

Annual accounts

31.12.2019

Dale of Norway AS

Dale of Norway AS Annual Report 2019

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 office and factory are located at Dalekvam in Vaksdal municipality, where design, development and knitting production is carried out. The company runs its own stores in Oslo, Bergen and Dalekvam, and has its own sales office in the US (Dale of Norway Inc.) and a sewing company in Poland (Wool Group Poland).

In May 2019 Dale of Norway AS became a daughter company of Norwegian Wool AS. At the same time the reporting period shifted from divergent financial reporting (01.04-31.03) to 01.01-31.12.

In December 2019 Dale of Norway AS and Dale of Norway Holding AS was part of a reversed parent subsidiary merger, where Dale of Norway Holding AS was the parent company. The reversed parent subsidiary merger took place in two steps. First Norwegian Wool AS transferred its shares in Dale of Norway AS to Dale of Norway Holding AS, as per group accounting continuity method. Second, Dale of Norway Holding AS and Dale of Norway AS implemented a reversed parent subsidiary merger where Dale of Norway AS became the acquiring party.

Norwegian Wool Group was established 03.05.2019. At this point the merged companies became under common controll. Due to the merger, the reporting period is only 01.05 to 31.12 (8 months).

In ultimo December 2019 Dale of Norway AS acquired Wool Group Poland Sp. z o. o. which is specialising in sewing and assembling of knitted clothing.

Financial Performance

Dale of Norway AS had a turnover of NOK 101,5 mill., with a net income result of NOK 5 mill. In the period 01.05.2019 – 31.12.2019. The profit ratio is 5%, with an equity ratio 53,5%. Short term debt relative to total debt is 16%.

According to the cashflow statement, Dale of Norway AS has access to a higher amount of cash this year compared to previous fiscal year. The cash-inflow is primarily due to operations, NOK 14 mill, and paid-in equity of NOK 34 mill. Cash out-flow is primarily due to operations and payments due to investments in subsidiary and other investments.

The Board of Directors is satisfied with the company's equity position and results for 2019, despite strong competition in the market. But the Board, together with the management, has started to implement a cost saving program with effect from the financial year 2020 and onwards.

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

WoolLand AS and new CFO

In January 2020 WoolLand AS was acquired by Dale of Norway AS, and became a subsidiary. The CEO of WoolLand AS, Anette Knudtzon, became the new CEO of Dale of Norway and all its subsidiaries.

Covid-19

Dale of Norway AS sell most of its products to people in EU, North America and to foreign tourists in Norway. When Norway, EU and North America experienced full lock-down with closed borders, it significantly affected the future income of Dale of Norway. Immediate actions were put in place as temporary lay off's, and cost saving programs, new strategies for reaching new customers and financial strategies to improve the liquidity going forward. Dale of Norway AS was able to establish a new credit facility, in addition to the refinancing of long-term debt in March 2020, with Avida Finans AB. The new credit was part of the state guarantee scheme for loans to small and medium-sized businesses, which is a credit facility backed up with guarantee from the Government but administrated by the banks. But if a lock-down and closed boarder strategy is to be prolonged by many countries over several months, the liquidity situation will be under severe stress. The company is constantly updating its liquidity budget and is running various scenarios to monitor the current and future liquidity performance.

Foreign currencies have been volatile in the first six months of 2020. The company is exposed to changes in the currency rate, as the company sell finished goods in Euro, US dollar and Canadian dollar, but the exposure is reduced due to the fact that the company purchase raw materials in Euro. Net currency exposure in the first six months of 2020 has been manageable and to an acceptable risk.

As per date of this report the Board of Directors considers the company'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 customers and an increased focus has been placed to follow up and recover accounts receivables. The company's interest-bearing debt is debt with floating interest rate ("NIBOR") in addition to a fixed margin, and therefore exposed to changes in the NIBOR rate.

Continued operations

The annual accounts for the year 2019 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 2019 continued its focus on developing new techniques and design for knitted clothing.

Organization, equality, health and safety

Dale of Norway has 88 employees, 39 men and 49 women. The Board of Directors consists of 3 men and one woman. The management consist of 2 women and 4 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 that regard.

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 3,76% 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 water based electrical 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. Based upon the effects of Covid-19 the coming years will be a challenge, but the company has been through difficult periods in the past and survived. The crises in the past have taught us that the best ideas are born during such periods.

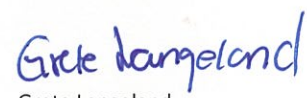
Dalekvam 30. June 2020


Pål Stampe
Chairman


Bent Ole Fosse
Member of the board/
Staff representative


Anette Juel Knudtzon
Chief Executive Officer


Herman Korsgaard
Board member


Grete Langeland
Member of the board/
Staff representative

Dale of Norway AS
Income statement

	Note	01.05.2019 - 31.12.2019
OPERATING INCOME AND OPERATING EXPENSES		
Revenue		93 159 669
Other operating income		8 316 490
Total operating income	1,6	101 476 160
Cost of goods		30 163 995
Employee benefits expense	2	28 312 419
Depreciation	4	8 561 538
Other operating expenses	2,4	25 248 056
Total operating expenses		92 286 009
Operating result		9 190 150
Financial income and financial expenses		
Financial income	13	5 142 310
Financial expenses	13	7 233 512
Net financial expenses (income)		-2 091 202
Profit (loss) before income tax		7 098 948
Income tax expense	3	2 093 260
Profit (loss) for the year		5 005 688
Allocation of profit		
Transferred to other equity	-	5 005 688
Total allocations		5 005 688

Dale of Norway AS
Balance sheet

	Note	31.12.2019
ASSETS		
Intangible assets		
Goodwill	4	27 291 427
Trademark	4	129 368 454
Research and development	4	35 061
Other intangible assets	4	2 643 677
Total intangible assets		159 338 619
Property, plant and equipment		
Fixtures and fittings, tools, machinery and equipment	4,7	17 591 981
Total property, plant and equipment		17 591 981
Financial fixed assets		
Investments in subsidiaries	5	15 931 093
Loans to subsidiaries	6,7	2 548 920
Total financial fixed assets		18 480 013
Total fixed assets		195 410 613
Current assets		
Inventories	7,12	62 549 722
Receivables		
Trade receivables	7	17 944 894
Other current receivables		4 949 384
Total receivables		22 894 278
Cash and bank deposits	10	51 300 060
Total current assets		136 744 060
TOTAL ASSETS		332 154 673

Dale of Norway AS
Balance sheet

	Note	31.12.2019
EQUITY AND LIABILITIES		
Paid-in equity		
Share capital	8,9	14 105 300
Share premium	9	158 569 013
Total paid-up equity		172 674 313
Retained earnings		
Other equity	9	5 005 688
Total retained earnings		5 005 688
TOTAL EQUITY		177 680 001
Liabilities		
Provision for liabilities		
Deferred tax	3	29 794 389
Total provisions for liabilities		29 794 389
Non-current liabilities		
Liabilities to financial institutions	7	100 106 847
Total non-current liabilities		100 106 847
Current liabilities		
Trade creditors		6 963 201
Tax payable	3	2 901 776
Public duties payable		4 023 675
Current liabilities to group companies	6	4 799 323
Other current liabilities		5 885 461
Total current liabilities		24 573 436
TOTAL LIABILITIES		154 474 672
TOTAL EQUITY AND LIABILITIES		332 154 673

Dalekvam, 30 June 2020



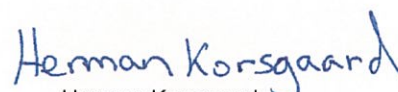
Pål Stampe
Chairman of the board



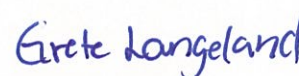
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Member of the board/
Staff representative



Anette Juel Knudtzon
Chief Executive Officer



Herman Korsgaard
Member of the board



Grete Langeland
Member of the board/
Staff representative

Dale of Norway AS
Cash flow statement

	Note	01.05.2019 - 31.12.2019
CASH FLOW FROM OPERATIONS:		
Ordinary result before income tax expense		7 098 949
Taxes paid in the period	3	0
Tax effect on group contribution	3	-1 424 753
Depreciation and amortisation	4	8 561 537
Change in inventory	12	694 598
Change in trade receivables		8 409 651
Change in trade payables		-1 032 160
Changes in inter-company balances	6	-2 273 185
Changes in other accruals		-6 048 109
Net cash flow from operations		13 986 528
CASH FLOW FROM INVESTMENT ACTIVITIES:		
Purchase of fixed assets	4	-1 075 317
Investment in subsidiaries	5	-413 539
Change related to long term loans to subsidiaries	6	-3 167 027
Change related to long term loans		1 805 852
Net cash flow from investment activities		-2 850 031
CASH FLOW FROM FINANCING ACTIVITIES:		
Changes in non-current liabilities		0
Net change in liabilities to financial institutions		-1 547 596
Paid in equity	9	34 009 500
Dividend payments*	9	0
Net cash flow from financing activities		32 461 904
Net change in cash and bank deposits		43 598 402
Cash from DoN Holding		39 930
Cash and bank deposits at the beginning of the period		7 661 728
Cash and bank deposits at the end of the period	10	51 300 060

*Distribution of dividend of NOK 60.719.757 in 2019 is transfer of receivable and is not included in the cash flow statement

Dale of Norway AS

01/05-2019 - 31/12-2019

Accounting policies**Accounting period**

Dale of Norway AS has changed its accounting period from 01.04-31.03 to 01.01-31.12. In the reporting period the following structural changes have taken place. Norwegian Wool acquired Dale of Norway AS from Rossingnol at the 03.05.2019. In December 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. Subsequently Dale of Norway AS and Dale of Norway Holding AS merged via a reversed parent subsidiary merger. The merger was performed based upon group accounting continuity method as accounting principle. Accordingly, the financial statement has only 8 months' earning period in 2019. Due to the merger, there is no comparable period with the reported financial period.

As of 2019, all accounts in the Dale of Norway AS follow the calendar year, and not divergent fiscal year (April 1 to March 31).

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.

Dale of Norway AS

01/05-2019 - 31/12-2019

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
Norway	-46 183 604
Europe/rest of the world	-38 374 101
USA/Canada	-16 918 455
Sum	-101 476 160

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

Payroll expenses include the following items:

Payroll expenses	This year
Salaries	23 273 906
Social security fees	3 370 152
Pension expenses	1 192 739
Other remunerations	475 623
Total	28 312 419
Number of full-time equivalents	45

The CEO was hired-in during the reporting period, and therefore not included in the wages. Related costs of hiring an interim CEO was NOK 1,8 mill in the period.

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, interim 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 73 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 73 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.

Dale of Norway AS

01/05-2019 - 31/12-2019

Auditor (excl. VAT)

Audit - Dale of Norway AS	This year
Audit fees - PWC	743 420
Audit fees - BDO (former auditor)	9 620
Attestation - PWC	14 000
Tax advice - PWC	24 550
Other assistance - PWC	15 000
Total	806 590

Note 3 Taxes

Basis for income tax expense, changes in deferred tax and tax payable	This year
Result before taxes	7 098 947
Permanent differences	2 415 874
Basis for the tax expense for the year	9 514 821
Change in temporary differences	5 246 397
Loss carryforward	0
Basis for payable taxes in the income statement	14 761 218
+/- Group contributions received/given	-6 476 145
Taxable income (basis for payable taxes in the balance sheet)	8 285 073

Tax expense comprises:

Payable income tax	3 247 468
Change in deferred tax	-1 154 207
Tax expense	2 093 260

Temporary differences

Property, plant, and equipment and intangible assets	136 587 580
Inventory	-150 000
Outstanding receivables	-1 512 466
Profit and loss account	503 923
Basis for deferred tax	135 429 037
Deferred tax	29 794 389

Payable taxes in the balance sheet

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

Dale of Norway AS

01/05-2019 - 31/12-2019

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 at the time of the merger 01.05.	57 510 484	1 313 415	6 125 316			64 949 216
Additions	857 897	-	217 420	-	-	1 075 317
Additions due to merger				132 912 795	29 240 815	162 153 610
Disposals	-	0	0	0	0	0
Acquisition cost per 31.12.	58 368 381	1 313 415	6 342 736	132 912 795	29 240 815	228 178 143
Accumulated depreciation at the time of the merger 01.05	38 398 016	1 254 999	3 032 992	0	0	42 686 006
Depreciation for the year	2 378 385	23 355	666 068	3 544 341	1 949 388	8 561 538
Accumulated depreciation per 31.12	40 776 401	1 278 354	3 699 060	3 544 341	1 949 388	51 247 544
Book value per 31.12.	17 591 981	35 061	2 643 677	129 368 454	27 291 427	176 930 600
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

Leasing contracts	Remaining leasing period	Booked liabilities	Book value
14 knitting machines*	1-7 years	5 760 283	5 783 466
1 delivery truck**	1,5 years	46 563	48 955
Total		5 806 847	5 832 421

*Leasing machines are leased to 0 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 Dalekvam	8 years	1 514 500
Rent Oslo	6 years	1 050 462
Rent Bergen (Lagunen storsenter)**	3 years	640 000
Rent showroom Oslo Fashion Center	3 years	181 027
Rent Vinterparken-SNØ	5 years	318 750
Other rental agreements	1-3 years	324 864
Total		4 029 603

*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	Owner share/ voting share
Dale of Norway Inc	1989	Vermont	100 %
Wool Group Poland	2019	Warszawa	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	19 354 632	3 556 186
Wool Group Poland	PLN 5 000	100	413 539	268 655	-279 083
Total			15 931 093	19 623 287	3 277 103

Dale of Norway Inc and Wool Group Polen are not audited for the financial year 2019.

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

Notes to the account for 2019

Dale of Norway AS

01/05-2019 - 31/12-2019

Note 6 - Intercompany transactions and balances

	<u>This year</u>
Interest received from Norwegian Wool AS	2 052 886
Sale of goods to Dale of Norway Inc	9 315 623
Management fee and royalty fee Dale of Norway Inc	7 602 831
Total	16 918 454

Receivables from and debt to subsidiaries

Balance against Dale of Norway Inc	-3 374 571
Balance against Norwegian Wool AS	-1 424 752
Loan to Wool Group Poland	2 548 920
Total	-2 250 403

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:	<u>This year</u>
Loan to Wool Group Poland	2 548 920

Debt with maturity more than five years after the end of the accounting period:	<u>This year</u>
Lease debt	418 198

Overview of future minimum lease payments

	<u>1 year</u>	<u>2 - 5 years</u>	<u>More than 5 years</u>	<u>Total</u>
Minimum lease amounts falling due in the periods	1 186 859	4 201 790	418 198	5 806 847

Secured debt

Booked liabilities secured by mortgage:	<u>This year</u>
Debt to credit institutions	5 806 847
Debt to Collector Bank AB*	94 300 000
Total	<u>100 106 847</u>

* The loan is a revolving credit facility, which was fully refinanced in March 2020 with Avida Finans AB.

Carrying value of assets pledged as security:

Trade receivables	17 944 894
Inventories	62 549 722
Machines, fixtures and fittings etc.	17 591 981
Total	<u>98 086 597</u>

Guarantee commitments not recognised:

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

Covenants

The company has financial covenants connected with the loan from Collector Bank AB.

The company is in compliance with all covenants at 31.12.2019

Dale of Norway AS

01/05-2019 - 31/12-2019

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 Dalekvaam Norway. Annual Accounts for Norwegian Wool Group can be delivered at Dale of Norway AS Sandlivegen 2 5722 Dalekvaam 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 31.12.19 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 31.12.2019 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 Holding AS	30 000	9 930			39 930
Equity Dale of Norway AS 01.05.2019	11 498 300	13 354 700	4 246 013	22 709 378	51 808 391
Share capital increase	2 607 000	31 402 500			34 009 500
Extraordinary dividend		-44 757 200	-4 246 013	-11 716 544	-60 719 757
Group contribution granted				-6 476 145	-6 476 145
Tax effect of group contribution				1 424 752	1 424 752
Group contribution received				5 051 393	5 051 393
Net excess values due to merger		147 536 249			147 536 249
Effects of merger on classification	-30 000	11 022 833		-10 992 833	0
Profit for the year				5 005 688	5 005 688
Equity per 31.12.2019	14 105 300	158 569 013	0	5 005 688	177 680 001

Note 10 - Restricted bank deposits

	<u>This year</u>
Restricted deposits	1 107 239

All restricted deposits are related to withheld employee taxes.

Dale of Norway AS

01/05-2019 - 31/12-2019

Note 11 - Financial market risk**Interest rate risk**

Dale of Norway AS has long term debt to Collector Bank 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 46% of the total turnover, Europe/the rest of the world make 38% and USA/Canada 17%.

Of the company's total purchase of goods for 2019, 68,42% is in EUR, 28,25% in NOK, 2,77% in SEK, 0,27% in CHF and 0,29% in USD.

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

	<u>This year</u>
Raw materials	23 160 470
Goods in progress	2 731 377
Finished goods	<u>36 657 875</u>
	<u>62 549 722</u>
Provision for inventory (finished goods):	150 000

Note 13 - Summarized items**The item financial expenses comprises:**

	<u>This year</u>
Disagio	2 310 187
Other financial expenses	479 269
Interest expenses	<u>4 444 056</u>
Total financial expenses	<u>7 233 512</u>

The item financial income comprises:

	<u>This year</u>
Agio	2 625 305
Interest income	2 472 086
Other financial income	<u>44 918</u>
Total financial income	<u>5 142 310</u>

Note 14 - Events after the balance sheet date**WoolLand AS and new CEO**

In January 2020 WoolLand AS was acquired by Dale of Norway AS, and became a subsidiary. The CEO of WoolLand AS, Anette Knudtzon, became the new CEO of Dale of Norway and all its subsidiaries.

Covid-19

Dale of Norway AS sell most of its products to people in EU, North America and to foreign tourists in Norway. When Norway, EU and North America experienced full lock-down with closed borders, it significantly affected the future income of Dale of Norway. Immediate actions were put in place as temporary lay off's, and cost saving programs, new strategies for reaching new customers and financial strategies to improve the liquidity going forward. Dale of Norway AS was able to establish a new credit facility, in addition to the refinancing of long-term debt in March 2020, with Avida Finans AB. The new credit was part of the state guarantee scheme for loans to small and medium-sized businesses, which is a credit facility backed up with guarantee from the Government but administrated by the banks. But if a lock-down and closed boarder strategy is to be prolonged by many countries over several months, the liquidity situation will be under severe stress. The company is constantly updating its liquidity budget and is running various scenarios to monitor the current and future liquidity performance.

Foreign currencies have been volatile in the first six months of 2020. The company is exposed to changes in the currency rate, as the company sell finished goods in Euro, US dollar and Canadian dollar, but the exposure is reduced due to the fact that the company purchase raw materials in Euro. Net currency exposure in the first six months of 2020 has been manageable and to an acceptable risk.

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Note 15 - Proforma

The previous fiscal year ended 31.03.2019, and due to the merger this fiscal year shows from May 2019.

The proforma note shows the company's result given that the companies were merged on 01.04.2019.

Dale of Norway Holding AS was founded 14th January 2019. The company does not have any income prior to the merger with Dale of Norway AS and consequently no income to be presented for previous year. The income for Dale of Norway AS, for the fiscal year 01.04.18 – 31.03.2019, was NOK 128 305 392

	01.04.2019	31.12.2019
<u>Income statement</u>		
Revenue:		
Revenue	-99 627 768	
Other operating income	-8 722 511	
<u>Total operating income</u>	-108 350 279	
Operating expenses:		
Cost of goods	32 186 052	
Salary costs	31 600 228	
Other operating expense	27 205 453	
Depreciation of fixed assets and intangible assets	9 635 627	
<u>Total operating expenses</u>	100 627 360	
<u>Operating result</u>	-	7 722 919
Financial items:		
Interest income enterprises the same group	-	2 052 886
Other financial income	-	3 433 875
Other financial cost		7 844 443
<u>profit from financial items</u>		2 357 683
<u>Ordinary result before tax expense</u>	-	5 365 236
Taxes on ordinary result	-	1 765 389
<u>Ordinary result</u>	-	3 599 847
<u>The annual profit</u>	-	3 599 847