

# Kid

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Interim report Q2 2018





## Dear Shareholders

The second quarter is our most weather-dependent period of the year as we target the Norwegian consumer's outdoor home environment. It is also peak season for home refurbishment and improvement. Norway experienced unusually warm and dry weather during May and June and despite a negative impact on several retailers and lower footfall in many shopping centres, Kid saw strong sales figures for our seasonal spring and summer goods. The full-year assortment, however, showed negative growth over this period. This resulted in a disappointing total growth of just 1% this quarter. However, through strong cost and margin control we managed to maintain an acceptable EBITDA level.

These are the key takeaways from the second quarter:

- As a result of positive sales for the seasonal spring and summer items during the second quarter, our inventory situation is healthy heading into Q3 and Q4.
- We continue to utilise new technology for smarter and more efficient work processes. During the second quarter, we implemented September BI as a new app-based reporting and store operations tool. The app enables all of our store staff to track KPIs on both a store and an individual basis to benchmark relative performance.
- Our efforts to create more sustainable retail operations continue. As one of the first companies in Norway, we started to use recyclable paper bags for our online orders during the second quarter. The initiative has received positive customer feedback.
- The EU General Data Protection Regulation (GDPR) came into effect as Norwegian law on July 20, 2018. When we started the process of gathering acceptance of new terms and conditions from existing members of the customer club last summer, we had approximately 750,000 members with a registered email address. I am happy to report that we have managed to maintain the size of our membership base at the same level as last year, while being compliant with GDPR. The customer club is an important digital communication channel for us and we are now working on implementing a new CRM system that will enable us to tailor communication to the individual club members, making this channel even more relevant and valuable to our customers.



As we publish this report, we are launching our back-to-school campaign in August. This marks the beginning of our most important sales period of the year in Q3 and Q4. We are well prepared for the season with a new assortment, fresh marketing material and 140 inspirational stores working alongside our online shop.

Yours sincerely,

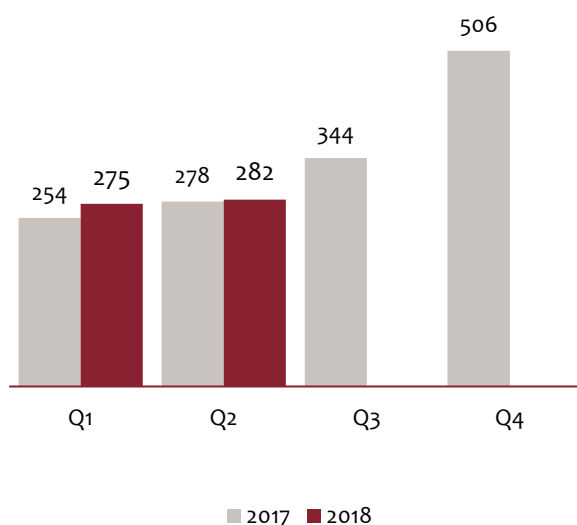
Kjersti Hobøl  
CEO

## Second quarter in brief

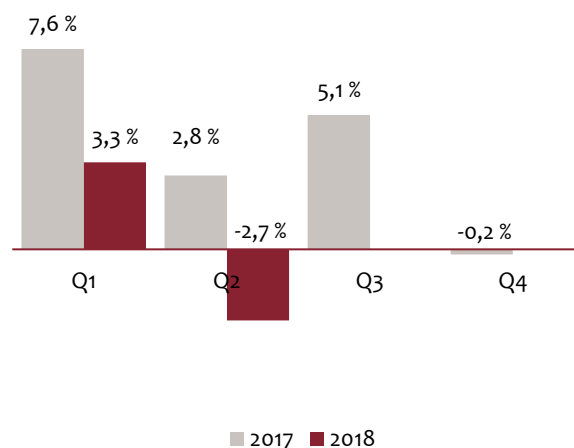
(Figures from the corresponding period - previous year in brackets)

- Revenues of MNOK 281.5 (MNOK 278.4) in Q2 2018, an increase of 1.1% (4.9%). The number of ordinary shopping days in the second quarter was 73, compared to 71 days last year due to the timing of Easter. Revenues from seasonal products increased by 16% in the quarter. For the first two quarters of 2018, revenues amounted to MNOK 556.4 (MNOK 532.3), up 4.5% (7.3%) from 2017. The number of ordinary shopping days for the first two quarters was 148 (148).
- Like-for-like sales decreased by -2.7% (+2.8%) in the quarter and increased by 0.1% (5.1%) for the first two quarters.
- Gross margin of 61.5% (61.6%) in Q2 and 60.0% (60.8%) for the first two quarters.
- EBITDA of MNOK 20.1 (MNOK 21.6) in Q2. For the first two quarters, EBITDA was MNOK 30.0 (MNOK 28.8).
- Adjusted EPS increased to NOK 3.09 (2.97) for the last twelve months.
- The index for sale of home textiles in Q2 2018 in specialised stores in Norway decreased by -4.4% compared to an increase of +1.1% for Kid, according to Statistics Norway. The latest accurate market statistic based on tax returns data show a market growth of 1.8% for the twelve months ending 28.02.2018. For the same period, Kid increased revenues by 6.8% and the market share to 33.8% (32.2%).
- A new store opened at Forus (Stavanger) during Q2. The stores at Sortland and Rosenlund (Lillehammer) were relocated, and the stores at Mosenteret (Mo i Rana), AMFI Borg (Sarpsborg), AMFI Namsos (Namsos), Horisont (Bergen) and AMFI Svolvær (Svolvær) were refurbished in Q2. The total number of physical stores at the end of the quarter was 140 (134).

Revenues, MNOK



Like-for-like growth

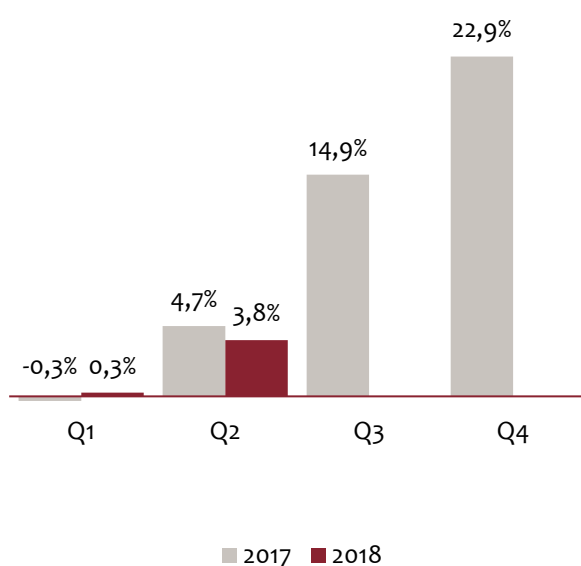


## Key figures

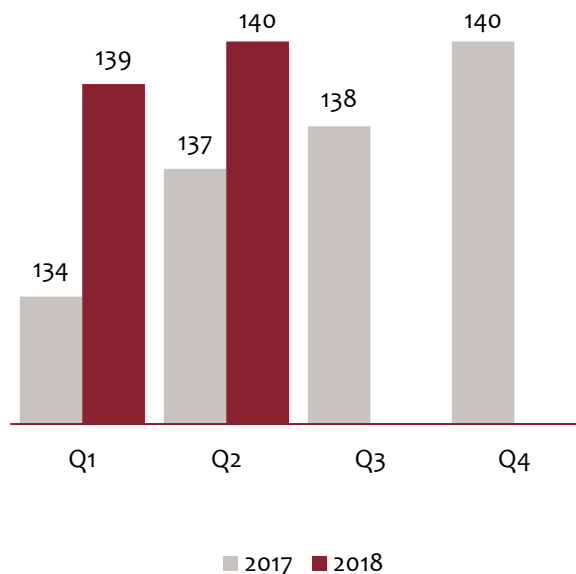
(Amounts in NOK million)	Q2 2018	Q2 2017	H1 2018	H1 2017	Full year 2017
Revenues	281,5	278,4	556,4	532,3	1381,7
Growth	1,1%	4,9%	4,5%	7,3%	6,8%
LFL growth including online sales	-2,7%	2,8%	0,1%	5,1%	3,1%
No. of shopping days in period	73	71	148	148	303
No. of physical stores at period end	140	137	140	137	140
COGS	-108,5	-107,0	-222,8	-208,9	-547,6
<b>Gross profit</b>	173,0	171,4	333,6	323,4	834,0
Gross margin (%)	61,5%	61,6%	60,0%	60,8%	60,4%
<b>EBITDA</b>	20,1	21,6	30,0	28,8	214,5
EBITDA margin (%)	7,1%	7,7%	5,4%	5,4%	15,5%
<b>EBIT</b>	10,8	13,2	11,4	12,4	179,7
EBIT margin (%)	3,8%	4,7%	2,1%	2,3%	13,0%
<b>Adj. Net Income*</b>	5,2	7,8	3,4	4,7	126,7
#shares at period end	40,6	40,6	40,6	40,6	40,6
Adj. Earnings per share	0,13	0,19	0,08	0,12	3,12
<b>Net interest bearing debt</b>	453,3	450,9	453,3	450,9	299,4

\*Adjusted for change in deferred tax caused by lower tax rate in Q4-2017.

EBIT margin



Number of physical stores (period end)



## Financial review

The figures reported in the Q2 report have not been subject to a review by the Group's auditor PwC, and the preparation has required management to make accounting judgements and estimates that impact the figures. Figures from the corresponding period the previous year are in brackets, unless otherwise specified.

### Profit and loss

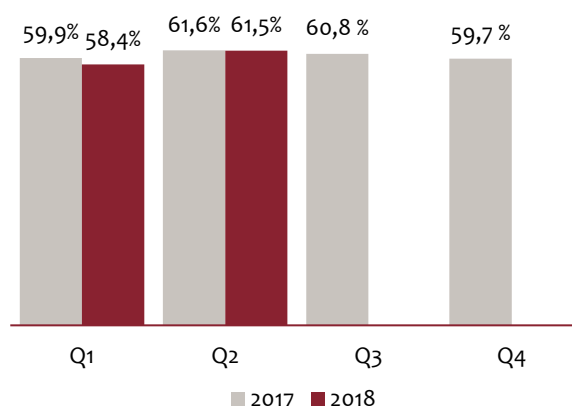
**Revenues** in the second quarter amounted to MNOK 281.5 (MNOK 278.4) in Q2 2018, an increase of 1.1% (4.9%) compared to the second quarter of 2017. The number of ordinary shopping days in the second quarter was 73, compared to 71 days last year due to the timing of Easter. For the first two quarters of 2018, revenues increased by 4.5% (7.3%). The number of ordinary shopping days for the first two quarters was 148 (148).

Online sales increased by 72.3% (46.7%) in the second quarter of 2018. The online growth increase was driven by the new category "made to measure sun screening" which was launched in March 2018. Last twelve months, online revenues were MNOK 53.1 (MNOK 36.2) as of 30 June 2018 - a growth of 46.8% from the corresponding period last year.

During the second quarter of 2018, a new store was opened at Forus (Stavanger). The stores at Sortland and Rosenlund (Lillehammer) were relocated, and the stores at Mosenteret (Mo i Rana), AMFI Borg (Sarpsborg), AMFI Namsos (Namsos), Horisont (Bergen) and AMFI Svolvær (Svolvær) were refurbished. The total number of physical stores at the end of the quarter was 140 (134).

**Gross margin** was 61.5% (61.6%) for the second quarter, and 60.0% (60.8%) for the first two quarters. Kid ASA has applied IFRS9 and hedge accounting retrospectively, with initial application from 1 January 2015. All references to historical financial figures are based on IFRS 9 in this report.

### Gross margin (hedge accounting):



**Operating expenses**, including employee benefit expenses, were MNOK 153.0 (MNOK 149.8) in the second quarter, up 2.1% from Q2 2017. For the first two quarters of 2018, operating expenses including employee benefit expenses amounted to MNOK 303.6 (MNOK 295.2). There were no adjustments for extraordinary operating expenses in 2017 or 2018.

Employee expenses decreased by -0.3% to MNOK 71.3 (MNOK 71.6) in the second quarter:

- 2.4 percentage points due to net new stores.
- 1.2 percentage points due to general salary inflation and decreased staffing level in stores driven by lower sales
- -3.9 percentage points due to reduced provision for store bonuses. These provisions was above the normal level last year.

Other operating expenses increased by 4.3% in the quarter to MNOK 81.6 (MNOK 78.2):

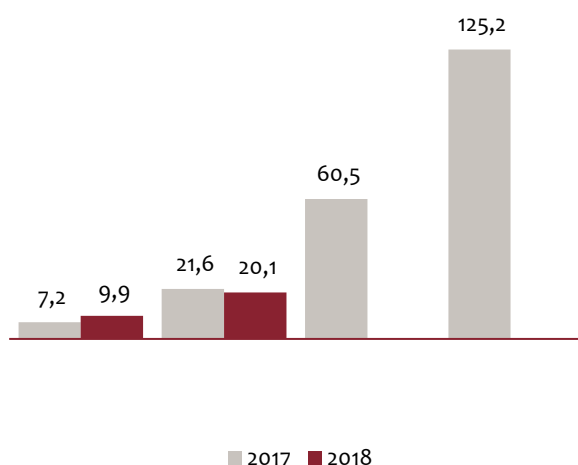
- 2.8 percentage points related to retail space rental costs for net new stores.

- 0.6 percentage points related to other store and HQ rental costs driven by inflation and relocation of stores.
- -0.6 percentage points related to a decrease in marketing expenses.
- 1.5 percentage points related to other OPEX.

**EBITDA** amounted to MNOK 20.1 (MNOK 21.6) in the second quarter. This represents an EBITDA margin of 7.1% (7.7%).

EBITDA for the first two quarters of 2018 was MNOK 30.0 (MNOK 28.8), an increase of 4.2% driven by revenue growth, a decrease of gross margin and increased cost efficiency.

## EBITDA



**EBIT** amounted to MNOK 10.8 (MNOK 13.2) in the second quarter. This represents an EBIT margin of 3.8% (4.7%). EBIT was affected by increased depreciation due to last year's CAPEX levels.

EBIT for the first two quarters amounted to MNOK 11.5 (MNOK 12.4), corresponding to an EBIT margin of 2.1% (2.3%).

**Net financial expenses** amounted to MNOK 4.0 (MNOK 3.0) in the second quarter, and MNOK 7.0 (MNOK 6.2) for the first two quarters of 2018.

The increase in financial expenses was driven by higher net interest bearing debt during the quarter combined with increased interest rate and margin. Reference is made to the Q2-2017 report where the current lending agreement is described.

**Net income** amounted to MNOK 5.2 (MNOK 7.8) in the second quarter. Net income for the first two quarters was MNOK 3.4 (MNOK 4.7).



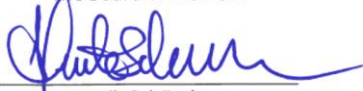
## Events after the end of the reporting period

There have been no other significant events after the end of the reporting period.

According to the hedging strategy, Kid ASA hedge 100% of the USDNOK goods purchases approximately 6 months ahead by entering into foreign exchange contracts. Hedges for the period July to December 2018 have a weighted exchange rate of 7.76 compared to 8.35 for the same period last year.

Lier, 16th August 2018

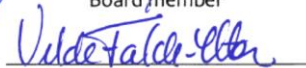
The board of Kid ASA



Henrik Schüssler  
Chairman



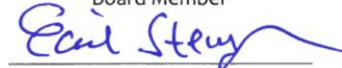
Bjørn Rune Gjelsten  
Board member



Vilde Falck-Ytter  
Board member



Karin Bing Ørland  
Board Member



Egil Stenshagen  
Board member

## **Kid ASA Q2 2018**

### **Financial statements**



# Interim condensed consolidated statement of profit and loss

(Amounts in NOK thousand)	Note	Q2 2018 Unaudited	Q2 2017 Unaudited	H1 2018 Unaudited	H1 2017 Unaudited	2017 Audited
Revenue		281 517	278 365	556 410	532 277	1 381 675
Other operating revenue		28	22	44	597	667
<b>Total revenue</b>		<b>281 545</b>	<b>278 387</b>	<b>556 454</b>	<b>532 873</b>	<b>1 382 342</b>
Cost of goods sold		108 522	107 012	222 842	208 875	547 627
Employee benefits expense		71 340	71 562	146 370	144 816	306 471
Depreciation and amortisation expenses	9	9 304	8 354	18 561	16 379	34 839
Other operating expenses		81 622	78 245	157 236	150 376	313 716
<b>Total operating expenses</b>		<b>270 789</b>	<b>265 174</b>	<b>545 009</b>	<b>520 446</b>	<b>1 202 653</b>
<b>Operating profit</b>		<b>10 757</b>	<b>13 213</b>	<b>11 446</b>	<b>12 427</b>	<b>179 689</b>
Other financial income		83	130	268	474	821
Other financial expense		4 058	3 137	7 232	6 657	13 480
<b>Net financial income (+) / expense (-)</b>		<b>-3 975</b>	<b>-3 006</b>	<b>-6 964</b>	<b>-6 184</b>	<b>-12 659</b>
<b>Profit before tax</b>		<b>6 782</b>	<b>10 207</b>	<b>4 482</b>	<b>6 243</b>	<b>167 030</b>
Income tax expense		1 571	2 453	1 039	1 501	25 705
<b>Net profit (loss) for the period</b>		<b>5 210</b>	<b>7 753</b>	<b>3 443</b>	<b>4 742</b>	<b>141 325</b>
<b>Interim condensed consolidated statement of comprehensive income</b>						
Profit for the period		5 210	7 753	3 443	4 742	141 325
Other comprehensive income		9 696	-5 462	3 593	-4 693	-9 420
Tax on comprehensive income		-2 230	1 311	-826	1 126	2 284
<b>Total comprehensive income for the period</b>		<b>17 136</b>	<b>980</b>	<b>7 863</b>	<b>-1 078</b>	<b>129 622</b>
Attributable to equity holders of the parent		12 676	3 602	6 210	1 175	134 189
<b>Basic and diluted Earnings per share (EPS):</b>		<b>0,13</b>	<b>0,19</b>	<b>0,08</b>	<b>0,12</b>	<b>3,48</b>

The accompanying notes are an integral part of the Condensed Consolidated Interim Financial Statements

# Interim condensed consolidated statement of financial position

(Amounts in NOK thousand)	Note	30.06.2018 Unaudited	30.06.2017 Unaudited	31.12.2017 Audited
<b>Assets</b>				
Trademark	9	1 461 642	1 462 335	1 462 354
Store lease rights		7 477	9 368	8 423
<b>Total intangible assets</b>		<b>1 469 119</b>	<b>1 471 703</b>	<b>1 470 776</b>
Fixtures and fittings, tools, office machinery and equipment	9	92 992	94 034	91 896
<b>Total tangible assets</b>		<b>92 992</b>	<b>94 034</b>	<b>91 896</b>
<b>Total fixed assets</b>		<b>1 562 111</b>	<b>1 565 737</b>	<b>1 562 672</b>
Inventories		300 080	284 396	301 997
Trade receivables		3 316	1 776	3 500
Other receivables	6	20 917	22 111	28 506
Derivatives	6	11 457	0	4 180
<b>Total receivables</b>		<b>35 690</b>	<b>23 887</b>	<b>36 185</b>
Cash and bank deposits		75 351	77 312	130 071
<b>Total current assets</b>		<b>411 121</b>	<b>385 595</b>	<b>468 252</b>
<b>Total assets</b>		<b>1 973 232</b>	<b>1 951 332</b>	<b>2 030 924</b>

The accompanying notes are an integral part of the Condensed Consolidated Interim Financial Statements

# Interim condensed consolidated statement of financial

(Amounts in NOK thousand)	Note	30.06.2018	30.06.2017	31.12.2017
<b>Equity and liabilities</b>		Unaudited	Unaudited	Audited
Share capital		48 774	48 774	48 774
Share premium		321 049	321 049	321 049
Other paid-in-equity		64 617	64 617	64 617
<b>Total paid-in-equity</b>		<b>434 440</b>	<b>434 440</b>	<b>434 440</b>
Other equity		540 974	483 389	584 077
<b>Total equity</b>		<b>975 414</b>	<b>917 829</b>	<b>1 018 516</b>
Deferred tax		336 464	347 850	334 585
<b>Total provisions</b>		<b>336 464</b>	<b>347 850</b>	<b>334 585</b>
Liabilities to financial institutions		428 663	428 208	429 433
<b>Total long-term liabilities</b>		<b>428 663</b>	<b>428 208</b>	<b>429 433</b>
Liabilities to financial institutions		100 000	100 000	0
Trade payables		35 232	39 303	45 161
Tax payable		2 238	22 221	40 415
Derivative financial instruments		0	2 133	0
Public duties payable		52 904	51 167	104 674
Other short-term liabilities		42 316	42 622	58 139
<b>Total short-term liabilities</b>		<b>232 690</b>	<b>257 446</b>	<b>248 390</b>
<b>Total liabilities</b>		<b>997 818</b>	<b>1 033 503</b>	<b>1 012 408</b>
<b>Total equity and liabilities</b>		<b>1 973 232</b>	<b>1 951 332</b>	<b>2 030 924</b>

The accompanying notes are an integral part of the Condensed Consolidated Interim Financial Statements

# Interim condensed consolidated statement of changes in equity

(Amounts in NOK thousand)

	Total paid- in equity	Other equity	Total equity
	Unaudited	Unaudited	Unaudited
<b>Balance at 1 January 2017</b>	<b>434 440</b>	<b>567 852</b>	<b>1 002 292</b>
Profit for the period YTD 2017	0	4 742	4 742
Other comprehensive income	0	-3 567	-3 567
Cash flow hedges	0	-4 348	-4 348
Dividends	0	-81 290	-81 290
<b>Balance as at 30 June 2017</b>	<b>434 440</b>	<b>483 389</b>	<b>917 829</b>
<b>Balance at 1 January 2018</b>	<b>434 440</b>	<b>584 076</b>	<b>1 018 516</b>
Profit for the period YTD 2018	0	3 443	3 443
Other comprehensive income	0	2 767	2 767
Cash flow hedges	0	3 526	3 526
Dividends	0	-52 839	-52 839
<b>Balance as at 30 June 2018</b>	<b>434 440</b>	<b>540 974</b>	<b>975 414</b>

The accompanying notes are an integral part of the Condensed Consolidated Interim Financial Statements



# Interim condensed consolidated statement of cash flows

(Amounts in NOK thousand)	Note	Q2 2018 Unaudited	Q2 2017 Unaudited	H1 2018 Unaudited	H1 2017 Unaudited	Full year 2017 Audited
<b>Cash flow from operations</b>						
Profit before income taxes		6 782	10 207	4 482	6 243	167 030
Taxes paid in the period		-19 607	-10 064	-39 215	-20 129	-40 849
Depreciation & impairment	9	9 304	8 354	18 561	16 379	34 839
Items classified as investments or financing		4 448	3 138	7 909	6 316	13 736
<b>Change in net working capital</b>						
Change in inventory		6 256	-31 670	1 917	-62 206	-79 807
Change in trade debtors		-208	107	184	752	-972
Change in trade creditors		-3 809	3 081	-9 929	-1 323	4 536
Change in other provisions*		-15 745	-15 454	-58 432	-42 348	19 633
<b>Net cash flow from operations</b>		<b>-12 579</b>	<b>-32 301</b>	<b>-74 523</b>	<b>-96 316</b>	<b>118 146</b>
<b>Cash flow from investments</b>						
Purchase of store lease rights		0	-9 500	0	-9 500	-9 500
Purchase of fixed assets	9	-13 887	-14 817	-18 946	-21 233	-37 573
<b>Net cash flow from investments</b>		<b>-13 887</b>	<b>-24 317</b>	<b>-18 946</b>	<b>-30 733</b>	<b>-47 073</b>
<b>Cash flow from financing</b>						
Repayment of long term loans		-387	-98 255	-770	-98 337	-197 111
Net interest		-3 448	-4 668	-6 478	-7 938	-14 517
Net change in bank overdraft		100 000	100 000	100 000	100 000	100 000
Dividend payment		-52 839	-81 290	-52 839	-81 290	-121 935
<b>Net cash flow from financing</b>		<b>43 326</b>	<b>-84 214</b>	<b>39 914</b>	<b>-87 565</b>	<b>-233 563</b>
Cash and cash equivalents at the beginning of the period		57 296	218 052	130 071	291 852	291 852
Net change in cash and cash equivalents		16 860	-140 832	-53 555	-214 614	-162 490
Exchange gains / (losses) on cash and cash equivalents		1 195	93	-1 165	75	710
<b>Cash and cash equivalents at the end of the period</b>		<b>75 351</b>	<b>77 312</b>	<b>75 351</b>	<b>77 312</b>	<b>130 071</b>

\*Change in other provisions includes other receivables, public duties payable and other short-term liabilities.

The accompanying notes are an integral part of the Condensed Consolidated Interim Financial Statements

## Note 1 Corporate information

Kid ASA and its subsidiaries` (together the "company" or the "Group") operating activities are related to the resale of home textiles on the Norwegian market.

All amounts in the interim financial statements are presented in NOK 1 000 unless otherwise stated.

Due to rounding, there may be differences in the summation columns.

## Note 2 Basis of preparations

These condensed interim financial statements for the three and twelve months ended 30 June 2018 have been prepared in accordance with IAS 34, 'Interim financial reporting'. The condensed interim financial statements should be read in conjunction with the consolidated financial statements for the year ended 31 December 2017, which have been prepared in accordance with IFRS as adopted by the European Union ('IFRS').

## Note 3 Accounting policies

The accounting policies applied in the preparation of the condensed consolidated interim financial statements are consistent with those applied in the preparation of the annual IFRS financial statements for the year ended 31 December 2017.

Amendments to IFRSs effective for the financial year ending 31 December 2018 are not expected to have a material impact on the group.

The group adopted IFRS 15 as of 1 January 2018 using the full retrospective approach. The implementation of IFRS 15 does not have a material effect on total reported revenues, expenses, assets or liabilities.

The group will implement IFRS 16 from 1.1.2019 by applying the modified retrospective approach. At the date of initial application of the new leases standard, lessees recognise the cumulative effect of initial application as an adjustment to the opening balance of equity as of 1 January 2019. Please see the 2017 annual report for further information about the implementation principles and the expected effects on the financial statements.

## Note 4 Estimates, judgments and assumptions

The Preparation of interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these condensed interim financial statements the significant judgements made by management inn applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements for the year ended 31 December 2017.

## Note 5 Segment information

The Group sells home textiles in 140 fully owned stores across Norway and through the Group's online website. Over 98% of the products are sold under own brands. The Group's aggregate online sales are approximately equal to the sales of one physical store and it is therefore not considered as a separate segment. The Norwegian market is not divided into separate geographical regions with distinctive characteristics and Kid's operations cannot naturally be split in further segments.

## Note 6 Financial instruments

he group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The condensed interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the group's annual financial statements as at 31 December 2017.

There have been no changes in any risk management policies since the year end.

Set out below is a comparison of the carrying amounts and fair values of financial assets and liabilities as at 30 June 2018 and 30 June 2017.

(Amounts in NOK thousand)

	30 June 2018		30 June 2017	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial assets</b>				
Loans and receivables				
Trade and other receivables excluding pre-payments	3 341	3 341	1 801	1 801
Cash and cash equivalents	75 351	75 351	77 312	77 312
<b>Total</b>	<b>78 692</b>	<b>78 692</b>	<b>79 113</b>	<b>79 113</b>



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[www.kid.no](http://www.kid.no)

<b>Financial liabilities</b>				
Borrowings (excluding finance lease liabilities)	525 000	525 000	525 000	525 000
Finance lease liabilities	3 663	3 663	3 208	3 208
Trade and other payables excluding non-financial liabilities	88 239	88 239	91 766	91 766
<b>Total</b>	<b>616 902</b>	<b>616 902</b>	<b>620 429</b>	<b>620 429</b>
<b>Financial instruments measured at fair value through profit and loss</b>				
<b>Derivatives - asset</b>				
Foreign exchange forward contracts	11 457	11 457	0	0
<b>Total</b>	<b>11 457</b>	<b>11 457</b>	<b>0</b>	<b>0</b>
<b>Derivatives – liabilities</b>				
Foreign exchange forward contracts	0	0	2 133	2 133
<b>Total</b>	<b>0</b>	<b>0</b>	<b>2 133</b>	<b>2 133</b>

#### Fair value hierarchy

All financial instruments for which fair value is recognized or disclosed are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole, as follows:

Level 1 Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

There were no transfers between Levels or changes in valuation techniques during the period.

All of the Group's financial instruments that are measured at fair value are classified as level 2.

Level 2 trading and hedging derivatives comprise forward foreign exchange contracts and interest rate swaps. These forward foreign exchange contracts have been fair valued using forward exchange rates that are quoted in an active market. Interest rate swaps are fair valued using forward interest rates extracted from observable yield curves. The effects of discounting are generally insignificant for Level 2 derivatives.

## Note 7 Earnings per share

	Q2 2018	Q2 2017	H1 2018	H1 2017	Full Year 2017
Weighted number of ordinary shares	40 645 162	40 645 162	40 645 162	40 645 162	40 645 162
Net profit or loss for the year	5 210	7 753	3 443	4 742	141 325
<b>Earnings per share (basic and diluted) (Expressed in NOK per share)</b>	<b>0,13</b>	<b>0,19</b>	<b>0,08</b>	<b>0,12</b>	<b>3,48</b>

## Note 8 Related party transactions

The Group's related parties include its associates, key management, members of the board and majority shareholders.

None of the Board members have been granted loans or guarantees in the current year. Furthermore, none of the Board members are included in the Group's pension or bonus plans.

The following table provides the total amount of transactions that have been entered into with related parties during the six months ended 30 June 2018 and 2017:

<b>Lease agreements:</b>	<b>H1 2018</b>	<b>H1 2017</b>
Gilhus Invest AS (Headquarter rental)*	0	7 536
Vågsgaten Handel AS with subsidiaries (Store rental)	640	626
<b>Total</b>	<b>640</b>	<b>9 369</b>

\* Gilhus Invest AS was sold to a non-related party in December 2017.

## Note 9 Fixed assets and intangible assets

(amounts in NOK million)	PPE	Trademark	Store lease rights
Balance 01.01.2018	91,9	1462,4	8,4
Additions	18,9		
Disposals and write downs			
Depreciation and amortisation	-17,8	-0,8	-0,9
<b>Balance 30.06.2018</b>	<b>93,0</b>	<b>1461,6</b>	<b>7,5</b>

(amounts in NOK million)	PPE	Trademark	Store lease rights
Balance 01.01.2017	88,5	1463,0	0,0
Additions	21,2		9,5
Disposals and write downs			
Depreciation and amortisation	-15,7	-0,7	-0,1
<b>Balance 30.06.2017</b>	<b>94,0</b>	<b>1462,3</b>	<b>9,4</b>

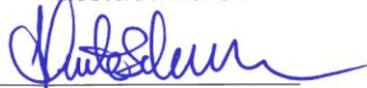


# Responsibility statement Kid ASA

We confirm, to the best of our knowledge, that the financial statements for the period 1 January to 30 June 2018 have been prepared in accordance with current applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and profit or loss of the entity and the group taken as a whole. We also confirm that the Board of Directors' Report includes a true and fair review of the development and performance of the business and the position of the entity and the group, together with a description of the principal risks and uncertainties facing the entity and the group.

Lier, 16th August 2018

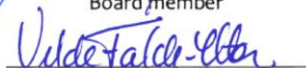
The board of Kid ASA



Henrik Schüssler  
Chairman



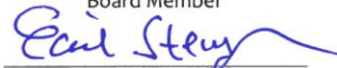
Bjørn Rune Gjelsten  
Board member



Vilde Falck-Ytter  
Board member



Karin Bing Ørland  
Board Member



Egil Stenshagen  
Board member

# Definitions

- **Like for like** are stores that were in operation at the start of last year's period and end of current period. Refurbished and relocated stores, as well as online sales, are included in the definition.
- **Gross profit** is revenue less cost of goods sold (COGS)
- **EBITDA** (earnings before interest, tax, depreciation and amortisation) is operating profit excluding depreciation and amortization
- **EBIT** (earnings before interest, tax) is operating profit
- **Capital expenditure** is the use of funds to acquire intangible or fixed assets
- **Net Income** is profit (loss) for the period
- **Adjusted Net Income** is Net Income adjusted for non-recurring items and change in deferred tax caused by the lower tax rate.

# Disclaimer

This report includes forward-looking statements which are based on our current expectations and projections about future events. All statements other than statements of historical facts included in this report, including statements regarding our future financial position, risks and uncertainties related to our business, strategy, capital expenditures, projected costs and our plans and objectives for future operations, including our plans for future costs savings and synergies may be deemed to be forward-looking statements. Words such as “believe,” “expect,” “anticipate,” “may,” “assume,” “plan,” “intend,” “will,” “should,” “estimate,” “risk” and similar expressions or the negatives of these expressions are intended to identify forward-looking statements. By their nature, forward-looking statements involve known and unknown risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance. You should not place undue reliance on these forward-looking statements. In addition any forward-looking statements are made only as of the date of this notice, and we do not intend and do not assume any obligation to update any statements set forth in this notice.