

Annual accounts

31.12.2020

Dale of Norway AS

Dale of Norway AS

Annual Report 2020

Dale of Norway AS

Dale of Norway AS designs, manufactures, markets and sells branded knitwear products. The company emphasizes producing high quality with long durability based on natural raw wool materials. The company is a market leader in its niches in Norway and has strong positions in North America and Europe. The company's factory is located at Dalekvam in Vaksdal municipality where design, development and knitting production is carried out. The company also has a sales and administration office in Oslo and runs its own stores in Oslo, Bergen and Dalekvam. In addition, Dale of Norway has its own sales office in the US through the subsidiary Dale of Norway Inc., and a sewing company in Poland (Wool Group Poland). WoolLand AS, founded in 2011, designs, markets and sells woolen garments under the brand WoolLand. The main market is Norway and the products are mainly sold through the company's web shop and two concept stores, one in Oslo and one in Sandvika. The production takes place in Norway, Poland and China. Dale of Norway AS acquired WoolLand in January 2020. Dale of Norway is 100% owned by Norwegian Wool AS.

The reporting period covers 01.01. 2020 to 31.12. 2020, the group accounts are presented in the Annual report of Norwegian Wool AS.

Financial Performance

Due to the Covid-19 pandemic, Dale of Norway AS' revenues from the tourist industry were substantially reduced. The turnover ended at MNOK 80,8 mill. which resulted in a loss for the year of NOK 29,9 mill. Dale of Norway AS has an equity ratio of 46%.

Cash flow from operations ended at minus MNOK 1,4 million and cash flow from investments at minus MNOK 46,7 million due to the acquisition of WoolLand AS and loans to subsidiaries. The cash flow from financing activities was positive and ended at MNOK 10,8. In March 2020 Dale of Norway refinanced the debt and entered into a 3 year revolving facility of MNOK 97 with Avida Finans AB, at the same time WoolLand AS entered into a revolving facility of MNOK 25, the facilities can be used within the group. In May 2020, Dale of Norway AS closed a government guaranteed loan of MNOK 26,8 with 3 year repayment schedule provided by Avida Finans AB. Dale of Norway AS should hence have sufficient funding for the operations in 2021 onwards.

The Board of Directors sees the negative results of 2020 as a consequence of the Covid pandemic, the company's equity position is still sound. A new strategy has been put in place to improve revenues and initiatives has been put in place to reduce cost and improve liquidity.

The Board of Directors believes that the annual accounts give a true and fair view of the company's assets and liabilities, financial position and profit.

Events after year-end

The government guaranteed loan with Avida Finans AB was, due to new regulations for such loans, extended by one year and hence expires May 2024.

Covid-19

Dale of Norway AS sells most of its products to customers in the EU, North America and to foreign tourists in Norway. As of March 2020, Covid-19 has affected the income of Dale of Norway. The biggest effect on revenue in 2020 came in Norway due to travel restrictions and almost no foreign tourists visiting Norway throughout 2020. Immediately after the crisis was a fact in 2020, the management team set in place a short-term cost reduction program and a longer-term cost reduction program. Dale of Norway AS has also made use of government packages including compensation for fixed costs and the guaranteed loan program. All these initiatives have contributed to ensuring the company's liquidity situation.

During the second half of 2020, a new strategy was implemented in order to improve revenue, both short-term and longer-term. The strategy focused on improved reach through our online store and to diversify our wholesale customer base. The new strategy has already resulted in significantly improved revenue so far in 2021 compared to 2020.

Focus on initiatives to improve liquidity has been given high priority the last 18 months. The company's liquidity situation is solid based on current revenue trend and forecasts. However, if there is a new set back with regards to the Covid pandemic with travel and other restrictions, this could lead to further revenue decline and consequently a poorer liquidity situation. Dale of Norway AS is constantly updating the liquidity budget and running various scenarios to monitor the current and future liquidity situation.

WoolLand AS had some Covid-19 related problems first part of 2020, and had several periods up until now where the shops had to be closed, however, this was more or less compensated by increased revenues from the internet shop.

Based on current revenue trends and the outlook for 2021 and 2022, both the management team and the board expects increased turnover and improved results for 2021 compared to 2020, and improved turnover and results in 2022 compared to 2021.

As per date of this report the Board of Directors considers the Dale of Norway's financing to be acceptable with a corresponding low liquidity risk even in a worst-case scenario, taken the current and future effects of Covid-19 into consideration.

Interest, credit and currency risk

Dale of Norway AS is exposed to credit risk, interest risk and currency risk in its ordinary course of business. The company is aiming towards having an acceptable risk in these areas. Importing raw materials and exporting finished goods give a reduced currency fluctuation risk. Credit assessments are performed for new and existing customers and an increased focus has been placed to follow up accounts receivables. The company's interest-bearing debt is has floating interest rate ("NIBOR") in addition to a fixed margin, and is therefore exposed to changes in the NIBOR rate. The company is exposed to changes in the currency rate, as part of the revenues are done in foreign currencies like Euro, US dollar and Canadian dollar. However, the exposure is reduced since a substantial part of the raw material purchases are made in Euro.

Continued operations

The annual accounts for the year 2020 are prepared on the assumption of continued operations. It is hereby confirmed that the assumption of continued operation is present.

Research and development activities

The company has in 2020 continued its focus on developing new techniques and design for knitted clothing.

Organization, equality, health and safety

Dale of Norway has 82 employees, 34 men and 48 women. The Board of Directors consists of 4 men and one woman. The management consist of 3 women and 3 men. Equality is of high priority within the company and the Board of Directors is of the opinion that all employees, or new hires, are treated equal in regards of gender, religion, sexual orientation or language. On these bases the Board of Directors has not found it necessary to implement further actions in this respect.

The Board of Directors believe the working environment is satisfactory. There has not been reported injuries or accidents in the reporting period. Sickness absence was 7% in the reporting period. The company is an IA company and focus strongly on continuously improving the working environment and reduce sick-leave.

Environmental impact

The company produces knitwear of 100% wool. Wool is natural and biodegradable. The factory in Dalekvam is powered by hydroelectrical power, and the company does not use diesel or similar in the production, and therefore does not harm the environment more than similar companies.

Future development

In the past years the company has invested in developing new design and knitting technology, towards both fashion and sports. We still see the effect of Covid-19 hurting our revenues from tourist industry in Norway, however, we feel confident that our efforts through this challenging period will help us to increase the revenues going forward.

Dalekvam, August 31, 2021

Pål Stampe
Chairman

Ulf Bjerknes
Board member

Herman Korsgaard
Board member

Bent Ole Fosse
Member of the board/
Employee Representative
Representative

Anette Juel Knudtzon
CEO

Grete Langeland
Member of the board/
Employee

Dale of Norway AS		
Income statement		

	Note	01.01.2020 - 31.12.2020	01.04.2019 - 31.12.2019
OPERATING INCOME AND OPERATING EXPENSES			
Revenue		71 051 039	93 159 669
Other operating income		9 713 582	8 316 490
Total operating income	1,6	80 764 621	101 476 160
Cost of goods		27 314 310	30 163 995
Employee benefits expense	2	33 419 612	28 312 419
Depreciation	4	12 984 450	8 561 538
Other operating expenses	2,4	36 023 789	25 248 056
Total operating expenses		109 742 160	92 286 009
Operating result		-28 977 539	9 190 150
Financial income and financial expenses			
Financial income	13	6 677 175	5 142 310
Financial expenses	13	15 097 916	7 233 512
Net financial expenses (income)		-8 420 741	-2 091 202
Profit (loss) before income tax		-37 398 280	7 098 948
Income tax expense	3	-7 462 986	2 093 260
Profit (loss) for the year		-29 935 295	5 005 688
Allocation of profit			
Transferred from (-)/ to other equity		-29 935 295	5 005 688
Total allocations		-29 935 295	5 005 688

Dale of Norway AS
Balance sheet

	Note	31.12.2020	31.12.2019
ASSETS			
Intangible assets			
Goodwill	4	24 367 346	27 291 427
Trademark	4	124 051 942	129 368 454
Research and development	4	0	35 061
Other intangible assets	4	1 681 343	2 643 677
Total intangible assets		150 100 631	159 338 619
Property, plant and equipment			
Fixtures and fittings, tools, machinery and equipment	4,7	14 982 424	17 591 981
Equipment and other movables	4,7	149 324	0
Total property, plant and equipment		15 131 748	17 591 981
Financial fixed assets			
Investments in subsidiaries	5	59 216 983	15 931 093
Loans to subsidiaries	6,7	9 949 535	2 548 920
Total financial fixed assets		69 166 518	18 480 013
Total fixed assets		234 398 897	195 410 613
Current assets			
Inventories	7,12	53 781 292	62 549 722
Receivables			
Trade receivables	7	6 707 058	17 944 894
Other current receivables		4 632 109	4 949 384
Current receivables from group companies	7	1 851 583	0
Current loan to group companies	7	2 859 828	0
Total receivables		16 050 578	22 894 278
Cash and bank deposits	10	13 958 737	51 300 060
Total current assets		83 790 607	136 744 060
TOTAL ASSETS		318 189 505	332 154 673

Dale of Norway AS
Balance sheet

	Note	31.12.2020	31.12.2019
EQUITY AND LIABILITIES			
Paid-in equity			
Share capital	8,9	14 105 300	14 105 300
Share premium	9	133 643 821	158 569 013
Total paid-up equity		147 749 121	172 674 313
Retained earnings			
Other equity	9	0	5 005 688
Total retained earnings		0	5 005 688
TOTAL EQUITY		147 749 121	177 680 001
Liabilities			
Provision for liabilities			
Deferred tax	3	25 228 763	29 794 389
Total provisions for liabilities		25 228 763	29 794 389
Non-current liabilities			
Liabilities to financial institutions	7	110 901 605	100 106 847
Total non-current liabilities		110 901 605	100 106 847
Current liabilities			
Trade creditors		8 657 566	6 963 201
Tax payable	3	0	2 901 776
Public duties payable		3 547 971	4 023 675
Current liabilities to group companies	6	14 473 204	4 799 323
Other current liabilities		7 631 274	5 885 461
Total current liabilities		34 310 015	24 573 436
TOTAL LIABILITIES		170 440 384	154 474 672
TOTAL EQUITY AND LIABILITIES		318 189 505	332 154 673

Dalekvam, 31 August 2021

Pål Stampe
Chairman of the board

Herman Korsgaard
Member of the board

Bent Ole Fosse
Member of the board/
Staff representative

Grete Langeland
Member of the board/
Staff representative

Anette Juel Knudtzon
Chief Executive Officer

Ulf Bjerknes
Member of the board

Dale of Norway AS
Cash flow statement

	Note	2020	2019
CASH FLOW FROM OPERATIONS:			
Ordinary result before income tax expense		-37 398 280	7 098 949
Taxes paid in the period	3	0	0
Tax effect on group contribution	3	0	-1 424 753
Depreciation and amortisation	4	12 984 450	8 561 537
Change in inventory	12	8 768 430	694 598
Change in trade receivables		11 237 836	8 409 651
Change in trade payables		1 694 365	-1 032 160
Changes in inter-company balances	6	0	-2 273 185
Changes in other accruals		1 284 734	-6 048 109
Net cash flow from operations		-1 428 466	13 986 528
CASH FLOW FROM INVESTMENT ACTIVITIES:			
Purchase of fixed assets	4	-1 286 262	-1 075 317
Investment in subsidiaries	5	-33 626 602	-413 539
Change related to long term loans to subsidiaries	6	-4 711 411	-3 167 027
Change related to long term loans		-7 083 340	1 805 852
Net cash flow from investment activities		-46 707 615	-2 850 031
CASH FLOW FROM FINANCING ACTIVITIES:			
Changes in non-current liabilities		0	0
Net change in liabilities to financial institutions		10 794 758	-1 547 596
Paid in equity	9	0	34 009 500
Dividend payments*	9	0	0
Net cash flow from financing activities		10 794 758	32 461 904
Net change in cash and bank deposits		-37 341 323	43 598 402
Cash from DoN Holding		0	39 930
Cash and bank deposits at the beginning of the period		51 300 060	7 661 728
Cash and bank deposits at the end of the period	10	13 958 737	51 300 060

Dale of Norway AS

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Accounting policies

Accounting period

The accounts for 2020 follow the calendar, 01.01 - 31.12.

Following structural changes that took place in 2019, the income statement for 2019 includes only 8 months.

Investments in subsidiaries

The cost method is used as principle for investments in subsidiaries in the company accounts. The cost price increases when funds are raised through capital increase. Contributions received are initially recognised as revenue. Contributions exceeding share of retained earnings, after the acquisition, are recognised as reduction of the investment cost. Dividend from subsidiaries is recognised in the same year as the subsidiary makes a provision for the amount. Dividend from other companies are recognised as financial income once the dividend has been declared.

Accounting principles

The financial statements have been prepared in compliance with the Accounting Act and accounting principles generally accepted in Norway.

Classification

Assets intended for permanent ownership or use, and receivables with maturity more than one year after the balance sheet date have been classified as non-current assets. Other assets are classified as current assets. Liabilities with maturity later than one year after the end of the accounting period are classified as non-current liabilities.

Operating income and operating expenses

Income recognition is in accordance with the earned income principle, i.e. when both risk and control have been transferred to the customer, normally the date of delivery for the sale of goods. Expenses are recognised under the matching principle, i.e. expenses are recognised in the same period as the related income.

Property, plant and equipment and depreciation

Property, plant and equipment are recognised in the balance sheet and depreciated over the asset's expected useful life. Direct maintenance of operating assets is recognised currently under operating expenses, while additions or improvements are added to the cost price of the asset and depreciated in line with the asset.

Intangible assets

Expenses for own processing of intangible assets, including R&D expenses are taken into the balance sheet providing a future financial benefit relating to the asset can be identified and the expenses can be reliably measured. The brand and goodwill is depreciated according to economic life which is to be considered to be 25 years for the brand "Dale of Norway" and 10 years for goodwill. The economic lifespan is 25 years for the brand due to the fact that Dale of Norway as a brand has existed since 1879 and will generate revenue in the foreseeable future, due to current investments in design and technology. Goodwill was established as a residual value after the reversed parent subsidiary merger and the economic life is considered to be at least 10 years due to the inherent value of Dale of Norway AS knowledge, experience and perceived quality among the customers.

Asset impairments

Impairment test are carried out if there is indication that the carrying amount of an asset exceeds the estimated recoverable amount. The test is performed on the lowest level of fixed assets at which independent cashflows can be identified. If the carrying amount is higher than both the fair value less cost to sell and recoverable amount (net present value of future use/ownership), the asset is written down to the highest of fair value less cost to sell and the recoverable amount. Previous impairment charges, except writedown of goodwill, are reversed in later periods if the conditions causing the write-down are no longer present.

Shares

The cost method is applied to investments in other companies. When fair value is lower than the cost price and this is not expected to be temporary, an impairment is made.

Currency

Foreign currency transactions are translated using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the conversion at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised as financial income or expense.

Inventories

Goods are valued at the lower of purchase cost according to the FIFO principle and net realisable value. For goods in progress the production cost is calculated according to the percentage of completion method. Finished goods are valued at the lower of full production cost and fair value.

Receivables

Trade receivables and other receivables are recognised at nominal value after provision for bad debts. Provision for bad debts is made based on an individual assessment of each receivable.

Pensions

The company has a defined contribution pension plan for its employees. A defined contribution pension plan involves that the company has no commitment to pay a given pension of a future size, but pays annual contributions to the employees' pension scheme. After the contribution has been made the company has no further commitment to pay. Therefore no provision has been made for incurred pension obligations in the defined contribution pension plan. Paid contributions are recognised as the pension cost of the period. The pension scheme meets the requirements to mandatory occupational pension.

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The early retirement pension scheme (AFP) is an unsecured defined benefit multi-enterprise scheme. Such a scheme is de facto a defined benefit plan, but is for accounting purposes treated as a defined contribution plan as the result of the administrator of the scheme not providing sufficient information to calculate the liability in a reliable manner.

Leasing

Operating assets that are leased on terms that substantially transfer financial risk and control to the company (financial leasing) are recognised in the balance sheet as property, plant and equipment and related leasing obligation is included as liability under non-current liabilities. The operating asset is depreciated linearly over the leasing period and the liability is reduced with paid instalments after deduction of calculated interest expense.

Taxes

The tax charge in the income statement includes both payable taxes for the period and changes in deferred tax. Deferred tax is calculated at 22% on the basis of the net temporary differences which exist between accounting and tax values, and other taxpaying positions. Tax enhancing or tax reducing temporary differences, which are reversed or may be reversed in the same period, have been eliminated. Net deferred tax asset is recognised in the balance sheet if it is probable that it can be utilized.

Cash flow statement

The cash flow statement has been prepared according to the indirect method. Cash and cash equivalents include cash, bank deposits, and other short term investments which immediately and with minimal exchange risk can be converted into known cash amounts.

Note 1 - Operating income

All of the company's operating income is within the segment design, production and sale of knitting products.

Geographical distribution	This year	Last year
Norway	22 593 390	46 183 604
Europe/rest of the world	42 230 108	38 374 101
USA/Canada	15 941 124	16 918 455
Sum	80 764 621	101 476 159

Other revenue

For the period March-August 2020, Dale of Norway AS has applied for and received NOK 3 040 747 in a compensation scheme related to the Covid-19 pandemic. The amount is included in other operating income.

Note 2 - Payroll expenses, number of employees, remunerations, loans to employees etc.

Payroll expenses include the following items:

Payroll expenses	This year	Last year
Salaries	27 784 448	23 273 906
Social security tax	3 878 410	3 370 152
Pension expenses	1 414 072	1 192 739
Other remunerations	342 683	475 623
Total	33 419 612	28 312 419
Number of full-time equivalents	52	45

General Manager remuneration

	Chief Executive Officer
Salaries	1 713 959
Pension expenses	51 419
Other remunerations	14 322

The CEO was hired-in during the reporting period 2019.

Remuneration to the board members of Dale of Norway AS for the year is NOK 20,000.

There are no obligations to provide day-to-day managers, CEO, or members of the board with special remuneration at termination or change of employment. The same applies to profit sharing agreements, options or similar.

There are no obligations that give employees or elected representatives the right to subscribe, purchase or sale of shares.

Dale of Norway AS has a pension scheme that includes a total of 68 active persons. The scheme is contribution based and the annual premium is expensed on an ongoing basis and satisfies the requirements under the mandatory occupational pensions Act.

Furthermore, Dale of Norway AS has an AFP scheme through LO/NHO. The scheme covers a total of 68 active persons. AFP can be granted from the calendar month after the age of 62, up to and including the month the employee reaches the age of 67. Annual premiums are expensed as incurred.

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Auditor (excl. VAT)

Audit - Dale of Norway AS	This year	Last year
Audit fees - PWC	459 000	743 420
Audit fees - BDO (former auditor)	0	9 620
Attestation - PWC	79 340	14 000
Tax advice - PWC	62 980	24 550
Other assistance - PWC	145 800	15 000
Total	747 120	806 590

Note 3 Taxes

Basis for income tax expense, changes in deferred tax and tax payable	This year	Last year
Result before taxes	-37 398 280	7 098 947
Permanent differences	551 526	2 415 874
Basis for the tax expense for the year	-36 846 754	9 514 821
Change in temporary differences	12 266 181	5 246 397
Change in Loss carryforward	11 390 675	0
Basis for payable taxes in the income statement	-13 189 897	14 761 218
+/- Group contributions received/given	0	-6 476 145
Taxable income (basis for payable taxes in the balance sheet)	-13 189 897	8 285 073

Tax expense comprises:

Payable income tax	-2 901 776	3 247 468
Change in deferred tax	-4 561 212	-1 154 207
Tax expense	-7 462 986	2 093 260

Temporay differences

Property, plant, and equipment and intangible assets	153 881 145	163 879 007
Inventory	-1 330 000	-150 000
Outstanding receivables	-2 500 000	-1 512 466
Profit and loss account	403 138	503 923
Sum temporary differences	150 454 283	162 720 464
Loss carryforward*	-11 410 745	-20 020
Temporary differences not included in basis for deferred tax	-24 367 346	-27 291 427
Basis for deferred tax	114 676 192	135 409 017
Deferred tax	25 228 763	29 789 985
Deferred tax in the balance sheet	25 228 763	29 794 389

* Loss carryforward per 31.12.2019 is relating to the merger between Dale of Norway Holding AS and Dale of Norway AS

Payable tax in the balance sheet

Payable tax/tax receivable in the tax charge (22%)	-2 901 776	3 247 468
Payable tax, not paid (from previous period)	0	1 309 464
Payable tax for April 2019	0	-230 402
Tax effect of group contribution	0	-1 424 752
Tax receivable/ Payable tax in the balance sheet	-2 901 776	2 901 776

Dale of Norway AS

2020

Note 4 - Property, plant and equipment and intangible assets

Dale of Norway AS	Machines, movables etc.	Research and development	Other intangible assets	Brand	Goodwill	Total
Acquisition cost per 01.04	58 368 381	1 313 415	6 342 736	132 912 795	29 240 815	228 178 143
Additions	1 219 391	-	66 871	-	-	1 286 262
Disposals	-	0	0	0	0	0
Acquisition cost per 31.12.	59 587 772	1 313 415	6 409 607	132 912 795	29 240 815	229 464 406
Accumulated depreciation per 01.04	40 776 401	1 278 380	3 699 068	3 544 341	1 949 388	51 247 577
Depreciation for the year	3 679 624	35 035	1 029 197	5 316 512	2 924 081	12 984 450
Accumulated depreciation per 31.12	44 456 024	1 313 415	4 728 264	8 860 853	4 873 469	64 232 027
Book value per 31.12.	15 131 748	0	1 681 343	124 051 942	24 367 346	165 232 379
Depreciation method:	Linear	Linear	Linear	Linear	Linear	

Depreciation is determined based on an assessment of the individual assets. The following depreciation periods are normally used as a basis for this assessment: (See accounting principles for more information)

- Larger production equipment - 15 years
- Smaller production equipment - 10 years
- Furniture/fixtures and fitting 5 - 8 years
- Means of transport - 10 years
- Research and development 5 years
- Goodwill - 10 years
- Brand - 25 years

	Remaining leasing period	Booked liabilities	Book value
14 knitting machines*	1-7 years	5 141 244	6 153 194
1 delivery truck**	1,5 years	17 861	-
Total		5 159 105	6 153 194

*Leasing machines are leased to O and are kept by the company after expiration of the leasing contract.

**The delivery truck will be returned to the leasing company after expiration of the leasing agreement.

Rental agreements	Remaining	Annual cost*
Rent Dalekvaam	7 years	2 330 421
Rent Oslo	5 years	1 050 462
Rent Bergen (Lagunen storsenter)**	2 years	643 863
Rent showroom Oslo Fashion Center	2 years	294 133
Rent Vinterparken-SNØ	4 years	318 750
Other rental agreements	1-2 years	690 679
Total		5 328 308

*Annual cost are presented before regulations.

** Minimum cost.

Note 5 - Investments in subsidiaries

The company has owner shares in:

Name of company	Date of acquisition	Business address	Shares / voting shares
Dale of Norway Inc	1989	Vermont	100 %
Wool Group Poland	2019	Warszawa	100 %
WoolLand AS	2020	Oslo	100 %

Name of company	Share capital	Number of shares	Book value	The company's equity	The company's result
Dale of Norway Inc	USD 1 000	1 000	15 517 554	18 452 097	388 309
Wool Group Poland	PLN 5 000	100	585 763	-6 858 075	-7 218 075
WoolLand AS	NOK 102 000	102	43 113 666	15 674 548	1 356 669
Total			59 216 983	27 268 570	-5 473 097

Dale of Norway Inc and Wool Group Polen are not audited for the financial year 2020.

The investments have been recognised in accordance with the cost method.

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Note 6 - Intercompany transactions and balances

	This year	Last year
Interest received from Norwegian Wool AS	0	2 052 886
Interest received from WGP	222 355	0
Sale of goods to Dale of Norway Inc	9 212 770	9 315 623
Management fee and royalty fee Dale of Norway Inc	6 728 354	7 602 831
Total	16 163 478	16 918 454
Receivables from and debt to subsidiaries		
Balance against Dale of Norway Inc	-3 561 388	-3 374 571
Balance against Norwegian Wool AS*	-10 911 816	-1 424 752
Current loan to Wool Group Poland	2 859 828	0
Non-current loan to Wool Group Poland	9 949 535	2 548 920
Group contribution from WoolLand AS	1 851 583	0
Total	187 741	-2 250 403

* The debt against Norwegian Wool AS is converted to share capital in 2021.

More information regarding inter-group transactions is to be found in the Note regarding "Accounting Principles" and note 9 "Equity"

Note 7 - Receivables, non-current liabilities/secured debt and guarantees

Receivables with maturity later than one year after the end of the accounting period:	This year	Last year
Loan to Wool Group Poland	9 949 535	2 548 920
Debt with maturity more than five years after the end of the accounting period:	This year	Last year
Lease debt	132 252	418 198

Overview of future minimum lease payments

	1 year	2 - 5 years	More than 5 years	Total
Minimum lease amounts falling due in the periods	1 229 177	3 797 675	132 252	5 159 105

Secured debt

Booked liabilities secured by mortgage:	This year	Last year
Debt to credit institutions	5 159 105	5 806 847
Debt to Avida Finans AB/ Collector Bank AB*	105 742 500	94 300 000
Total	110 901 605	100 106 847

*In March 2020 Dale of Norway refinanced the debt and entered into a 3 year revolving facility of MNOK 97 with Avida Finans AB, at the same time WoolLand AS entered into a revolving facility of MNOK 25, the facilities can be used within the group. In May 2020, Dale of Norway AS closed a government guaranteed loan of MNOK 26,8 with 3 year repayment schedule provided by Avida Finans AB. Dale of Norway AS should hence have sufficient funding for the operations in 2021 onwards.

Carrying value of assets pledged as security:

Trade receivables	6 707 058	17 944 894
Inventories	53 781 292	62 549 722
Machines, fixtures and fittings etc.	15 131 748	17 591 981
Total	75 620 099	98 086 597

Guarantee commitments not recognised:

Guarantee rent Lagunen Storsenter, Bergen store	700 975	700 000
Guarantee rent Bvk Highstreet Kjø 3 AS, Oslo store	0	721 576
Guarantee rent Dalselva Eiendom AS	0	757 500
Total	700 975	2 179 076

Covenants

The company has financial covenants connected with the loan from Avida Finans AB (NUF).
The company is in compliance with all covenants at 31.12.2020.

Dale of Norway AS 2020

Note 8 - Share capital and shareholders' information

The parent company of Dale of Norway AS is Norwegian Wool AS and can be contacted via Dale of Norway AS in Dalekvam Norway. Annual Accounts for Norwegian Wool Group can be delivered at Dale of Norway AS Sandlivegen 2 5722 Dalekvam Norway.

Owner structure**Dale of Norway AS**

Norwegian Wool AS acquired Dale of Norway AS from Rossignol Norway AS in the beginning of May 2019.

Norwegian Wool AS acquired Dale of Norway Holding AS and performed a contribution in kind of the shares in Dale of Norway AS to Dale of Norway Holding AS. In December 2019 Dale of Norway AS and Dale of Norway Holding AS merged via a reversed parent subsidiary merger with accounting effect of May 2019.

The share capital per 31.12.20 comprises 12 823 shares each with nominal value NOK 1 100,- in total NOK 14 105 300.

All shares have equal voting rights.

Shareholders per 31.12.2020 were:

	Number of shares	Owner share	Voting share
Norwegian Wool AS	12 823	100 %	100 %
Total number of shares	12 823	100 %	100 %

Note 9 - Equity**Dale of Norway AS**

	Share capital	Share premium	Other paid-in equity	Other equity	Total
Opening balance Dale of Norway AS	14 105 300	158 569 013	0	5 005 688	177 680 001
Profit for the year		-24 929 607		-5 005 688	-29 935 295
Adjusted effect merger 2019				4 415	4 415
Equity per 31.12.2020	14 105 300	133 639 406	0	4 415	147 749 121

Note 10 - Restricted bank deposits

	This year	Last year
Restricted deposits	1 358 388	1 107 239

All restricted deposits are related to withheld employee taxes.

Dale of Norway AS

2020

Note 11 - Financial market risk

Interest rate risk

Dale of Norway AS has long term debt to Avida Finans AB

Interest is calculated on the basis of 3 months. NIBOR and margin surcharge.

Interest is ongoing and is calculated per quarter. Dale of Norway AS has leasing debt, of which parts of the debt have a fixed interest rate and parts have a floating interest rate.

Currency rate risk

The company is exposed to changes in foreign exchange rates and has an ongoing assessment of currency exposure.

Domestic sales make 28% of the total turnover, Europe/the rest of the world make 52% and USA/Canada 20%.

Of the company's total purchase of goods for 2020, 68% is in EUR, 28% in NOK and 4% in other currencies.

Credit risk

The risk that the counterparties do not have the financial ability to fulfil their obligations, after period end, is considered low in relation to the market in which the group operates.

More elaboration of credit risk after period end is to be found in note 14.

Note 12 - Inventories

	This year	Last year
Raw materials	20 038 886	23 160 470
Goods in progress	2 537 876	2 731 377
Finished goods	31 204 531	36 657 875
	<u>53 781 292</u>	<u>62 549 722</u>
Provision for inventory (finished goods):	1 330 000	150 000

Note 13 - Summarized items

The item financial expenses comprises:

	This year	Last year
Disagio	7 580 464	2 310 187
Other financial expenses	865 408	479 269
Interest expenses	6 652 045	4 444 056
Total financial expenses	<u>15 097 916</u>	<u>7 233 512</u>

The item financial income comprises:

	This year	Last year
Agio	4 358 985	2 625 305
Interest income	410 977	2 472 086
Other financial income	1 907 213	44 918
Total financial income	<u>6 677 175</u>	<u>5 142 310</u>

Note 14 - Events after the balance sheet date

The government guaranteed loan with Avida Finans AB was, due to new regulations for such loans, extended by one year and hence expires May 2024.

Dale of Norway AS sell most of its products to people in EU, North America and to foreign tourists in Norway. As from March 2020, Covid-19 have affected the income of Dale of Norway also for the first eight months of 2021, mainly due to closed borders and fewer tourist visiting Norway. However the cost saving programs and new strategies for reaching new customers that were been implemented has helped and revenues are material higher so far in 2021 compared to 2020. New financial strategies to improve the liquidity were also implemented and the situation as of today does not imply any future liquidity problems, however, another set back from the Covid pandemic with travel and other restrictions, may lead to a very challenging liquidity situation. The company is constantly updating its liquidity budget and is running various scenarios to monitor the current and future liquidity performance.

Based on our view on the remaining of 2021 and the outlook for 2022, both the company and the board expects increased turnover and improved results for 2022.

Årsregnskap

Signers:

<i>Name</i>	<i>Method</i>	<i>Date</i>
Langeland, Grete Berit Kallestad	BANKID_MOBILE	2021-09-01 14:47
Fosse, Bent Ole	BANKID_MOBILE	2021-09-01 14:08
Stampe, Pål	BANKID_MOBILE	2021-09-01 16:02
Korsgaard, Herman	BANKID_MOBILE	2021-09-01 14:19
Bjerknes, Ulf	BANKID_MOBILE	2021-09-02 09:08
Knudtzon, Anette Juel	BANKID	2021-09-01 14:17

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To the General Meeting of Dale of Norway AS

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Dale of Norway AS, which comprise the balance sheet as at 31 December 2020, the income statement and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are prepared in accordance with law and regulations and give a true and fair view of the financial position of the Company as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Basis for Opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including 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 as required by laws and regulations, 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

Management is responsible for the other information. The other information comprises information in the annual report, except the financial statements and our auditor's report thereon.

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 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, we are required to report that fact. We have nothing to report in this regard.

PricewaterhouseCoopers AS, Sandviksbodene 2A, Postboks 3984 - Sandviken, NO-5835 Bergen

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State authorised public accountants, members of The Norwegian Institute of Public Accountants, and authorised accounting firm



Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director (management) are responsible for the preparation in accordance with law and regulations, including a true and fair view of the financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, 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 ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations.

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 laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

For further description of Auditor's Responsibilities for the Audit of the Financial Statements reference is made to <https://revisorforeningen.no/revisjonsberetninger>

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report concerning the financial statements and the going concern assumption is consistent with the financial statements and complies with the law and regulations.

Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the Company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.



Bergen, 31 August 2021
PricewaterhouseCoopers AS

Jon Haugervåg
State Authorised Public Accountant

(This document is signed electronically)

Revisjonsberetning

Signers:

Name	Method	Date
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