



To the Board of Directors
Jøtul North America, Inc.

Please find attached the unaudited interim financial statements for the period ending June 30, 2022.

A handwritten signature in black ink that reads "Paul Haroldsen". The signature is fluid and cursive, with a long horizontal flourish extending to the right.

Paul Haroldsen
Vice President of Finance
Jøtul North America, Inc.
October 18, 2022

JØTUL NORTH AMERICA, INC.
BALANCE SHEETS
as of June 30, 2022 and June 30, 2021

	<u>June 30</u> <u>2022</u>	<u>June 30</u> <u>2021</u>
<u>ASSETS</u>		
Current assets:		
Cash and equivalents	\$ 816,119	\$ 80,486
Trade accounts receivable, net of allowance for doubtful accounts of \$xxx and xxx, respectively	2,626,490	2,161,611
Inventories	5,109,314	4,093,802
Other Current Assets	212,733	202,587
Income tax deposit - net	42,212	4,541
Advances to affiliate	2,964,007	5,171,553
Total current assets	<u>11,770,875</u>	<u>11,714,580</u>
Plant and Equipment - net:		
Leasehold Improvements	772,658	764,051
Machinery and equipment	5,822,563	6,558,379
Office Furniture and equipment	1,269,542	1,296,522
Right of use assets	1,321,362	1,257,775
Vehicles	374,118	412,447
Construction in progress	562,995	307,470
	<u>10,123,238</u>	<u>10,596,644</u>
Less accumulated depreciation	<u>(7,876,958)</u>	<u>(8,312,034)</u>
Total plant and equipment - net	2,246,280	2,284,610
Intangible assets - net	30,800	32,848
Total Assets	<u>\$ 14,047,955</u>	<u>\$ 14,032,038</u>
<u>LIABILITIES AND MEMBERS' EQUITY</u>		
Current liabilities		
Bank overdraft	\$ -	\$ 607,565
Long-term debt - current portion	188,707	219,148
Accounts payable	3,288,603	3,526,403
Income taxes payable - net	-	-
Accrued payroll and taxes	228,645	127,187
Accrued expenses	857,312	868,268
Total Current Liabilities	<u>4,563,267</u>	<u>5,348,571</u>
Non-current liabilities:		
Long-term debt - net of current position	224,328	357,957
Deferred income taxes	221,048	312,007
Total non-current liabilities	<u>445,376</u>	<u>669,964</u>
Total liabilities	5,008,643	6,018,535
Stockholders' equity		
Common stock, \$1 par value, 1,000 shares authorized, 1,000 shares issued and outstanding	1,000	1,000
Paid-in capital	1,287,000	1,287,000
Accumulated other comprehensive income (loss)	(9,900)	(9,900)
Retained earnings	7,761,212	6,735,403
Total stockholders' equity	<u>9,039,312</u>	<u>8,013,503</u>
Total Liabilities and Stockholders' Equity	<u>\$ 14,047,955</u>	<u>\$ 14,032,038</u>

JØTUL NORTH AMERICA, INC.
STATEMENTS OF INCOME AND RETAINED EARNINGS
for six months ended June 30, 2022 and June 30, 2021

	<u>June 30</u> <u>2022</u>	<u>June 30</u> <u>2021</u>
Net Revenue	\$ 14,778,444	\$ 11,288,564
Cost of Revenue		
Direct materials and operations	7,204,061	4,709,442
Direct labor	2,081,693	1,633,449
Distribution costs	629,023	570,334
Sales commissions	476,344	362,561
Total cost of revenue	<u>10,391,121</u>	<u>7,275,786</u>
Gross profit	4,387,323	4,012,778
Operating Costs:		
Manufacturing	966,294	895,457
Purchasing and logistics	326,536	287,374
Warranty claims	96,663	64,432
Selling and shipping	603,812	550,170
Marketing	51,466	44,404
Research and development	286,462	252,544
Information technologies	79,430	78,782
General and administrative expenses	840,565	811,734
Bad debt expense	-	-
Depreciation and amortization expenses	267,944	313,261
Total operating costs	<u>3,519,172</u>	<u>3,298,158</u>
Income from operations	868,151	714,620
Other income (expenses)		
Gain (loss) on disposals of plant and equipment	-	-
Other nonoperating income (expenses)	(294)	(241,726)
Interest expense	(48,496)	(58,730)
Total other income (expenses)	<u>(48,790)</u>	<u>(300,456)</u>
Income before income taxes	819,361	414,164
Provision for Income taxes	172,066	117,824
Net Income	647,295	296,340
Retained earnings, beginning of year	7,113,917	6,439,063
Retained earnings, June 30	<u>\$ 7,761,212</u>	<u>\$ 6,735,403</u>

JØTUL NORTH AMERICA, INC.
STATEMENTS OF CASH FLOWS
for six months ended June 30, 2022 and June 30, 2021

	<u>June 30</u> <u>2022</u>	<u>June 30</u> <u>2021</u>
Cash flows from operating activities:		
Net income	\$ 647,295	\$ 296,340
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization expense	267,944	313,261
Bad debt expense	-	-
(Gain) loss on disposals of plant and equipment	-	-
(Increase) decrease in:		
Trade accounts receivable	(654,770)	(457,534)
Inventories	(871,535)	(1,390,791)
Other current assets	(33,940)	(12,509)
Income tax deposit - net	40,928	(4,541)
Advance to affiliate	(91,743)	(436,458)
Increase (decrease) in:		
Accounts payable	799,513	2,430,566
Income taxes payable - net	-	(94,959)
Accrued payroll and taxes	64,094	(7,829)
Accrued expenses	(31,345)	(64,405)
Deferred income taxes	-	-
Net cash provided by operating activities	<u>136,441</u>	<u>571,141</u>
Cash flows from investing activities:		
Proceeds from disposals of plant and equipment	-	-
Purchases of plant and equipment	(221,710)	(209,721)
Purchases of intangible assets	-	-
Net cash used for investing activities	<u>(221,710)</u>	<u>(209,721)</u>
Cash flows from financing activities		
Net advance from (payment on) bank overdraft	-	(562,224)
Mortgage principal payments	(123,810)	(100,723)
Net cash used for financing activities	<u>(123,810)</u>	<u>(662,947)</u>
Net change in cash during the first six months	<u>(209,079)</u>	<u>(301,527)</u>
Cash and equivalents, beginning of the year	1,025,198	382,013
Cash and equivalents, first six months ending June 30	<u>\$ 816,119</u>	<u>\$ 80,486</u>

JØTUL NORTH AMERICA, INC.
Notes to the Financial Statements

1. Basis of Presentation and Accounting

The interim financial statements for the period ending June 30 2022 are based on recognition and measurement requirements in accordance with United States generally accepted accounting principles (US GAAP). These interim financial statements do not include all the information and disclosures required in the preparation of the annual financial statements and should be read in conjunction with Jøtul North America, Inc's financial statement, prepared in accordance with US GAAP for the year ending December 31, 2021. These interim financial statements are unaudited.