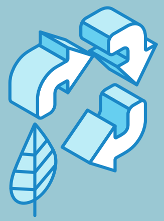

Read more about Sustainability in the Jotun Group Report 2021.

Credits

Copywriting: Alexander Wardwell and Alan Johnstone / Blue-C AS
Design: bk.no **Print:** bk.no
Photo: Adobe Stock (cover, inside cover). Jotun (5, 6, 7, 21, 54) Morten Rakke (5, 7, 8, 33, 37, 51) Line Klein (5, 72) Atle Møller (6) Kathleen Pearl Hoare (8, 71) TK Teo (50)

The paper used to print this report has the Nordic Eco-labeling - the Swan - and is also approved by the PEFC Council (Programme for the Endorsement of Forest Certifications schemes).

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Jotun Protects Property