



# KID ASA ANN UAL REP ORT 018

Kid  
ANNUAL  
REPORT  
2018





# ANNUAL REPORT 2018

## CONTENTS

Financial highlights 2018.....	4
About KID .....	7
Company facts .....	8
Historical milestones .....	8
Letter from the CEO .....	10
Management.....	13
Nationwide presence .....	16
At a glance 2018 .....	17
Sustainability.....	18
Corporate governance .....	27
Board of directors’ report .....	31
Consolidated financial statement.....	36
Notes to the consolidated financial statement .....	43

### FINANCIAL STATEMENTS KID ASA 2018

Parent company financial statement .....	75
Notes to the parent company financial statement .....	80

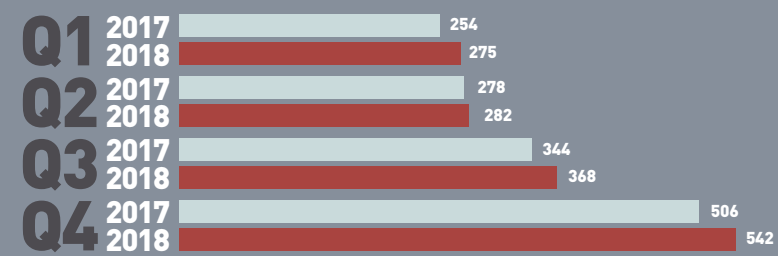
Responsibility statement .....	87
Independent auditor’s report.....	88
Financial calendar.....	95

# Kid

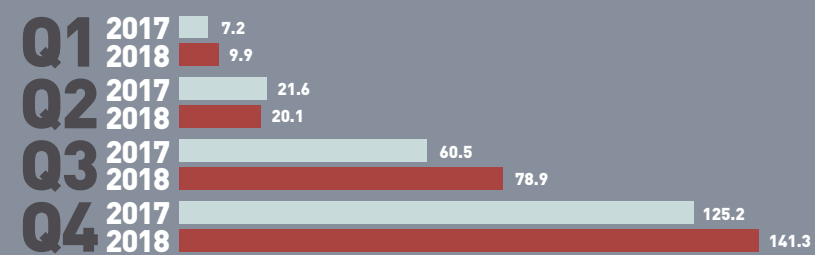
**DISCLAIMER:** This report includes forward-looking statements which are based on our current expectations and projections about future events. All statements other than statements of historical facts included in this report, including statements regarding our future financial position, risks and uncertainties 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.

## FINANCIAL HIGHLIGHTS 2018

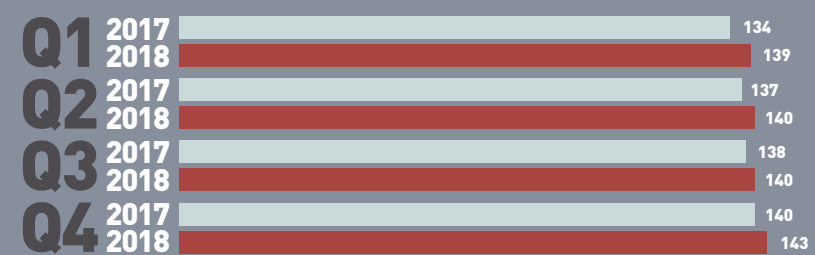
### REVENUES (MNOK)



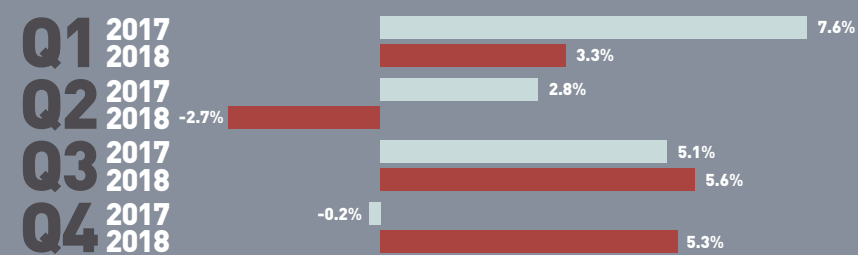
### EBITDA (MNOK)



### NUMBER OF PHYSICAL STORES (period end)



### LIKE-FOR-LIKE GROWTH



### SHARE PRICE 2018 - KID ASA



REVENUES OF  
MNOK  
**1.467**  
(MNOK 1.381), an increase  
of 6.2 percent compared  
to 2017





# Our mission

*To inspire and make every home a beautiful one*

## ABOUT KID

Founded in 1937, Kid Interiør AS, subsidiary of Kid ASA (listed on the Oslo Stock Exchange under the ticker symbol KID) operates as a home textile retailer in the Norwegian market. The company offers a full range of home and interior products, including textiles, curtains, bed linens and other interior products. We design, source, market and sell these products nationwide through our stores – which at the end of 2018 numbered 143 – as well as through our online sales platform. At the end of 2018 we had 1038 employees.

The company is headquartered in Lier, and includes a modern logistics operation.

Kid's business model is based on ensuring full control of the value chain from the production and design phase, to direct product sourcing and manufacturing, primarily in lowcost countries in Asia, including China, India, Pakistan and Bangladesh. Over 99 percent of our products sold are under the Kid brand, with more premium products categorised in sub-brands such as Dekosol and Nordun.

Our strategy is to closely monitor and quickly adapt to underlying consumer trends and demands. Through in-depth market analysis, supported by our own design and sourcing competence, we bring high quality, yet value for money, product ranges to our customers.

Kid is the market leader within home textiles in Norway with 35 percent market share, which has been growing steadily every year by delivering consistent quality products at affordable prices. We have unbeatable brand recognition, with top of mind awareness well ahead of our peers. Research indicates a 98 percent familiarity of the Kid brand by Norwegian women.

We have dedicated and experienced employees, who provide creative guidance to our customers and a commitment to developing the best product mix and most inspirational marketing communication on the market. The Kid spirit is driven by our commitment to our company values of entrepreneurial spirit, inspiration and dedication.



From the headquarter in Lier.



## COMPANY FACTS

**35%**  
MARKET SHARE  
at the end of 2018

**3.1%**  
LIKE-FOR-LIKE  
GROWTH  
in 2018

**4.6%**  
ONLINE SHARE  
of total revenues

**14.1%**  
RETURN ON EQUITY  
in 2018  
(adjusted net profit)

**1,038**  
EMPLOYEES

**1,467**  
MILL NOK  
in revenues  
for 2018





## DEAR SHAREHOLDERS,

The progress we achieved during 2018 demonstrates how Kid has developed since the IPO in 2015. While 2018 represents Kid's best full-year financial performance to date, our operational improvements have also secured a solid foundation for future, profitable growth.

2018 started out with positive like for like growth, accompanied by new store openings. Due to unusually warm and dry weather during May and June, sales dropped in Q2 and our decision to avoid discounts worked out well, with August and September sales bringing us back on track compared to our targets. The strong Q4 performance was based on a combination of factors; inspiring assortment mix, effective marketing campaigns, good cost control and solid execution of Black Friday. The total revenue growth for 2018 was 6.2%, resulting in a market share of 35%.

We continue to see how important the customer club is for digital communication with our customers, and how it is driving traffic to both physical stores and the online site. By the end of 2018, we are proud to have improved the functionality of our customer club, which means we can now provide relevant product information and campaigns to individual customers based on their specific interests and shopping habits. Our customer club now has more than 820,000 individual members and is fully in line with GDPR regulations. We expect the number of members to continue to grow following the ambitious development goals set for 2019.

Our online store grew by 56% in 2018 and now represents nearly 5% of total revenues, driven by a more inspiring and convenient user experience with a broader range of product categories. Our online improvements are also driving traffic to our physical stores. It is important for us to be best across all channels and to let the customer decide how they would like to buy from us.

In 2018 we opened 4 stores and closed 1, and we refurbished 7 stores and relocated 4. We believe investing in existing stores is both profitable and crucial, as we need to be proactive in order to create compelling reasons for customers to visit our stores in today's competitive market. It is up to us to shape the in-store experience based on higher customer demands, and we will allocate capital to support such initiatives. We will continue to assess both relocation of stores and new locations, in order to match the changing shopping patterns and demographics. Our store portfolio strategy is first and foremost focused on increasing sales in existing stores.

We have carried out a number of sustainability initiatives in 2018. Following changes to our packaging design for bed linen and pillow cases, we have reduced the use of plastic by 55 tonnes over this past year. This is equivalent to 1.1 million 1.5 litre plastic bottles. Furthermore, 73% of our cotton production is now sustainable, and our medium-term goal is 100% cotton sustainability. Our sustainability objectives are becoming increasingly extensive, and we have now started the implementation of SEDEX, a platform for better monitoring of our suppliers. We conducted climate accounting calculations in 2018, which now makes it possible for us to be fully climate compensating in 2019. We communicate our sustainability efforts under our own label "Handle Med Hjertet" ("Shop With Your Heart") in stores, newsletters and other marketing channels. Our goal is to make sure our customers are aware that Kid is the right choice for great designs and quality, while at the same time being a responsible retailer.

In 2018, we increased the number of category teams from 3 to 4, which enabled us to put even more effort into developing and innovating our assortment. During the year we added the following new categories; made-to-measure sun screening (online), homewear (tunics and slippers), Kidskids (kid concept), as well as spices, pesto and oils. All in all, we increase our market share from 33 percent in 2017 up to 35 percent at year end 2018. Innovation and product development are key to our success and will remain a key part of our growth strategy.

I started in the role as CEO of Kid on 1st November 2018. Kid is a fantastic workplace with dedicated colleagues who are extremely engaged in Kid's success. Together with the new CFO and a solid management team, we are motivated and prepared for the journey ahead. It gives me confidence to see that our employees are willing to adapt to the changes needed in order to succeed in a competitive marketplace.



Our ambition is that Kid will lead the way in our industry with respect to digital presence and new solutions and ideas, while remaining focused on core business.

Finally, I would like to thank all our customers, employees, suppliers, partners and shareholders, for their contribution in making 2018 the best year in Kid's history.

Yours sincerely,

Anders Fjeld  
CEO, Kid Interior AS



*Kid Interiør is a nationwide company for textiles, home & living, offering a large variety of curtains, bed linens and other interior products.*

## KID MANAGEMENT

**Anders Fjeld**  
Chief Executive Officer



Fjeld has been the Chief Executive Officer at Kid since November 2018. Prior to joining Kid, he held senior and executive positions in Elkjøp and XXL. His most recent position was Chief Operating Officer and Concept Development Director in XXL. Fjeld has a bachelor's degree from BI Norwegian Business School.

**Henrik Frisell**  
Chief Financial Officer



Henrik Frisell has been Chief Financial Officer in Kid since January 2019. Prior to joining Kid he held senior and executive positions within accounting in Ringnes and finance and sales in Circle K. His most recent position was as Director in PWC Risk Advisory service. Frisell has a solid background in finance and reporting, combined with experience from digital and customer orientated business development. Frisell holds a MBA from Rotterdam School of Management and a Master in Accounting and Auditing from the Norwegian School of Management.

**Mona Kotte-Eriksen**  
Head of Marketing



Kotte-Eriksen has been the Head of Marketing at Kid since 2010. Prior to this, she served as advertising manager at IKEA for nearly 13 years. In addition, Kotte-Eriksen served as a Media Consultant at Carat Mediamanalen and has held various sales positions within the media and advertising industry. She holds a degree in Business Graduate Economics, specialising in Marketing and Personnel from the Norwegian Business School (Norwegian: Handelshøyskolen BI).

**Robert Steen**  
Logistics Director



Steen has been the Logistics Director at Kid since 2005. Prior to this, Steen served as Domestic Director of Operations at B.H Ramberg AS, and Coordinator in Sties Termotransport AS.

**Marianne Fulford**  
Head of Sourcing



Marianne Fulford has been the Head of Sourcing at Kid since April 2016. Prior to her current position, she served as Category Manager at Kid since 2008 and she has been a board member (employee representative) of Kid Interiør AS since 2011. Further, she has served several years as both Head of Sales and Regional Manager at Tempur Norway AS and she has additional experience from other Marketing positions. Fulford holds a Master of Science in Marketing from the Norwegian Business School (Norwegian: Handelshøyskolen BI).

**Svein Faksvåg**  
Head of Store operations



Faksvåg has been head of store operations since 2016. Prior to this he held various positions within Gresvig Holding's sports retail businesses. These include, most recently, two years as sales director at both G-Sport and G-MAX. Faksvåg was previously an officer in the armoured battalion of the Norwegian Army. He holds an engineering degree from NTNU, Trondheim.





Kid store at Sandvika Storsenter, Bærum



From the headquarter in Lier



Kid store in Pilestredet, Oslo



NATIONWIDE  
PRESENCE

Kid Interiør had  
**143 physical  
stores in  
Norway,**  
at year end (140 stores)

**Opened four  
new stores,**  
refurbished seven,  
relocated four and  
closed one

AT A GLANCE  
2018

The board of directors  
proposes a dividend of

**NOK 2.00**  
per share for 2018

\*Net profit of MNOK 154.1 is adjusted for a  
change in deferred tax related to trademark  
of MNOK -14.6 caused by the reduced tax rate  
from 23% to 22% with effect from 1.1.2019

Paid dividend of NOK 1.2 in  
November 2018. Aggregated the  
dividend of NOK 3.2 represents

**84.4%** of adjusted net  
profit for 2018

Gross margin of

**60.9%**  
(60.4 percent)

EBITDA of  
**MNOK 250.2**  
(MNOK 214.5)

**Revenue growth of 6.2%**  
(6.8 percent)

**Increased the  
market share  
to 35%**  
within the home textiles sector





## SUSTAINABILITY

KID recognises the importance that corporations and retailers have in developing more sustainable value chains and ethical trading patterns. We appreciate that throughout the supply chain we must act responsibly towards our customers, employees, suppliers and the environment.

In 2016, we started to transform our sustainability activities through an initiative called "Act with your heart". In implementing "Act with your heart" we want to clearly define for our partners, employees and external stakeholders how Kid is committed to create and maintain sustainable, safe and well-managed working conditions in our supply chain. We also want to protect the environment by developing more sustainable products and delivering safe, quality products to our consumers.

Our focus within CSR is founded in the United Nations Sustainable Development Goals:



The areas of focus are selected based on a risk assessment of our supply chain as well as the challenges we find related to reduction of greenhouse gas emissions, securing a sustainable development of water and natural resources and women's right to education, health and work in the countries we source from. We already have implemented a number of initiatives, both internally and in conjunction with partners, that are making a difference to the way we will conduct our business in the future.





## ETHICAL SUPPLY CHAIN

2018 marked Kid's 10th anniversary as a member of Initiativ for Etisk Handel (IEH), the Norwegian sister organisation of the international Ethical Trading Initiative (ETI), a resource centre and a driving force for ethical trade. IEH works to promote responsible supply chains so that international trade safeguards both human and labour rights, sustainable development and sound environmental management. As a member with board representation in IEH, we are actively working with our suppliers to ensure ethical standards. We are committed to working only with companies that have appropriate human and environmental conditions.



**IEH** Initiativ for etisk handel

In a step to increase transparency in our value chain, we opened our supplier list in 2018. This strengthens the relationships

with our suppliers and clarifies the importance of the sustainability work being done. We also decided to sign the Bangladesh Accord on Fire and Building Safety in 2018 to help secure safe workplaces in Bangladesh.

Kid is also a member of Grønt Punkt Norge - Green Dot Norway- and Renas, which are national, non-profit, member-based organisations set up to manage the collection and recycling of used packaging and electronics. We collaborate with these organisations to manage the proper collection and recycling of all our electronics, plastic, metal and glass packaging, beverage cartons and corrugated cardboard in Norway. By using this service, we are licensed to use the Grønt Punkt mark on our packaged products.

## SAFE AND QUALITY PRODUCTS

Kid wants all of our customers to feel certain that there are no products that they buy from us that can be health or environmentally hazardous. Through continuous testing, we ensure that all the products we offer are safe and produced under stringent production techniques.

All of our fabrics that are used directly against skin carry the Oeko-Tex label. This means that they are produced to conform to the current Oeko-Tex Standard 100, which sets strict requirements on the level of chemicals used in textile products. For example, all of our baby fabric products meet the Oeko-Tex Standard 100, Class 1 - the most stringent requirement, with very low limits for chemical residues – while linen, bed sets, blankets and pillows for adults are produced according to Oeko-Tex Standard 100, Class 2. Oeko-Tex has test laboratories throughout the world that ensure equal testing methods and common standards. A certificate number and the name of the test institute must be provided on the Oeko-Tex label in order to be valid and is the consumer's assurance that the product is legally certified.



**OEKO-TEX®**  
CONFIDENCE IN TEXTILES  
**STANDARD 100**



Additionally, Kid is working with other certification schemes, including GOTS and Swan labelling. GOTS (Global Organic Textile Standard) is an international labelling scheme for organic textiles, which demonstrates that the fabrics meet environmental, health, social and worker safety criteria throughout the production process. The Swan is the official Nordic eco-label and demonstrates that a product is a good environmental and ethical choice. The Swan label has strict requirements for the whole lifecycle of the product. This includes the choice of raw materials, how the product is produced (including working conditions), and how it may be recycled. Kid's candles carrying the swan label are made using animal fats. This is a responsible alternative to palm oil which is a major contributor to rainforest deforestation and threatens animal diversity. Kid napkins, selected duvets, pillows, sheets and pillow covers also carry the swan label.

## ENVIRONMENTAL MEASURES

In 2016, the company joined Textile Exchange. Textile Exchange is a global non-profit organisation that works to make the textile industry more sustainable. Through our membership, we have started the process of using more sustainable materials, such as responsible wool, responsible down and sustainable cotton. Textile Exchange identifies and shares best practices regarding farming, materials and processing which enables us to reduce the impact on the world's water, soil, air and human population. Kid is actively working to reduce concentrations and quantities of hazardous materials. We use an industry-standard chemical guide that lays out strict requirements for the use of chemicals in production. We encourage our suppliers in their efforts to produce the lowest possible levels of local contamination during production and the least chemical substance residues in their produced goods. We also focus on using the most appropriate materials and try to produce the least amount of waste products as possible. The Maren and Bokhari products that consist of baskets, placemats and potholders are good examples of using remnants from the production of t-shirts and jersey cotton sheets.

In addition to this we are launching a fiber duvet, Alma, made with recycled polyester and sustainable cotton, in accordance with the Global Recycled Standard.

For several years we have had a textile recycling scheme in collaboration with UFF Norway for the collection, reuse and recycling of used interior textiles. UFF Norway operates a large humanitarian aid network, developed through projects related to the reuse of fabrics and textiles. The organisation has developed a robust system for handling fabrics in an ethical and responsible manner. UFF is a member of Fundraising Control in Norway. Kid stores act as reception centres for unwanted interior fabrics – such as curtains, towels, duvets and bed linen – which are dropped off by the public. Kid then sends on these fabrics for reuse and recycling by UFF.

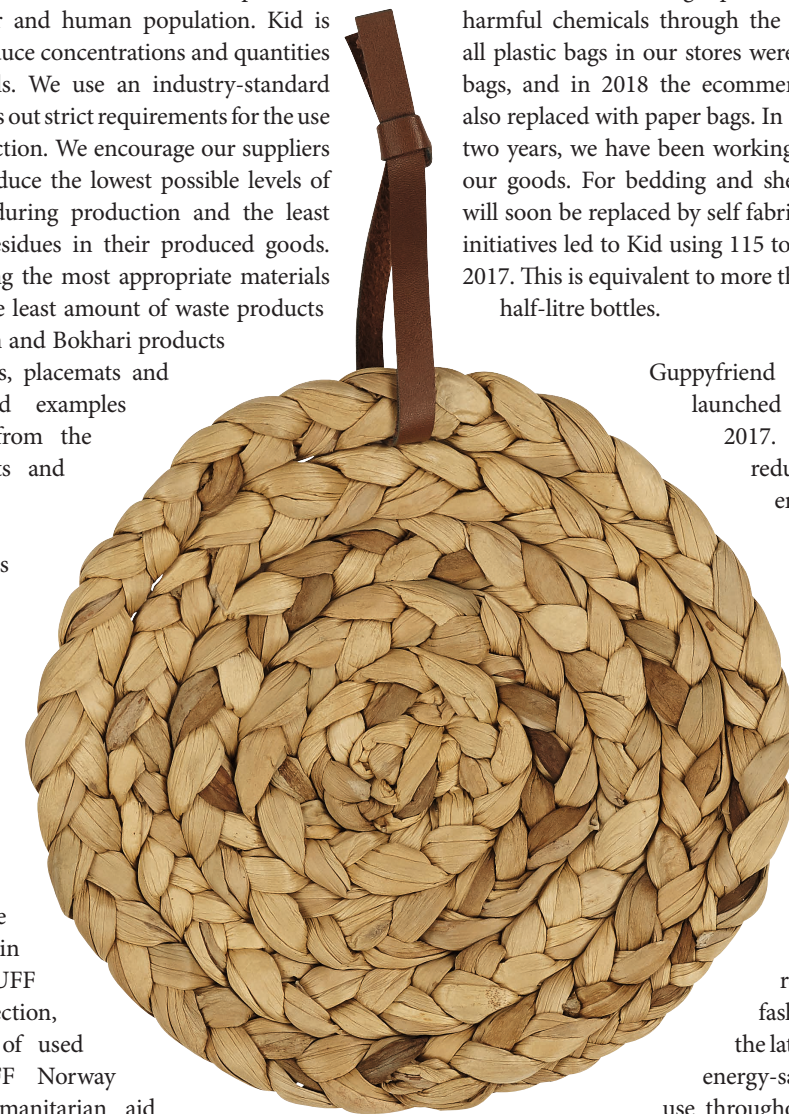


In 2018 KID collected more than 32 tons of used interior textiles, up from 20 tons in 2017, which contributed to a reduction of an equivalent of 160 tons of CO2. For 2018, we aim to collect 40 tons of used interior textiles.

One specific environmental issue Kid began to focus on in 2016 was microplastics. Microplastics present a threat to marine life, as well as being a pathway for the transport of harmful chemicals through the food chain. In 2017, all plastic bags in our stores were replaced with paper bags, and in 2018 the ecommerce plastic bags were also replaced with paper bags. In addition, over the last two years, we have been working on the packaging of our goods. For bedding and sheets, the entire range will soon be replaced by self fabric bags. In 2018, these initiatives led to Kid using 115 tons less plastic than in 2017. This is equivalent to more than 3.8 million plastic half-litre bottles.

Guppyfriend washing bag was launched in our stores during 2017. The washing bag reduces microfibers that enter rivers and oceans as a result of the washing process by 70-100%. The washing bag is a practical solution for our customers to make an impact on an environmental issue.

During 2018, Kid continued the replacement of old-fashioned lighting with the latest LED systems. This energy-saving lighting is also in use throughout our headquarters and logistics centre. Further initiatives related to reduction of electricity consumption include the development of an environmental audit which will analyse, among other things, the company's use of electricity, with a view to improving our environmental footprint.

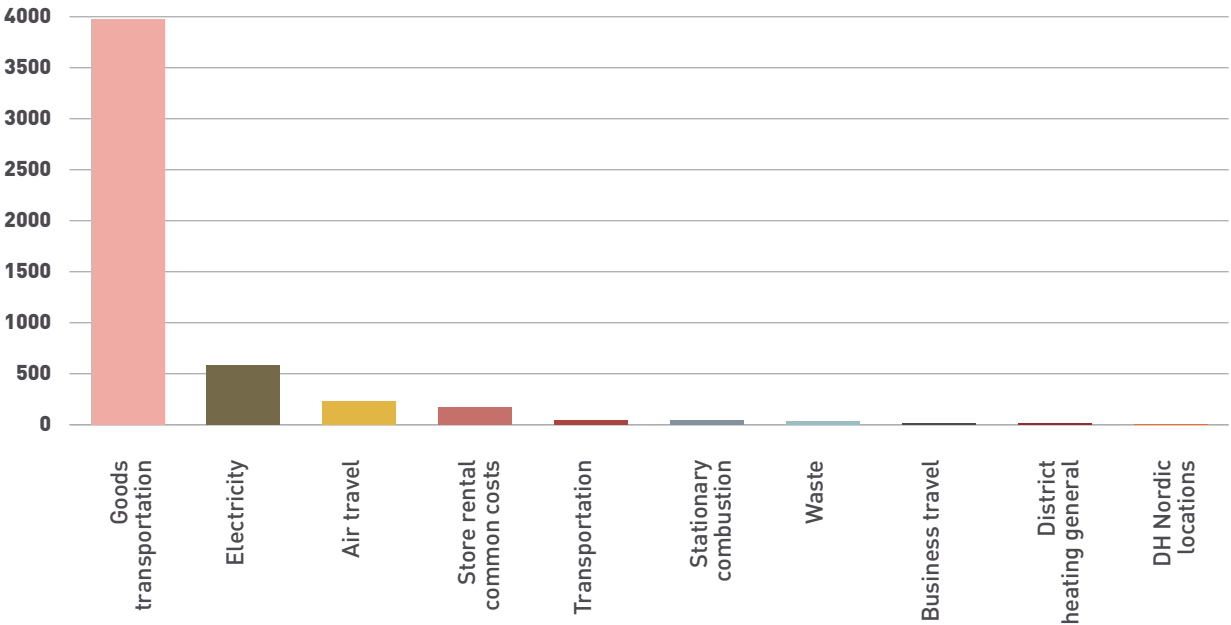
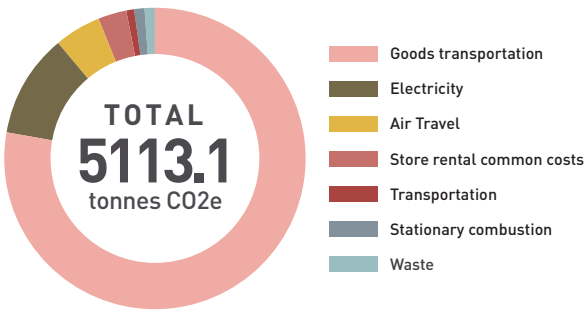




CARBON FOOTPRINT

Kid completed its first carbon footprint calculations in 2017 in order to measure, analyse, and set goals and strategies for reduction of carbon emissions. This will be supportive of Norway’s international obligations to reduce global warming. We use the CEMAsys model which is based on the international standard Greenhouse Gas Protocol Initiative (The GHG Protocol) and includes an extensive database covering worldwide emission factors. The GHG Protocol is the most widely used method to measure greenhouse gas emissions and was the basis for the ISO 14064-I standard (2006). We report scope 1, 2 and 3 emissions and include all emissions from the point where goods are delivered on dock in the country of production until goods are sold to the end consumer in Norway. All direct emissions from our warehouse and stores are also included. Scope 3 represent almost 90% of our emissions, and is mainly related to transportation of goods from country of origin to the main warehouse in Norway. Our total emissions in 2018

was 4996,8 tonnes of CO2, and is further specified in the below figures. The increase from 2017 is 1,6%. In terms of emissions per sold item the emissions remain stable at 0,3 kg per item. From 2019, we will compensate our direct climate emissions through the purchase of climate quotas. These are all emissions from Scope 1, Scope 2 and the transport of goods from our warehouse to the stores.



CHARITABLE ACTIVITIES

Kid has determined that it will make a positive impact on the community by supporting a single charity and doing all we can to raise funds and awareness of a single cause. For this reason, the company has chosen to support Pink Ribbon, a breast cancer awareness campaign. Kid is among the main sponsors of the Pink Ribbon campaign in Norway. Every October, we sell Pink Ribbon pins and our bespoke-designed Pink Ribbon products in all of our Kid stores. In 2018, we contributed MNOK 2.0 to Pink Ribbon.



SUPPLIER PARTNERSHIPS

Kid Interior purchase goods from many parts of the world, which involves a large and complex supply chain. It is important for us to know that both workers and the environment are well taken care of.



Kid recognises that we need to work closely with our suppliers in order to monitor and assist them in their own social responsibility initiatives – particularly in relation to working conditions, environmental impact and business conduct. To ensure that our production is undertaken in ethical conditions, all our suppliers are screened before we enter into business with them, and they are obliged to sign and comply with our Code of Conduct and restricted substance requirements for chemical content. These agreements will ensure sound employee working conditions, that no child labour is in use, that environmental considerations are taken into account when it comes to raw materials – especially in relation to the protection of exotic woods and forests – and that there is good animal welfare.

We conduct regular business and factory site audits of our suppliers – most of whom are operating in China, India, Pakistan and Bangladesh – in order to evaluate their sustainability performance. Here, the health, safety and environment, wages and working conditions, along with business practices, are evaluated, so we may vouch for a fully sustainable supply chain.

Full audits are undertaken at factories every three-to-six years. If issues are discovered during an audit, a corrective action plan is created with clear timelines. Wherever possible and appropriate, Kid will work with the supplier to handle non-compliance issues by changing routines or implementing other positive changes. It is neither in our interest, nor those of our suppliers, to drop them as a partner if we can help them to meet our and their social responsibility targets.

As an additional means of driving change and compliance in our supply chain, as well as our partnership with IEH and ETI, we have implemented a social dialogue project in collaboration with QuizRR. QuizRR is helping global buyers to manage risk, helping suppliers to generate business and training millions of workers on their workplace rights and responsibilities. In 2018, we implemented QuizRR at 5 of our most important factories and conducted more than 7600 training sessions for nearly 2,000 workers. Both management and workers have been trained on employee engagement which focuses on improving dialogue and engagement at the workplace. Improved dialogue should empower the workers to improve their working conditions, both when it comes to environment, health and safety, but also regarding remuneration.



## DOWN PRODUCTS

All of our down products are subject to regular laboratory testing for purity, correct down content – duck or goose feather – fill-weight and down-proofing of the cover.

All of our down products are subject to regular laboratory testing for purity, correct down content –duck or goose feather – fill-weight and down-proofing of the cover. They are also produced in an ethical manner - which means that the animals are neither force-fed, nor are the down and feathers picked from live animals. We have a focus on the animals' 5 freedoms:

- Freedom from hunger and thirst
- Freedom from discomfort
- Freedom from pain, injury, or disease
- Freedom to express normal behaviour
- Freedom from fear and distress

or the Responsible Down Standard which ensures ethical sourcing of down and feather. As a step towards a more circular economy Kid launched the Re:Down duvet and pillow in September 2017. The products contain only recycled down based in a process whereby 97% of collected goods are recycled. The production process is in accordance with Global Recycled Standard and Sustainable Textile Production of Oeko-tex (STeP by Oeko-Tex). Through our textile recycling scheme in collaboration with UFF, we are able to increase the amount of used down pillows and duvets that are collected at our stores and later become the basis for the Re:Down value chain. RE:Down products are now a permanent part of our product range.

All of our down products are certified either to the Downpass

More information is available on [www.kid.no/redown/](http://www.kid.no/redown/)



## COTTON PRODUCTS

The cotton plant is grown on approximately 2.5 percent of the world's arable land, however approximately 25 percent of all pesticide and 10 percent of all herbicides are used to produce cotton. In cotton farming today there is also a heavy use of fertiliser and water.

More than 50 percent of our total product range contains cotton. In 2016, Kid decided to transform our cotton usage to meet the highest possible environmental standards. We have set a goal that by 2020 Kid will procure only 100 percent-sustainable cotton. This change is happening through the increased use of organic cotton, by purchasing Cotton made in Africa-, Swan- and GOTS-certified products, but mainly through our membership of the Better Cotton Initiative (BCI). We are a proud member of the Better Cotton Initiative (BCI). BCI exists to make global cotton production better for the people who produce it, better for the environment it grows in and better for the industry's future. Better Cotton means producing cotton in a way that cares for the

environment through processes that minimise the negative impact of fertilisers and pesticides, and care for water, soil health and natural habitats. In addition, producing Better Cotton can also improve farmers' livelihoods and increase access to global markets.

In 2018 we were proud to announce that all our towels, bedsheets, pillowcases, bed sets and baby products in cotton are sourced from sustainable sources. In 2018, 73% of all cotton products have been made with sustainable cotton and we are on track to reach our goal of 100% sustainable cotton by 2020.



## FURTHER DETAILS

For more details of Kid's sustainability programme, please visit: [www.kid.no/samfunnsansvar](http://www.kid.no/samfunnsansvar)  
Follow the progress on our sustainability goals on [www.kid.no/baerekraft/](http://www.kid.no/baerekraft/)





## CORPORATE GOVERNANCE AT KID ASA

### 1. IMPLEMENTATION AND REPORTING OF CORPORATE GOVERNANCE PRINCIPLES

Kid ASA (Kid or the company) sees good corporate governance as key to creating shareholder value through the principles of transparency, fairness and trustworthiness. The company has developed these principles in compliance with laws, regulations and ethical standards. The Norwegian Corporate Governance Board has, for companies listed on the Oslo Stock Exchange, issued the Norwegian Code of Practice for Corporate Governance (the "Code of Practice"). Kid complies with this Code of Practice and it is detailed in this report with section numbers that refer to the Code of Practice's articles. The Code of Practice is available at [www.nues.no](http://www.nues.no)

### 2. BUSINESS

Kid's objectives are defined in the company's articles of association and state that: "The business activities of the company are commercial activities, mainly based on the purchase and sale of interior textiles through import, wholesale, retail, franchise and other related activities, including investments in other enterprises and relevant real property". (Articles of association are made available at [investor.kid.no](http://investor.kid.no)).

The company's strategy is to ensure growth while maintaining cost control, in line with previous years, to ensure a continued strong cashflow. Growth will be achieved through:

- Concept development to ensure like-for-like sales growth
- Upgrading stores through new fit-outs
- Opening of new stores in markets with under-representation
- Digital footprint and e-commerce
- Cross-border online expansion
- Building a business to business sales channel

In addition, Kid is continuously considering acquisitions of other companies.

The company's risk profile is deemed to be low considering the nature of the business and the geographical span. Kid has a risk program which continuously identifies and assess the current risk of the company.

### 3. EQUITY AND DIVIDENDS

Kid considers its equity to be adequate considering the group's strategy and risks profile. The dividend policy is to pay out 80-100 percent of adjusted net profit. Adjustments are made for any significant one-off events.

The Annual General Meeting approved the proposed dividend of NOK 1.3 per share in May 2018. The board

of directors were also given the authority to approve and distribute a half-year dividend in light of the results of the third quarter of 2018. A half-year dividend of NOK 1.2 was distributed in November 2018.

The board has proposed a half-year dividend of NOK 2.0 per share for 2018 and the authority to decide and distribute an additional half-year dividend in light of the results of the third quarter of 2019. The dividend is subject to approval at the annual general meeting on May 20th 2019.

The board have a mandate to increase the company's share capital by up to NOK 4,877,419. The authority may only be used to issue shares as consideration and to raise new equity in order to strengthen the Company's financing. The authority remain in force until the annual general meeting in 2019, but in no event later than 30 June 2019.

### 4. EQUAL TREATMENT OF SHAREHOLDERS AND TRANSACTIONS WITH RELATED PARTIES

Kid has one class of shares.

Any purchase or sale by the company of its own shares will either be carried out through the Oslo Stock Exchange or at prices quoted on the Oslo Stock Exchange.

Any transaction between the company and a related party will be based on arm's length terms. If relevant, the transaction will be supported with a valuation obtained from an independent third-party. The company has guidelines to ensure that board members and senior management disclose any material interest to the board in transactions where the company is a party.

### 5. FREELY NEGOTIABLE SHARES

All shares in the company have equal rights and are freely tradeable.

### 6. GENERAL MEETINGS

The general meeting is the arena in which all investors can exercise their right to make fundamental decisions for the company.

The company's goal is to ensure that as many shareholders as possible may exercise their rights by participating in general meetings of the company, and that the meetings are an efficient forum for shareholders and the board to express their views.

Notices of general meetings are made available at [investor.kid.no](http://investor.kid.no) and a separate notice to the Oslo Stock Exchange no later than 21 days prior to the AGM. The date of the meeting is made available in the financial calendar. The notice clearly states deadlines for shareholders to give notice of attendance



and provide information on the procedure for casting their votes by proxy.

All supporting documentation for the AGM is prepared in sufficient detail and comprehension to allow shareholders to form a view on all matters to be considered at the meeting. The information will be accessible on the company’s website. In accordance with the Norwegian Public Act a shareholder can demand that documents concerning matters that are to be dealt with at a general meeting be sent to him or her by ordinary mail.

The board of directors and the person chairing the meeting will make appropriate arrangements for the general meeting to vote separately on each candidate nominated for election to the company’s corporate bodies.

Members of the board, members of the nomination and the auditor will attend the general meeting.

7. NOMINATION COMMITTEE

The general meeting has elected a nomination committee and approved a set of guidelines for the committee’s work. The nomination committee is also laid down in the articles of association. The nomination committee’s main purpose is to propose candidates for election to the board and their respective remuneration. In order to solve this, the committee has contact with shareholders, the board of directors and the company’s executive management.

The nomination committee consists of two members, who are independent of the board and the company’s executive management. The current members are Sten-Arthur Sælør and Jostein Devold.

8. CORPORATE ASSEMBLY AND BOARD OF DIRECTORS: COMPOSITIONS AND INDEPENDENCE

In accordance with the articles of association, the board of directors of Kid shall consist of a minimum of three and a maximum of nine members, as decided by the general meeting.

Kid ASA does not have a corporate assembly, but instead has three employee representatives on the board of Kid Interiør AS. The five board members of Kid ASA are also members of the board of Kid Interiør AS. Board meetings for both companies are held concurrently, at which Kid Interiør AS is responsible for reporting day-to-day operations and employees, while Kid ASA, as the listed parent company is responsible for equity, long-term debt and the incentive programme for executive management.

The composition of the board of directors ensures that the board can attend to the common interests of all shareholders and meets the company’s need for expertise, capacity and diversity. The board members have a combined experience in the fields of retail and consumer goods, as well as finance, property and in other listed companies.

40 percent of the board members are women, and the executive management team are not members of the board. The shareholder-elected members of the board have a term of one or two years and the chairman is elected by the general meeting.

9. WORK OF THE BOARD OF DIRECTORS

The board of directors produces an annual plan for its work, with particular emphasis on objectives, strategy and implementation. The chairman of the board and CEO have regular contact between the meetings to evaluate the running of the business and they keep the board updated on any matters that need to be addressed. In the event where the chairman has been personally involved in consideration of any material matter, another board member will chair the board’s consideration of this particular matter. Board meetings always include the CEO’s perspective on current events and progress of business plans, while the CFO provides the board with an overview of the company’s financial development and forecasted cashflow.

The board evaluate its performance and expertise annually.

The board has established an audit committee consisting of two board members.

10. RISK MANAGEMENT AND INTERNAL CONTROL

Kid is exposed to financial risks related to foreign exchange (FX) and the interest rate. FX risks are managed by hedging six months forward. The board deems the interest risks as manageable given the current debt levels. Other operational risk areas are reported to the board on a regular basis.

The company provides the board with monthly reports on the group’s financial performance and prepares quarterly reports that are made public. The audit committee and the auditor together review the quarterly and annual reports before they are approved by the board.

The board of directors, with assistance from the audit committee, carries out regular, or at least annual, reviews of the company’s most significant areas of exposure to risk and its internal control arrangements.

11. REMUNERATION OF THE BOARD OF DIRECTORS

The board of directors are presented separately in the annual report.

The nomination committee proposes the remuneration of the board of directors at the annual meeting. The proposition takes into account the board’s responsibility, expertise, time commitment and the complexity of the company’s activities. The board has one sub-committee in the audit committee.

The remuneration of the board in 2018 is disclosed in the notes to the consolidated accounts.

Members of the board of directors and/or companies with which they are associated do not, as a rule, take on specific assignments for the company in addition to those as members of the board. If, however, they do take on such assignments these will be disclosed immediately to the full board and the remuneration for such additional duties will be agreed by the board.

12. REMUNERATION OF EXECUTIVE MANAGEMENT

The board of directors has a set of guidelines for the remuneration of executive personnel. The board also directly determines the remuneration for the CEO. The CEO is, in consultation with the chairman of the board, responsible for determining the remuneration of other members of the executive management.

The board of directors have approved an incentive programme for executive management which aims to align the financial interests of Kid’s senior management and its shareholders. The incentive programme is based on EBITDA budget achievement and includes no share options or rights.

The board of directors will prepare a statement on the remuneration of executive personnel as a separate appendix to the agenda for the AGM. The remuneration for the executive management is also disclosed in the notes to the consolidated accounts in the annual report.

13. INFORMATION AND COMMUNICATIONS

Kid has established an investor relation policy (available at investor.kid.no) that clearly states that any communication with shareholders outside the company’s general meeting will take place in accordance with applicable equal treatment requirements and applicable legislation regarding inside information.

The company publishes a financial calendar for the upcoming year in the fourth quarter. The calendar includes an overview of major events such as its AGM, publication of interim reports, publication of revenue reports and any planned public presentations.

All information that is distributed to shareholders is made available simultaneously on the company’s web page. All information which the company is required to disclose will be given in English.

14. TAKEOVERS

Kid has guidelines for how it will act in the event of a takeover bid in accordance with its code of conduct. These guidelines clearly state that the board will not take any obstructive action unless it is agreed upon at the general meeting. In the event of a takeover bid, the board will act in the best interests of the shareholders and ensure that the company’s operations is affected as little as possible.

The shareholders will be provided with timely and sufficient information in the case of a takeover bid, with the intention to enable the investors to form a point of view. The board of directors will also issue a statement making a recommendation as to whether shareholders should or should not accept the offer.

15. AUDITOR

The auditor annually submits to the audit committee the main features of its plan for the audit of the company. The auditor participates in meetings of the board of directors that deal with the annual accounts. At these meetings the auditor reviews any material changes in the company’s accounting principles, comments on any material estimated accounting figures and reports all material matters on which there has been disagreement between the auditor and the executive management of the company.

The auditor presents annually to the audit committee a review of the company’s internal control procedures, including identified weaknesses and proposals for improvement.

The CEO and CFO of Kid are present at all board meetings. Once a year the board of directors has a meeting with the auditor at which neither the chief executive nor any other member of the executive management is present.

Kid has clear guidelines for the use of the auditor by the company’s executive management for services other than the audit. The board of directors reports the remuneration paid to the auditor at the AGM, including details of the fee paid for audit work and any fees paid for other specific assignments.





## BOARD OF DIRECTORS' REPORT

The Kid group consists of Kid ASA, the parent company for Kid Interiør AS and Kid Logistikk AS, together defined as “the group”, “the company” or “Kid”.

The business activities of the company are commercial activities, mainly based on the purchase and sale of interior textiles through import, wholesale and retail, along with other related activities, including investments in other enterprises and relevant real estate.

Kid Interiør is the leading specialist home textile retailer in Norway, with a nationwide portfolio of 143 directly-owned stores, in addition to an online sales platform. The product assortment ranges from curtains and bed linens to home accessories and decorations. Kid’s strategy is to provide an attractive value proposition to customers through quality Kid-branded products and an inspirational assortment. These products are offered at affordable prices both online and through stores located in Norway’s major population centres. The main office and warehouse are located in the municipality of Lier.

### SUMMARY OF THE YEAR

In 2018, Kid continued its strong record of revenue growth and profitability through continued development of the customer experience, both in physical stores and online. The introduction of new product lines, renewal of assortments, attractive campaigns and training in customer service have yielded results, as customers increasingly prefer Kid as their home interior retailer. Our fully GDPR-compliant customer club reached 820,000 individual members at year end, which is a testament to the high customer appreciation, as well as being a key asset for our online sales platform. The number of individual customer club members is equivalent to nearly 20 percent of the Norwegian population and this represents clear potential for further growth.

Four new stores were opened, and one was closed, along with a number of refurbishments and relocations. Online revenues increased significantly, as customers are now able to interact with Kid more seamlessly between online and offline channels. All of these strategic and operational activities helped to collectively drive an increased performance for the business, resulting in a 6.2 percent rise in full-year revenues and an increase of 16.6 percent in EBITDA. For the ninth consecutive year, we have increased our market share, to 35 per cent at year-end 2018.

<sup>1</sup> Like-for-like are stores that were in operation at the start of last year’s period and the end of the current period. Refurbished and relocated stores, as well as online sales, are included in the definition.  
<sup>2</sup> Gross profit is revenue less the cost of goods sold (COGS).

### FINANCIAL RESULTS

*(Figures from last year are in brackets, unless otherwise specified)*

### INCOME STATEMENT FOR THE GROUP

Revenues for 2018 were MNOK 1,466.7 (MNOK 1,381.7), which represents an increase of 6.2 percent over 2017. The like-for-like sales growth<sup>1</sup> was 3.1 percent. Online sales grew 56.2 percent in 2018, accounting for 4.6 percent of total revenues.

Gross margin<sup>2</sup> was 60.9 percent (60.4 percent) for 2018. Other operating expenses, including employee benefit expenses, ended at 43.9 percent of 2018 revenues compared to 44.9 percent in 2017. The ratio is in line with the current target of maintaining cost-efficiency at the previous year’s level.

Operating profit (EBIT) was MNOK 213.1 (MNOK 179.7). The increase was due to revenue growth and increased gross margin.

Net financial expenses amounted to MNOK 12.8 (MNOK 12.7). KID has a lending agreement with DNB Bank consisting of a (1) MNOK 100 flexible credit facility, and (2) MNOK 425 long term debt. Kid ASA is not obligated to pay any instalments under the agreement. The lending agreement expires in May 2020.

Net income for 2018 was MNOK 168.7 (MNOK 141.3). Adjusted net income amounted to MNOK 154.1 (MNOK 126.7). Net income is adjusted for a change in deferred tax related to trademark of MNOK -14.6 (MNOK -14.6) caused by the reduced tax rate from 23 percent (24 percent) to 22 percent (23 percent) with effect from 1 January 2019 (1 January 2018).

### BALANCE SHEET FOR THE GROUP

Total assets were MNOK 2,093.0, an increase of MNOK 61.1. Fixed and intangible assets decreased by MNOK 1.7 due to investments in stores and the online platform of MNOK 35.4, while depreciation was MNOK 37.1. Inventories amounted to MNOK 253.2 at the end of the year, a decrease of MNOK 48.8, due to a planned reduction in safety stock combined with strong Q4 2018 sales. Total receivables were MNOK 36.7, an increase of MNOK 0.5 from 2017 driven by MNOK 8.9 of unrealised currency gains (MNOK 4.2) and a decrease of MNOK 4.2 in trade and other receivables.



Net interest-bearing debt was MNOK 187.4 (MNOK 299.4). Net interest-bearing debt was 0.7 times (1.4 times) the EBITDA. The decrease was driven by an increased cashflow as described in the next section. Long-term debt at the end of 2018 was MNOK 428 (MNOK 429) and cash and bank deposits were MNOK 242.2 (130.1). The group has an additional overdraft facility of MNOK 100 and a flexible credit facility of MNOK 100. The equity ratio at the end of the year was 52 percent compared to 50 percent in 2017.

CASH FLOW FOR THE GROUP

Cash flow from operations was MNOK 265.2 (MNOK 118.2). Significant changes from 2017 included decreased inventory level, with a cash effect of MNOK 48.8 (MNOK -79.8) and the cash effect of taxes paid of MNOK -40.4 (MNOK -40.8).

Cash flow from investments was MNOK -37.3 (MNOK -47.1). The investment level in 2018 reflects the opening, relocation and refurbishment of stores, and development of the IT and online platform.

Cash flow from financing was MNOK -115.8 (MNOK -233.6), positively affected by dividend payment of MNOK -101.6 (MNOK -121.9) and repayment of long-term loans of MNOK -1.6 (MNOK -97.1).

Net change in cash and cash equivalents was MNOK 112.1 (MNOK -162.5), mainly driven by increased profit, decreased inventory level and reduced repayment of long-term loans. The group's liquidity position is solid as of 31. December 2018.

ANNUAL RESULT ALLOCATION

Earnings per share was NOK 3.79 in 2018. The Board of Directors proposes a dividend of NOK 2.00 per share for 2018. Kid paid NOK 1.20 per share in dividend during November 2018. Aggregated, the dividend of NOK 3.20 represents 9 percent of the stock price per 31.12.2018 and 84.4 percent of adjusted net income for 2018. Adjustments were made for the deferred tax effect of a lower tax rate.

Remaining profits were transferred to other equities.		
Dividend payout	MNOK	81
Transferred to other equity	MNOK	74
Total allocated	MNOK	155

GOING CONCERN

The financial statement has been prepared in accordance with IFRS standards as adopted by the EU and under the going concern assumption. The board of directors has made appropriate enquiries and formed a judgement at the time of approving the financial statements that there is a reasonable

Henrik Schüssler

Chairman  
Appointed: June 2012



Schüssler (1963) is currently CEO and member of the board of Gjelsten Holding AS. He has previously worked as an accountant/consultant with Ernst & Young, and as CFO and CEO of Norway Seafoods. Schüssler has a degree from the Norwegian School of Business and Administration in chartered accountancy. He is a Norwegian citizen, and resides in Norway.

Bjørn Rune Gjelsten

Board Member  
Appointed: June 2012



Gjelsten (1956) is the owner and Chairman of Gjelsten Holding AS. He has extensive experience as an entrepreneur and industrial owner, as well as numerous positions as CEO and/or chairman in various companies. Gjelsten holds a Master of Business and Economics from the University of Colorado. He is a Norwegian citizen, and resides in Norway.

Karin Bing Orgland

Board Member  
Appointed: August 2015



Bing Orgland (1959) is currently a professional board member in various companies within the financial, seafood, industry and real estate sectors, including GIEK, Storebrand ASA, Grieg Seafood, Hav Eiendom AS and INI AS. She has extensive experience from various management and board member positions within the DNB Group between 1985 and 2013. Bing Orgland resides in Oslo, Norway and holds a Master of Business and Economics degree from the Norwegian School of Economics.

Vilde Falck-Ytter

Board Member  
Appointed: August 2015



Falck-Ytter (1967) is currently employed in Sisa Invest AS, a privately held, family owned investment company within real estate development, performing tasks undertaking administration, accounting and contract negotiations. She also holds several board member positions in companies related to Sisa Invest AS. Falck-Ytter resides in Nannestad, Norway and holds a law degree from the University of Oslo, as well as a Business Administration degree from Handelsakademiet.

Egil Stenshagen

Board Member  
Appointed: May 2018



Stenshagen (1947) is the owner and Chairman of Stenshagen Holding AS, which is the parent company for Stenshagen Invest AS and several car dealerships and tire dealers. He has longstanding experience from the car and tire industry, and has served as a member of the Working Committee in the Confederation of Norwegian Enterprise and was the former Vice President in the Norwegian Automotive Federation. He is a Norwegian citizen, and resides in Norway.

expectation that the group has adequate resources to continue in operational existence for the foreseeable future. For this reason, the board of directors continues to adopt the going concern basis in preparing the financial statements in accordance with the Norwegian Accounting Act and the Norwegian Company Act. This is further supported by the group's budget and strategy.

As of the end of the accounting year 2018, the equity ratio was 52 percent. The board of directors is of the opinion that the equity and liquidity is sufficient given the company's operational commitments, future plans and achieved results.

ORGANISATION, WORKING CONDITIONS AND THE ENVIRONMENT

THE WORKING ENVIRONMENT AND PERSONNEL

The group had a total of 1038 employees, which corresponded to 456 full-time equivalents at the end of 2018. The parent company has no employees.

The group keep records of total absence due to sickness, in accordance with laws and regulations. Total sick leave was 6.2 percent in 2018 (6.4 percent in 2017), of which 0.9 percent was characterised as short-term leave and 5.3 percent as long-term leave. Sick leave is monitored on a monthly basis at store and department level and appropriate actions are taken for the sick leave that the company is able to influence. The working environment is monitored continuously and is considered to be good.

During the year, no severe workplace accidents or other accidents occurred or were reported that resulted in major personal injuries or material losses. All divisions of the group operate with a dedicated focus on occupational health, environment and safety.

GENDER EQUALITY, DISCRIMINATION AND HARASSMENT

The group encourages diversity and pursues a non-discrimination policy, with full gender equality. Furthermore, the group promotes 'equal pay for equal work', whereby the most qualified candidate shall hold a position, regardless of gender, religion or sexual orientation. The group promotes the objective of laws against discrimination through recruitment, salary and employment conditions, promotion, development possibilities and protection against harassment.

The group prohibits harassment of any kind, including sexual harassment, and will take appropriate and immediate action in response to complaints or knowledge of violations of this policy.



Despite an average, acceptable gender equality, there are still some traditional patterns of employment within both the retail division and the warehouse. More than 95 percent of in-store employees are women, while more than 95 percent of the employees in the warehouse are men. Approximately 90 percent of employees at the head office are women and the management team consists of four women and six men. The board of directors of the parent company consists of three men and two women.

The group aims to be a workplace in which no discrimination occurs based on disabilities. As far as possible, individual adjustments are made to adapt the workplace and work tasks for employees or job applicants with disabilities.

ENVIRONMENTAL REPORTING

To the knowledge of the board of directors, the group's operations do not result in significant pollution or emissions that may cause damage to the external environment. Furthermore, the group's operations are not regulated by licenses or other duties.

Kid believes that environmental and financial performance often go hand-in-hand and is constantly striving to identify and implement measures that support this. One of the group's main areas of environmental focus is in the reduction of power consumption through measures based on time-monitoring of consumption, as well as the installation of LED lighting in all stores. Carbon dioxide emissions are monitored in accordance with the Greenhouse Gas Protocol.

The group works actively to prevent adverse environmental- and ethics-related issues. It works with suppliers to ensure that Kid's products are produced in clean and safe environments, that workers are treated with respect, earn a reasonable wage and that suppliers work within the relevant local laws and regulations.

More information about sustainability and the environment is provided in the corporate social responsibility section of the annual report.

FINANCIAL RISKS

CURRENCY RISK

To reduce foreign currency risks, Kid hedges net foreign currency cash flows by entering into futures contracts. This is done in order to mitigate the currency risk of the approximately 90 percent of goods it sources, which are denominated in US Dollars.

In order to mitigate currency risk, futures contracts must be entered into at least four months before payment of goods as prices and quantities are set with a long lead-time. The

company has a policy to hedge 100 percent of USD currency goods purchases for the consecutive four- to-seven months. The policy has been formally approved by the board of directors.

LIQUIDITY RISK

Kid and its subsidiaries have a loan agreement with DNB Bank ASA, with access to an overdraft facility of MNOK 100, a flexible credit facility of MNOK 100 and a general guarantee limit of MNOK 87.

INTEREST RATE RISK

Kid has a floating interest rate for its MNOK 425 of outstanding long-term debt. The board of directors finds the exposure to interest risk acceptable when viewed against the cost of hedging, the current debt and liquidity levels, as well as the outlook for Norwegian floating interest rates.

To the extent of the board of directors' knowledge, the above-mentioned risk factors represent the most material financial risk factors that may be of importance in order to evaluate the company's assets, liabilities, financial position and profits.

OUTLOOK FOR 2019

2018 was a good year for Kid – both in terms of increased revenues, market share and profitability. Kid has the last three years increased revenues by 23.5% and EBITDA by 24.5%. We believe that the company's efforts during the past 36 months is a platform for further growth in 2019.

Kid will continue its successful shop expansion programme with the opening, relocation and refurbishment of stores in 2019. Through the development of well-located and continually modernised stores, Kid will ensure that customers are provided with an inspirational shopping experience. Kid will also continue to pursue other growth opportunities.

Kid will continue to focus on and improve its store-level service, particularly through the use of interactive staff training and customer feedback. Customers are also increasingly emphasising a responsible value chain when making their purchases, and even more efforts will be made to communicate the ongoing sustainability initiatives. When modern stores, friendly an knowledgeable customer service and a responsible brand is combined with a continually refreshed and on-trend product assortment, this will ensure that customers find reasons to make Kid their primary home textile and furnishing retailer in Norway.

The online store is under constant development, which will help drive online sales, as well as traffic to the bricks-and-mortar locations. Digital interaction with customers is

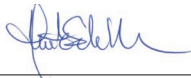
becoming increasingly important, and for the year to come there are several planned initiatives to further develop the Omnichannel approach. The customer club is a key part of this, and going forward, the building of analytical data capabilities will be prioritised in order to make digital interaction even more relevant to individual customers, and to provide more insights for concept development.


The objectives for Kid in the medium-term is as follows:


- A strong financial performance driven by like-for-like growth of 3-4 percent, stable gross margins in line with the past 10 years, and operating expenses relative to sales below 45%.

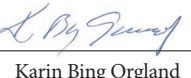
- An increase in the store portfolio to be approximately 150 stores. Capital expenditures related to maintenance are expected to be MNOK 40 in 2019, thereafter MNOK 30 on an annual basis, with an additional MNOK 1.8 per new store opening.
- Maintaining a moderate leverage and an efficient balance sheet.
- A target of 80-100 percent dividend pay-out ratio of adjusted net profit with semi-annual payments. The distribution policy is dynamic and any excess capital will be returned to shareholders.

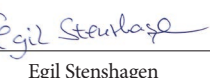
Lier, 10 April 2019  
The board of directors, Kid ASA

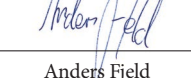
  
Henrik Schüssler  
Chairman of the board

  
Bjørn Rune Gjelsten  
member of the board

  
Vilde Falck-Ytter  
member of the board

  
Karin Bing Orgland  
member of the board

  
Egil Stenshagen  
member of the board

  
Anders Fjeld  
General Manager



## CONSOLIDATED STATEMENT OF PROFIT AND LOSS

(All amounts in NOK 1000 unless otherwise stated)

	Note	Year ended 31st December	
		2018	2017
Revenue	2	1,466,729	1,381,675
Other operating income		336	667
<b>Total revenue</b>		<b>1,467,064</b>	<b>1,382,342</b>
Cost of goods sold	14	573,230	547,627
Employee benefits expense	5,20	310,898	306,471
Depreciation and amortisation expense	10,11	37,096	34,839
Other operating expenses	18	332,730	313,716
<b>Total operating expenses</b>		<b>1,253,954</b>	<b>1,202,653</b>
<b>Operating profit</b>		<b>213,110</b>	<b>179,689</b>
Financial income	6	1,337	821
Financial expense	6	14,115	13,480
<b>Net financial income (+) / expense (-)</b>		<b>-12,778</b>	<b>-12,659</b>
<b>Profit before tax</b>		<b>200,332</b>	<b>167,030</b>
Income tax expense	8,19	31,609	25,705
<b>Net profit</b>		<b>168,723</b>	<b>141,325</b>
<b>Consolidated statement of comprehensive income</b>			
Profit for the period		168,723	141,325
<i>Items that may be reclassified to P&amp;L</i>			
Cash flow hedges		19,427	-9,420
Tax effect from cash flow hedges		-4,284	2,284
<b>Total comprehensive income for the period</b>		<b>183,866</b>	<b>134,189</b>
Attributable to equity holders of the parent		183,866	134,189
<b>Basic and diluted Earnings per share (EPS):</b>	9	<b>4.15</b>	<b>3.48</b>

The notes are an integral part of these financial statements.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(All amounts in NOK 1000 unless otherwise stated)

	Group		
	Note	31st December 2018	31st December 2017
<b>ASSETS</b>			
Trademark and software	11	1,462,889	1,462,354
Store lease rights	11	6,532	8,423
<b>Total intangible assets</b>		<b>1,469,421</b>	<b>1,470,777</b>
Property, plant and equipment	10	91,530	91,896
<b>Total tangible assets</b>		<b>91,530</b>	<b>91,896</b>
<b>TOTAL FIXED ASSETS</b>		<b>1,560,951</b>	<b>1,562,672</b>
Inventories	14	253,157	301,997
Trade receivables	12,13	2,962	3,500
Other receivables	13	24,823	28,506
Derivative financial instruments	12	8,949	4,180
<b>Total receivables</b>		<b>36,733</b>	<b>36,185</b>
Cash and cash equivalents	12,15,24	242,152	130,071
<b>TOTAL CURRENT ASSETS</b>		<b>532,042</b>	<b>468,252</b>
<b>TOTAL ASSETS</b>		<b>2,092,993</b>	<b>2,030,924</b>

The notes are an integral part of these financial statements.




CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
CONTINUED


(All amounts in NOK 1000 unless otherwise stated)


	Group		
	Note	31st December 2018	31st December 2017
<b>EQUITY AND LIABILITIES</b>			
Share capital	16	48,774	48,774
Share premium	16	321,049	321,049
Other paid-in equity		64,617	64,617
<b>Total paid-in-equity</b>		<b>434,440</b>	<b>434,440</b>
Other reserves	23	8,265	3,205
Retained earnings		647,982	580,873
<b>TOTAL EQUITY</b>		<b>1,090,687</b>	<b>1,018,517</b>
Deferred tax liability	19	321,352	334,585
<b>Total provisions</b>		<b>321,352</b>	<b>334,585</b>
Liabilities to financial institutions	3,12,24	427,873	429,433
<b>Total long-term liabilities</b>		<b>427,873</b>	<b>429,433</b>
Trade creditors	12	37,666	45,161
Taxes payable	8	46,216	40,415
Public duties payable		111,812	104,674
Other short-term liabilities		57,388	58,139
<b>Total short-term liabilities</b>		<b>253,081</b>	<b>248,390</b>
<b>TOTAL LIABILITIES</b>		<b>1,002,306</b>	<b>1,012,408</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2,092,993</b>	<b>2,030,924</b>

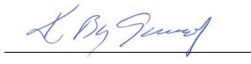
The notes are an integral part of these financial statements.

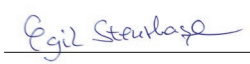
Lier, 10 April 2019  
The board of directors, Kid ASA


  
Henrik Schüssler  
Chairman of the board

  
Bjørn Rune Gjelsten  
member of the board

  
Vilde Falck-Ytter  
member of the board

  
Karin Bing Orgland  
member of the board

  
Egil Stenshagen  
member of the board

  
Anders Fjeld  
General Manager





# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(All amounts in NOK 1000 unless otherwise stated)

	Group					
	As at 31st December					
	Share capital	Share premium	Other paid - in equity	Other reserves	Retained earnings	Total equity
Balance at 1 January 2017	48,774	321,049	64,616	6,370	561,483	1,002,292
Profit for the year	-	-	-	-	141,325	141,325
Cash flow hedges	-	-	-	-7,136	-	-7,136
Total comprehensive income for the year	-	-	-	-7,136	141,325	134,189
Transfer from Cash Flow Hedge Reserve	-	-	-	5,200	-	5,200
Tax effect of transfer from Cash Flow Hedge Reserve	-	-	-	-1,229	-	-1,229
Dividends	-	-	-	-	-121,935	-121,935
Total contributions by and distributions to owners of the parent, recognised directly in equity	-	-	-	3,971	-121,935	-117,965
<b>Balance as at 31 December 2017</b>	<b>48,774</b>	<b>321,049</b>	<b>64,616</b>	<b>3,205</b>	<b>580,873</b>	<b>1,018,517</b>
Balance at 1 January 2018	48,774	321,049	64,616	3,205	580,873	1,018,517
Profit for the year	-	-	-	-	168,723	168,723
Cash flow hedges	-	-	-	15,143	-	15,143
Total comprehensive income for the year	-	-	-	15,143	168,723	183,866
Transfer from Cash Flow Hedge Reserve	-	-	-	12,992	-	12,992
Tax effect of transfer from Cash Flow Hedge Reserve	-	-	-	-2,910	-	-2,910
Dividends	-	-	-	-	-101,613	-101,613
Total contributions by and distributions to owners of the parent, recognised directly in equity	-	-	-	-10,083	-101,613	-111,696
<b>Balance as at 31 December 2018</b>	<b>48,774</b>	<b>321,049</b>	<b>64,616</b>	<b>8,265</b>	<b>647,983</b>	<b>1,090,687</b>

The notes are an integral part of these financial statements.

# CONSOLIDATED STATEMENT OF CASH FLOWS

(All amounts in NOK 1000 unless otherwise stated)

	Note	Group	
		Year ended 31st December	
		2018	2017
<b>Cash flow from operations</b>			
Profit before income taxes		200,332	167,030
Taxes paid in the period	8	-40,415	-40,849
Gain/loss from sale of fixed assets	10	-	-
Depreciation & impairment	10,11	37,123	34,839
Change in financial derivatives	6,12	-	-
Differences in expensed pensions and payments in/out of the pension scheme	21	-	-
Items classified as investments or financing	6	14,669	13,736
<b>Change in working capital</b>			
Change in inventory	14	48,839	-79,807
Change in trade receivables	13	538	-972
Change in trade creditors	18	-7,495	4,536
Change in other short-term liabilities		11,625	19,633
<b>Net cash flow from operations</b>		<b>265,216</b>	<b>118,146</b>
<b>Cash flow from investments</b>			
Purchase of store lease rights		-	-9,500
Purchase of fixed assets	10,11	-37,293	-37,573
<b>Net cash flow from investments</b>		<b>-37,293</b>	<b>-47,073</b>
<b>Cash flow from financing</b>			
Repayment of long term loans	17,24	-1,560	-97,111
Repayment of short term loans		-	-100,000
Interest and other bank charges	6	-12,640	-14,517
Net change in bank overdraft		-	100,000
Dividend payments to shareholders		-101,613	-121,935
Net proceeds from shares issued	16	-	-
<b>Net cash flow from financing</b>		<b>-115,813</b>	<b>-233,564</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>15</b>	<b>130,071</b>	<b>291,852</b>
Net change in cash and cash equivalents		112,110	-162,491
Exchange gains / (losses) on cash and cash equivalents		-29	710
<b>Cash and cash equivalents at the end of the period</b>	<b>15</b>	<b>242,152</b>	<b>130,071</b>

The notes are an integral part of these financial statements.





## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### Note 1 General Information

Kid ASA and its subsidiaries (together, 'the group') sell interior products through wholly owned stores. The group operates nationwide and have 143 stores around Norway and one online store. The domicile of the group is Lier, Norway.

Group's head office is at Gilhusveien 1, 3426 Gullaug.

### Note 2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### 2.1 Basis of preparation

The consolidated financial statements of Kid ASA have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRS IC) interpretations as adopted by the European Union and the Norwegian Companies Act 2006 applicable to companies reporting under IFRS. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies.

#### 2.1.1 Changes in accounting policies

The group have implemented IFRS 15 in its financial statements. IFRS 15 *Revenue from Contracts with Customers*, and associated amendments to other standards.

#### 2.2 Consolidation

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IFRS 9 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the group's accounting policies.

#### 2.3 Segment reporting

The company sells home textiles in 143 fully owned shops across Norway and through their website - [www.kid.no](http://www.kid.no). Over 99 % of products sold are own branded under the name KID Interiør. The groups internet sales accounts for 4,6% of total sales and are therefore not considered a reportable segment. The group consists of 3 individual companies who all support the sales of goods on the Norwegian market. The Norwegian market is not separated into geographical regions and the group therefore reports one segment.



2.4 Foreign currency translation

(a) Functional and presentational currency

Items included in the financial statements of each of the group’s entities are measured using the currency of the primary economic environment in which the entity operates (‘the functional currency’). The consolidated financial statements are presented in NOK, which is the functional currency of all group entities.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within ‘finance income or costs’. All other foreign exchange gains and losses are presented in the income statement within ‘Other (losses)/gains – net’.

2.5 Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. Repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation on assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

Leased movables and shop fittings	5 years
Fixtures	3-5 years

The assets’ residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset’s carrying amount is written down immediately to its recoverable amount if the asset’s carrying amount is greater than its estimated recoverable amount (note 2.7).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within ‘Other (losses)/gains – net’ in the income statement.

Property, plant and equipment classified as facilities under construction is held at cost less any recognised provision for impairment. Depreciation is not initiated until the assets are brought into use on store opening.

2.6 Intangible assets

Trademarks and licences

Separately acquired trademarks and licences are shown at historical cost. Trademarks and licenses acquired in a business combination are recognised at fair value at the acquisition date. Amortisation is calculated using the straight-line method to allocate the cost of licences over their estimated useful lives of 9 to 10 years. Trademarks have an indefinite useful life.

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring into use the specific software. These costs are amortised over their estimated useful lives of four to seven years.

2.7 Impairment of non-financial assets

Intangible assets that have an indefinite useful life or intangible assets not ready to use are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

2.8 Non-current assets (or disposal groups) held for sale

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

2.9 Financial assets

2.9.1 Classification

The Group classifies its financial assets in the following categories: at fair value through profit or loss or amortised cost. The Group does not have any financial assets at fair value over OCI. The classification is based on the SPPI model (Solely payments of principal and interest) in IFRS 9.

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are derivative instruments not designated as hedging instruments. The Group currently does not have any financial assets at fair value through profit or loss.

(b) Financial assets at amortised cost

Trade receivables, based on the classification model SPPI are held at amortized cost. All trade receivables are classified as current assets.

2.9.2 Recognition and measurement

Trade receivables are initially recognised at their fair value and subsequently measured at amotised cost. Trade receivables are evaluated for possible impairment each reporting period using the simplified credit loss model. See section 2.11. Trade receivables are derecognised when the right to receive cash flows has expired.

2.10 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

2.11 Impairment of financial assets

Financial assets carried at amortised cost - trade receivables

The majority of the Group’s sales are “over the counter” in the KID stores to individuals, where payment is received from the customer at the time of the sale. Therefore in the majority of sales transactions, a trade receivable is not recognised. Sales to businesses or government institutions, for example schools or hospitals, a trade receivables is recognised at delivery of the inventory to the customer. These receivables have low credit risk and all receivables over the past several years have been collected in full and on time. The Group monitors credit risk on their trade receivables and has evaluated that there is no impairment loss recognition required for the trade receivables outstanding as of year-end 2018 or 2017.

2.12 Derivative financial instruments and hedge accounting policies

The Group enters into certain derivative contracts to provide economic hedges for parts of the Group’s exposure to currency rate risk.

Derivatives that are designated as hedging instruments for cash flow hedges are measured at fair value over Other comprehensive income as long as the hedge meets IFRS 9 hedge criteria. The Group does not designate any derivatives as fair value hedges.

2.13 Inventories and cost of goods sold

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. The cost of finished goods available for sale comprises the direct costs (purchase price), import duties and freight as well as the hedging reserve. A significant part of the inventory purchases are denominated in USD and hedged to Norwegian kroner with currency derivatives designated as cash flow hedges. The hedged kroner rate is the inventory purchase price for inventory purchases in USD. Cost of goods sold is determined using a combination of specific identification and weighted-average costing. Cost of goods sold also includes a provision for obsolesence and lost goods.

2.14 Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less. In the consolidated balance sheet, bank overdrafts are shown within borrowings in current liabilities. As of year-end 2018 and 2017 the Group did not have any outstanding bank overdrafts.

Cash is initially recognised at fair value and subsequently measured at amortised cost.





### 2.15 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

### 2.16 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

### 2.17 Liabilities from financial institutions

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Fees and commission costs paid on the establishment and maintenance of short-term bank borrowing facilities are recognised as bank transaction costs in the accounting period when the costs are paid. These costs are not amortised and deferred as the loans are usually re-paid within a few months.

### 2.18 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which

applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. The deferred tax is calculated using a tax rate of 22% which will take effect from 2019.

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint arrangements, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally the group is unable to control the reversal of the temporary difference for associates. Only where there is an agreement in place that gives the group the ability to control the reversal of the temporary difference not recognised.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

### 2.19 Provisions

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

### 2.20 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts, returns and value added taxes. The group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the group's activities, as described below. The group bases its estimate of return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

#### (a) Sales of goods

The group operates a chain of retail outlets for selling interior products. Sales of goods are recognised when a group entity sells a product to the customer. Retail sales are usually in cash or by debit/credit card.

It is the group's policy to sell its products to the retail customer with a right to return within 14 days. Accumulated experience is used to estimate and provide for such returns at the time of sale. Revenue is adjusted for the value of expected returns. The group does not operate any loyalty programmes.

#### (b) Internet revenue

Revenue from the sale of goods over the internet is recognised at the point that the risks and rewards of the inventory have passed to the customer, which is the point of delivery. Revenue is adjusted for the value of expected returns. Transactions are settled by credit or payment card.

### 2.21 Interest income

Interest income arises primarily from interest received on short-term bank deposits, and is recognised as earned.

### 2.22 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

The group leases certain equipment. Leases of equipment where the group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased assets and the present value of the minimum lease payments.



Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

2.23 Dividend distribution

Dividend distributions to the shareholders is recognised as a liability in the Group financial statements in the period in which the dividends are approved by the shareholders at the annual shareholder meeting.

2.24 Employee benefits

The company has various pension schemes. The pension schemes are financed through payments to insurance companies, with the exception of the early retirement pension scheme (AFP). The company has both defined contribution plans and the AFP scheme.

(a) Pension obligations

For defined contribution plans, the group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

The company also has an agreed early retirement scheme (AFP). The new AFP-scheme, in force from 1 January 2011, is a defined benefit multi-employer scheme, but is recognised in the accounts as a defined contribution scheme until reliable and sufficient information is available for the group to recognise its proportional share of pension cost, pension liability and pension funds in the scheme. The company's liabilities are therefore not recognised as debt in the balance sheet.

2.25 New standards disclosure for KID ASA financial statements YE 2018

Standards and amendments adopted as of 1 January 2018

From 1 January 2018 there are several new standards and amendments that are effective for the current reporting period, but none of these have had a material impact for the 2018 group financial statements. The most relevant of the new standards applied as of 1 January 2018 are:

- IFRS 15 Revenue from Contracts with Customers

The group also elected to adopt the following standard early:

- IFRS 9 - Financial Instruments (adopted as of 01.01.2015)

IFRS 15 Revenue from Contracts with Customers

The IASB has issued a new standard for the recognition of revenue, IFRS 15 Revenue from Contracts with Customers, with an effective date of 1 January 2018. IFRS 15 has been approved by the EU and earlier application is permitted. IFRS 15 replaces IAS 18 Revenue which covers contracts for goods and services and IAS 11 Construction Contracts. IFRS 15 is based on the principle that revenue is recognized when control of a good or service transfers to a customer. This concept of control replaces the existing IAS 18 notion of risks and rewards, and is a broader concept that includes the transfer of risk and reward as one of the control criteria.

IFRS 15 requires that a five-step process be used to evaluate all customer contracts to determine revenue recognition and measurement. The five steps are:

- identify contracts with customers,
- identify the separate performance obligations,
- determine the transaction price of the contract,
- allocate the transaction price to each of the separate performance obligations, and
- recognise the revenue as each performance obligation is satisfied.

Currently, revenues from the sale of goods are recognised when delivery has occurred, and the associated risk and control has been transferred to the customer. A significant amount of group sales are point in time sales with immediate delivery of the goods and receipt of payment from the customer, when the transaction occurs in the KID retail stores. The group also has internet sales to both private individuals and businesses, and revenue is recognised for these sales at the date of delivery of the goods. The group sells gift cards and currently recognizes revenue on the expired cards at the date of expiration. IFRS 15 requires revenue recognition of expired gift cards based on an estimation model over the time period of the gift card, which will give earlier recognition as compared to today's accounting principle. The change in the timing of expired gift card revenue upon adopting IFRS 15 is not expected to have a material effect on the financial statements.

IFRS 15 permits entities to apply the guidance retrospectively, which means restating and disclosing 2017 comparative financial statements upon adoption (full retrospective approach). Alternatively, an entity is permitted to recognize the cumulative effect of initially applying the guidance as an opening balance sheet adjustment to equity in the period of initial application (modified approach, and 2017 is not restated). The group adopted IFRS 15 as of 1 January 2018 using the full retrospective approach. The implementation of IFRS 15 did not have an material effect on total reported revenues, expenses, assets or liabilities and did not have any material effect on level of disclosures related to revenue.

Accounting standards and interpretations issued, but not yet adopted as of 31 December 2018.

Standards to be implemented in 2018 or later years

As of 31 December 2018 the following standards, interpretations and amendments have been issued but were not yet mandatory for annual reporting periods ending 31 December 2018.

IFRS 16

New standards and interpretations not yet adopted (IAS 8.30)

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2018 reporting periods and have not been early adopted by the group. The group's assessment of the impact of these new standards and interpretations is set out below.

IFRS 16 – Leases

IFRS 16 was issued in January 2016. It will result in almost all leases being recognised on the balance sheet by lessees, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term (less than 12 months) and low-value leases.

The group has reviewed all of the group's leasing arrangements in light of the new lease accounting rules in IFRS 16. The standard will affect primarily the accounting for the group's operating leases where the group is the lessee.

The group will apply the standard from its mandatory adoption date of 1 January 2019. The group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption. Right-of-use assets will be measured at the amount of the lease liability on adoption (adjusted for any prepaid or accrued lease expenses).

As at the reporting date, the group has non-cancellable operating lease commitments of approximately MNOK 775, see note 21. Of these commitments, approximately MNOK 1 relate to short-term leases.

For the remaining lease commitments the group expects to recognize right-of-use assets of approximately MNOK 650 to 780 on 1 January 2019, lease liabilities of approximately MNOK 650 to 780 (after adjustments for prepayments and accrued lease payments recognised as at 31 December 2018).

The group expects that net profit after tax will decrease by approximately MNOK 8 to 10 for 2019 as a result of adopting the new rules. Adjusted EBITDA used to measure segment results is expected to increase by approximately MNOK 140 to MNOK 170, as the operating lease payments were previously included in EBITDA, but the amortisation of the right-of-use assets and interest on the lease liability are excluded from this measure.

The group's activities as a lessor are not material and hence the group does not expect any significant impact on the financial statements. However, some additional disclosures will be required from next year.

(amounts in mnok)	2018
Operating lease commitments disclosed as at 31 December 2018	775
Discounted using the group's incremental borrowing rate of 3.20%-5.15%	650-780
(Less): short-term leases recognised on a straight-line basis as expense	1
Lease liability recognised as at 1 January 2019	650-780





**Note 3**  
**Financial risk management**

**3.1 Financial risk factors**  
The group’s activities expose it to a variety of financial risks: market risk (including currency risk and cash flow interest rate risk), credit risk and liquidity risk. The group’s overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the group’s financial performance. The group uses derivative financial instruments to hedge certain risk exposures. The company applies hedge accounting in accordance with IFRS 9.

The group’s risk management is performed by a central finance department, in accordance with instructions which have been presented to and approved by the board of directors. The group’s finance department identifies, evaluates and manages financial risk in close cooperation with the different operational units. The board of directors approves the principles for overall risk management, and provides guidelines for specific areas such as foreign exchange risk, interest rate risk, credit risk, use of financial derivatives and use of surplus cash.

**(a) Market risk**

**(i) Foreign exchange risk**  
Exposures to currency exchange rates arise from the group’s international purchases, which are primarily denominated in USD. The group uses foreign currency derivative contracts to hedge foreign exchange risk which are recorded at fair value over OCI. The group has no net investments in international operations recognised in the balance sheet.

The board has approved a hedging policy to hedge 100% of anticipated cash flows ( highly probable purchase of goods) in USD for the subsequent 4 to 7 months. Management may not deviate from the policy. At 31. December 2018, the group had future contracts for 100% of the anticipated USD cashflow for a period of 6 months. The Group has adopted IFRS 9 and uses hedge accounting, see note 23 for further information.

The following table illustrates the sensitivity on the company’s financial instruments of a 10% change in USD against the Norwegian kroner with all other variables (e.g. changes of prices on products sold) held constant.

At 31 December 2018	+10% change	-10% change
Effect on OCI (FX derivatives)	15,122	15,122

At 31 December 2017	+10% change	-10% change
Effect on OCI (FX derivatives)	15,424	-15,424

**(ii) Interest risk**  
The group’s interest rate risk arises from long-term borrowings and bank deposits. Borrowings issued at variable rates expose the group to cash flow interest rate risk which is partially offset by cash held at variable rates. The company is also subject to interest rate risk related to short term bank overdraft drawn during the financial year.

**(b) Credit risk**  
The group’s turnover comes mainly from cash sales or debit/credit card based sales where settlement in cash takes place within a few days of the sales transaction. As such, the group has limited exposure to credit risk relating to accounts receivable balances. Credit risk also arises from derivative financial instruments and deposits with banks and financial institutions. However, counterparts are limited to financial institutions with high creditworthiness. Historically, default and losses related to credit risk have been low.



**(c) Liquidity risk**

Liquidity risk is the risk that the group will not be able to meet its financial obligations as they fall due. The group has capital-intensive inventory in central warehouse and stores and has fluctuations related to working capital due to seasonality and the timing of the deliveries and payments.

Cash flow forecasting is performed in the operating entities of the group and aggregated by group finance. Group finance monitors rolling forecasts of the group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed loan facilities (note 17) at all times so that the group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the group's debt financing plans, covenant compliance and compliance with internal balance sheet ratio targets.

Surplus cash is used to pay out dividends and reduce long term borrowings.

The table below analyses the group's non-derivative financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

At 31 December 2018	Less than 1 year	Between 1 and 5 years
Borrowings (ex finance lease liabilities)	-	425,000
Finance lease liabilities	1,609	1,264
Trade and other payables	253,081	-
	<b>254,690</b>	<b>426,264</b>
<b>At 31 December 2017</b>		
Borrowings (ex finance lease liabilities)	-	425,000
Finance lease liabilities	1,560	2,873
Trade and other payables	248,390	-
	<b>249,950</b>	<b>427,873</b>

Loans consist of a long term loan to DnB (note 17). The loan of TNOK 425 000 is due in its entirety May 2020.

**3.2 Capital management**

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, reduce excess loan repayments, exploit available credit facilities or sell financial assets.

The group monitors capital on the basis of the gearing ratio. This ratio is calculated as net interest bearing debt divided by EBITDA. Net interest bearing debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated balance sheet excluded financial derivatives) less cash and cash equivalents. EBITDA is calculated as earnings before interest, tax, depreciation and amortisation.

The company has had a strategic focus to reduced long term borrowings and reach and maintain a sustainable quarterly gearing ratio below 2,5. The gearing ratios at 31 December 2018 and 2017 were as follows:

	2018	2017
Total borrowings (note 17)	425,000	425,000
Less: cash and cash equivalents (note 15)	(242,152)	(130,071)
Net interest bearing debt	182,848	294,929
EBITDA	250,207	214,528
<b>Gearing ratio</b>	<b>0.73</b>	<b>1.37</b>

For more information about covenant-limits, refer note 17.

EBITDA (earnings before interest, tax, depreciation and amortisation is operating profit excluding depreciation and amortization. Gearing ratio is net interest bearing debt divided on EBITDA.

**3.3 Fair value estimation**

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The following table presents the group's financial assets and liabilities that are measured at fair value at 31 December 2018.

Assets	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Derivatives at fair value				
– Foreign currency derivative contracts	-	8,949	-	8,949
<b>Total assets</b>	<b>-</b>	<b>8,949</b>	<b>-</b>	<b>8,949</b>

The following table presents the group's assets and liabilities that are measured at fair value at 31 December 2017.

Assets	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Trading derivatives	-	-	-	-
– Currency future contracts	-	4,180	-	4,180
<b>Total assets</b>	<b>-</b>	<b>4,180</b>	<b>-</b>	<b>4,180</b>

There were no transfers between levels 1 and 2 during the year.

**(a) Financial instruments in level 1**

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The group has no such instruments at 31 December 2018 or 31 December 2017.

**(b) Financial instruments in level 2**

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

The group's financial assets and liabilities measured at fair value consist of interest rate swaps and FX-outright deals and are all included in level 2. Market values are calculated using mid-rates (excluding margin) as determined by DnB Markets based on available market rates.

**(c) Financial instruments in level 3**

All other financial instruments measured at fair value are included in level 3. The group has no such instruments at 31 December 2018.



#### Note 4 Critical accounting estimates and significant judgements

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

##### 4.1 Critical accounting estimates and assumptions

Group management makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

##### Estimated impairment of trademark

The Group tests annually whether the Group's trademark has suffered any impairment in accordance with IAS 36. The recoverable amounts of the defined cash-generating unit have been determined based on value-in-use calculations. These calculations require use of estimates. The impairment test is sensitive for negative changes in long-term growth or gross margin. See note 11 – Intangible assets for more information.

##### 4.2 Critical judgements in applying the entity's accounting policies

There has not been identified any critical judgements in applying the entity's accounting policies.

#### Note 5 Employee remuneration and audit fees

##### 5a Employee benefit expense

	2018	2017
Wages and salaries	262,200	256,804
Social security costs	35,979	35,519
Board remuneration	1,199	1,505
Pension costs - defined benefit plans (note 21)	4,531	4,777
Other benefits	6,988	7,866
<b>Total employee benefit expense</b>	<b>310,898</b>	<b>306,471</b>
Average number of employees	469	456

There has not been any loans to employees or guarantees granted to employees for either 2017 or 2018.

##### 5b Benefits key management personnel and board of directors

Cash paid benefits

		2018				
Key Management Personnel	Position	Salary	Pension	Bonus	Other Benefits	Total
Anders Fjeld	CEO	417	6	0	37	460
Kjersti Hobøl	CEO (termination date Sep. 1st)	2,588	32	1,125	171	3,917
Petter Schouw-Hansen	CFO	2,069	35	750	163	3,018
<b>Board of Directors</b>						
Henrik Schüssler	Chairman of the Board				290	290
Karin Bing Orgland	Board Member				240	240
Bjørn Rune Gjelsten	Board Member				185	185
Vilde Falck-Ytter	Board Member				185	185
Pål Frimann Clausen	Board Member				229	229
<b>Nomination committee</b>						
Jostein Devold	Nomination committee				30	30
Sten Arthur Sælør	Nomination committee				40	40
		5,074	73	1,875	1,571	8,593





## 2017

Key Management Personnel	Position	Salary	Pension	Bonus	Other Benefits	Total
Kjersti Hobøl	CEO	2,968	34	1,086	215	4,303
Petter Schouw-Hansen	CFO	1,973	34	690	178	2,875
<b>Board of Directors</b>						
Henrik Schüssler	Chairman of the Board				265	265
Karin Bing Orgland	Board Member				215	215
Bjørn Rune Gjelsten	Board Member				175	175
Vilde Falck-Ytter	Board Member				175	175
Pål Frimann Clausen	Board Member				215	215
<b>Nomination committee</b>						
Jostein Devold	Nomination committee				30	30
Sten Arthur Sælør	Nomination committee				30	30
		<b>4,941</b>	<b>68</b>	<b>1,776</b>	<b>1,498</b>	<b>8,283</b>

There has not been any loans or guarantees granted to key management personnel for either 2017 or 2018. CEO and CFO have 6 months salary as termination benefit. There are no share based payments.

**5c Audit fees**

	2018	2017
Statutory audit (incl. preparation of financial statements)	643	587
Other assurance services	-	8
Tax related services (incl. preparation of income tax form)	52	36
Other assistance (IFRS conversion and quarterly reports)	80	388
<b>Total fees</b>	<b>775</b>	<b>1,019</b>

**Note 6**  
 Finance income  
 and costs

	2018	2017
<b>Finance costs</b>		
Bank interest cost	12,311	11,363
Bank transaction costs	1,605	1,856
Other finance costs	199	261
<b>Total finance costs</b>	<b>14,115</b>	<b>13,480</b>
<b>Finance income</b>		
Interest income on short-term bank deposits	1,304	786
Other finance income	33	35
<b>Total finance income</b>	<b>1,337</b>	<b>821</b>
<b>Net finance costs</b>	<b>-12,778</b>	<b>-12,659</b>

There are no material differences between finance costs and interest paid during the period.

**Note 7**  
 Investments in  
 subsidiaries

The group had the following subsidiaries at 31 December 2018:

Name	Place of business	Nature of business	Proportion of shares directly held by parent [%]
Kid Interiør AS	Norway	Interior goods retailer	100%
Kid Logistikk AS	Norway	Logistics	100%

All subsidiary undertakings are included in the consolidation.

The spesification above were identical at year end 2017.

**Note 8**  
 Income tax  
 expense

	2018	2017
<b>Current tax</b>		
Current tax on profits for the year	46,216	40,415
<b>Total current tax</b>	<b>46,216</b>	<b>40,415</b>
<b>Deferred tax (note 19)</b>		
Origination and reversal of temporary differences	1,374	-1,217
Correction of tax on direct capitalized differences included in the calculation of deferred taxes	-1,373	1,055
Changes in deferred tax due to changes in tax rate	-14,607	-14,547
<b>Income tax expense</b>	<b>31,609</b>	<b>25,705</b>

**Reconciliation between tax expense and product of accounting profit, multiplied by the applicable tax rate:**

	2018	2017
<b>Profit before tax</b>	<b>200,332</b>	<b>167,030</b>
Tax calculated at domestic tax rate applicable to profits	46,076	40,087
Tax effects of:		
Expenses not deductible for tax purposes/(Income not subject to tax)	34	123
Changes in deferred tax due to changes in tax rate	-14,607	-14,547
Other	106	42
<b>Income tax expense</b>	<b>31,609</b>	<b>25,705</b>
Tax charge in percent of profit before tax	16 %	15 %

Tax charge in percent of profit before tax was 16% in 2018 (15% in 2017). The decrease in tax charge in percent between 2018 and 2017 came as a result of the change in the corporation tax rate from 24% to 23% that was changed by law in 2017 and became effective from 1 January 2018. The relevant deferred tax balances have been re-measured consequently.



The tax (charge)/credit relating to components of other comprehensive income is as follows:

	2018		
	Before tax	Tax charge	After tax
Forward currency derivative contracts	19,427	-4,284	15,143
<b>Other comprehensive income</b>	<b>19,427</b>	<b>-4,284</b>	<b>15,143</b>

	2017		
	Before tax	Tax charge	After tax
Forward currency derivative contracts	-9,420	2,284	-7,136
<b>Other comprehensive income</b>	<b>-9,420</b>	<b>2,284</b>	<b>-7,136</b>

## Note 9

### Earnings per share

There exists only one class of shares.

	2018	2017
Weighted average number of shares	40,645,162	40,645,162
Net profit for the year	168,723	141,325
<b>Earnings per share (basic and diluted) (Expressed in NOK per share)</b>	<b>4.15</b>	<b>3.48</b>

## Note 10

### Property, plant and equipment

	Facilities under construction	Leased movables	Leased shop fitting	Fixtures	Total
<b>Year ended 31 December 2018</b>					
Opening net book amount	3,191	54	4,474	84,177	91,896
Additions	-	-	-	36,748	36,748
Reclassifications	-1,799	-	-	-20	-1,819
Depreciation charge	-	-38	-1,062	-34,194	-35,294
<b>Closing net book amount</b>	<b>1,392</b>	<b>16</b>	<b>3,412</b>	<b>86,711</b>	<b>91,530</b>
<b>At 31 December 2018</b>					
Cost or valuation	1,392	230	73,251	384,478	459,351
Accumulated depreciation	-	-214	-69,839	-297,768	-367,821
<b>Net book amount</b>	<b>1,392</b>	<b>16</b>	<b>3,412</b>	<b>86,710</b>	<b>91,530</b>

### Year ended 31 December 2017

Opening net book amount	3,634	93	1,403	83,363	88,492
Additions	-	-	3,756	32,904	36,660
Reclassifications	-443	-	-	609	166
Depreciation charge	-	-38	-685	-32,699	-33,422
<b>Closing net book amount</b>	<b>3,191</b>	<b>54</b>	<b>4,474</b>	<b>84,177</b>	<b>91,896</b>
<b>At 31 December 2017</b>					
Cost or valuation	3,191	230	73,251	345,061	421,733
Accumulated depreciation	-	-176	-68,777	-260,884	-329,837
<b>Net book amount</b>	<b>3,191</b>	<b>54</b>	<b>4,474</b>	<b>84,177</b>	<b>91,896</b>

Disposals for fixtures in 2018 includes accumulated depreciation for the items and are therefore presented as net value of 0 (2017: 0).

Facilities under construction contains shop fittings related to stores not yet opened. As such, these items are not depreciated until actual opening of the stores.





## Note 11

### Intangible assets

Cost	Store lease rights	Time-limited tenancy right	Software	Trademark	Total
At 1 January 2017	-	3,550	15,632	1,459,585	1,478,767
Additions	9,500	-	748	-	10,248
<b>As at 31 December 2017</b>	<b>9,500</b>	<b>3,550</b>	<b>16,380</b>	<b>1,459,585</b>	<b>1,489,015</b>
At 1 January 2018	9,500	3,550	16,380	1,459,585	1,489,015
Additions	-	-	2,337	-	2,337
<b>As at 31 December 2018</b>	<b>9,500</b>	<b>3,550</b>	<b>18,717</b>	<b>1,459,585</b>	<b>1,491,352</b>

#### Accumulated amortisation and impairment

At 1 January 2017	-	-3,550	-12,193	-	-15,743
Amortisation charge	-1,077	-	-1,417	-	-2,494
<b>As at 31 December 2017</b>	<b>-1,077</b>	<b>-3,550</b>	<b>-13,610</b>	<b>-</b>	<b>-18,237</b>
At 1 January 2018	-1,077	-3,550	-13,610	-	-18,237
Amortisation charge	-1,891	-	-1,802	-	-3,693
<b>As at 31 December 2018</b>	<b>-2,968</b>	<b>-3,550</b>	<b>-15,412</b>	<b>-</b>	<b>-21,930</b>

#### Net book value

Cost	9,500	3,550	16,380	1,459,585	1,489,015
Accumulated amortisation and impairment	-1,077	-3,550	-13,611	-	-18,238
<b>As at 31 December 2017</b>	<b>8,423</b>	<b>-</b>	<b>2,769</b>	<b>1,459,585</b>	<b>1,470,777</b>
Cost	9,500	3,550	18,717	1,459,585	1,491,352
Accumulated amortisation and impairment	-2,968	-3,550	-15,413	-	-21,931
<b>As at 31 December 2018</b>	<b>6,532</b>	<b>-</b>	<b>3,303</b>	<b>1,459,585</b>	<b>1,469,421</b>

Useful life	5 years	9-10 years	4-7 years	Indefinite
-------------	---------	------------	-----------	------------

#### Trademark

Trademark was acquired in 2005 and is related to the original cost of the subsidiaries and the company brand Kid Interiør. Kid Interiør was founded in 1937 and has long traditions within its business area. Kid Interiør is a well known brand among the population in Norway and there is a clear intention to retain and further develop this brand. As a consequence, the brand name is not amortised, but tested for impairment annually.

#### Impairment tests for trademark

The group tests whether trademark has suffered any impairment on an annual basis. The recoverable amount is determined based on value-in-use calculations which require the use of assumptions. The calculations use cash flow projections based on financial budgets approved by board covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. These growth rates are consistent with forecasts included in industry reports.

#### The following table sets out the key assumptions:

	2018	2017
Sales volume (% annual growth rate)	2.5	2.5
Gross margin (%)	60.8	60.8
Other operating costs (%)	44.7	45.2
Annual capital expenditure (%)	2.3	2.0
Long term growth rate (%)	1.0	1.0
<b>Discount rate after tax (%)</b>	<b>7.3</b>	<b>7.6</b>

The recoverable amount of the trademark is estimated to be MNOK 3026 (2017 – MNOK 2645). This exceeds the carrying amount of the trademark at 31 December 2018 by MNOK 1404 (2017 – MNOK 979).

The recoverable amount of the trademark would equal its carrying amount if the key assumptions were to change as follows:

	2018		2017	
	From	To	From	To
Sales volume (% annual growth rate)	2.5	-0.9	2.5	-0.2
Budgeted gross margin (%)	60.8	53.9	60.8	55.3
Long-term growth rate (%)	1.0	-8.9	1.0	-6.0
Discount rate after tax (%)	7.3	12.8	7.3	11.6

The Directors and management have considered and assessed reasonably possible changes for other key assumptions and have not identified any instances that could cause the carrying amount of the trademark to exceed its recoverable amount.





## Note 12 Financial instruments

### 12.1 Financial instruments by category

31 December 2018			
	Financial assets at amortised cost	Financial assets (cash flow hedge de- rivatives) at fair value over OCI	Total
<b>Assets as per balance sheet</b>			
Derivative financial instruments	-	8,949	8,949
Trade receivables	2,962	-	2,962
Cash and bank deposits	242,152	-	242,152
<b>Total</b>	<b>245,114</b>	<b>8,949</b>	<b>254,063</b>

		Other financial liabilities at amortised cost	Total
Liabilities as per balance sheet			
Liabilities to financial institutions (excluding finance lease liabilities)	-	425,000	425,000
Finance lease liabilities	-	2,873	2,873
Trade creditors	-	37,666	37,666
Total		483,436	973,664

31 December 2017			
	Financial assets at amortised cost	Financial assets (cash flow hedge de- rivatives) at fair value over OCI	Total
<b>Assets as per balance sheet</b>			
Derivative financial instruments	-	4,180	4,180
Trade receivables	3,500	-	3,500
Cash and bank deposits	130,071	-	130,071
<b>Total</b>	<b>133,570</b>	<b>4,180</b>	<b>137,750</b>

		Other financial liabilities at amortised cost	Total
Liabilities as per balance sheet			
Liabilities to financial institutions (excluding finance lease liabilities)	-	425,000	425,000
Finance lease liabilities	-	4,433	4,433
Trade creditors	-	147,832	147,832
Total		577,265	577,265

## Note 13 Trade receivables

### Trade receivables

The carrying amounts of the Group's trade and other receivables are entirely denominated in NOK.

The maximum exposure to credit risk at the reporting date is the carrying value of the trade receivables. The Group has not pledged any of the trade receivables as collateral or security. Management has evaluated the trade receivables credit risk to be insignificant and the trade receivables are recognised in the financial statements at full face value.

### Other receivables

Other receivables consists mainly of prepayments for operating expenses and rental payments for retail locations.

## Note 14 Inventories

	2018	2017
Inventory at purchase cost	265,418	296,457
Inventory at fair value less cost to sell	732	340
Adjustment to inventory from cash flow hedges	-12,992	5,200
<b>Inventories</b>	<b>253,157</b>	<b>301,997</b>

The cost of inventories recognised as an expense and included in 'cost of sales' amounted to 573 230 (2017: 547 627). Cost of goods sold also includes write-downs of inventory during the year as shown in the table below.

### Recognized loss on inventories

	2018	2017
Lost goods	12,844	9,612
Change in provision for obsolescence	391	134
<b>Recognized loss on inventories in cost of goods sold</b>	<b>13,235</b>	<b>9,747</b>

## Note 15 Cash and cash equivalents

	2018	2017
Cash in bank and in hand	235,732	124,881
Short-term bank overnight deposits	6,420	5,190
<b>Cash and cash equivalents (excluding bank overdrafts)</b>	<b>242,152</b>	<b>130,071</b>

The Group does not have any restricted cash bank accounts. See note 18 for further information.



## Note 16

### Share capital and premium

Share capital (all amounts in NOK)

	Number of shares	Ordinary shares	Face value	Total face value
At 31 December 2017	40,645,162	40,645,162	1.2	48,774,194
At 31 December 2018	40,645,162	40,645,162	1.2	48,774,194

The company was listed on the Oslo Stock Exchange in November 2015, and per 31.12.2018 the top 20 shareholders are the following:

	31 December 2018		31 December 2017	
	# Shares	Ownership	# Shares	Ownership
Gjelsten Holding AS	15,179,309	37.3%	14,879,309	36.6%
Pareto Aksje Norge Verdipapirfond	2,164,909	5.3%	2,077,869	5.1%
Verdipapirfondet Alfred Berg Gamba	1,908,883	4.7%	1,908,883	4.7%
Verdipapirfondet Pareto Investment	1,801,000	4.4%	1,801,000	4.4%
Banque De Luxembourg S.a.	1,483,104	3.6%	1,128,717	2.8%
Stenshagen Invest AS	1,464,600	3.6%	963,245	2.4%
Goldman Sachs International	1,089,022	2.7%	1,097,859	2.7%
Salt Value AS	630,384	1.6%	408,679	1.0%
VPF Nordea Kapital	611,746	1.5%	613,543	1.5%
Pescara Invest AS	605,000	1.5%	-	-
Eika Norge	598,813	1.5%	485,000	1.2%
Forsvarets Personellservice	575,000	1.4%	575,000	1.4%
N-Ucit Nordea Private Bk No Ak Pt	569,152	1.4%	493,451	1.2%
VPF Nordea Avkastning	520,968	1.3%	462,503	1.1%
Vj Invest AS	515,023	1.3%	534,357	1.3%
Storebrand Verdi Verdipapirfond	508,115	1.3%	907,654	2.2%
Vevlen Gård AS	498,073	1.2%	-	-
VPF Nordea Norge Verdi	406,055	1.0%	406,055	1.0%
Espedal & Co AS	371,308	0.9%	-	-
Varner Equities AS	341,119	0.8%	-	-

Share premium	Amount
At 31 December 2014	156,874
Equity issue November 2015	164,175
<b>At 31 December 2018</b>	<b>321,049</b>

Key Management Personnel Share holdings	31.12.2018	31.12.2017
Anders Fjeld	28,990	-

#### Board of Directors

Henrik Schüssler (100% Fireh AS)	32,258	32,258
Karin Bing Orgland	32,629	32,629
Bjørn Rune Gjelsten (100% of Gjelsten Holding AS )	15,179,309	14,879,309
Vilde Falck-Ytter	6,451	6,451
Egil Stenshagen (100% of Stenshagen Invest AS)	1,464,600	-
Jostein Devold	-	-
Sten Arthur Sælør	-	-





## Note 17

### Liabilities to financial institutions

	2018	2017
<b>Long term</b>		
Bank loans	425,000	425,000
Finance lease liabilities	1,264	2,873
<b>Total long term liabilities to financial institutions</b>	<b>426,264</b>	<b>427,873</b>
<b>Short term</b>		
Bank loans	-	-
Finance lease liabilities	1,609	1,560
<b>Total short term liabilities to financial institutions</b>	<b>1,609</b>	<b>1,560</b>
<b>Total liabilities to financial institutions</b>	<b>427,873</b>	<b>429,433</b>

#### (a) Bank loans

Bank loans mature until May 2020 and bear an average interest rate of 2,3% annually (2017: 2,2%).

Total loans include secured liabilities (bank and collateralised loans) of TNOK 525 000 (2017: TNOK 525 000). Effective from May 2017, TNOK 100 000 of the long term loan was converted to a short term flexible credit facility and TNOK 425 000 remain as long term bank loan. The short term facility is used during the year, but not at year end. The Bank loans are secured by 100% of the shares in Kid Interiør AS.

The bank overdraft are secured by inventory, trade receivables, property, plant and equipment, 100% of the shares in Kid Logistikk AS and the rental agreement related to the HQ in Drammen. As of year end 2018 and 2017 the bank overdraft was not utilized, and therefore none of the assets were pledged as collateral.

The exposure of the Group's loans to interest rate changes and the contractual re-pricing dates at the end of the reporting period are as follows:

	2018	2017
6 months or less	805	780
6-12 months	805	780
1-5 years	426,264	427,873
<b>Total liabilities to financial institutions</b>	<b>427,873</b>	<b>429,433</b>

The carrying amounts and fair value of the non-current loans are as follows:

	2018	2017
Bank loans	425,000	425,000
Finance lease liabilities	2,873	4,433
<b>Total carrying amount of liabilities to financial institutions</b>	<b>427,873</b>	<b>429,433</b>

The fair value of current loans equals their carrying amount, as the loans bear a floating interest priced at market rate.

The carrying amounts of the Group's loans are denominated in the following currencies:

	2018	2017
NOK	427,873	429,433
Other currencies	-	-
<b>Total</b>	<b>427,873</b>	<b>429,433</b>

The group has the following granted loan facilities:

	2018	2017
Unused bank overdraft	100,000	100,000
Employee tax guarantee	10,000	10,000
Letter of credit limit	65,000	65,000
Bank guarantee limit	12,000	12,000
<b>Total</b>	<b>187,000</b>	<b>187,000</b>

Following covenants is regulated by contract:

	Interval	Limit 2017	Limit 2016
Gearing ratio (NIBD/EBITDA)	annually	3.00	3.00
CAPEX YTD	annually	40.00	50.00
EBITDA LTM	quarterly	135.00	122.72

The Group has been compliant with covenants at all intervals.

#### (b) Finance lease liabilities

Lease liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default. See note 22 for operating lease payments.

The estimated total cash outflows in connection with the finance lease liabilities are as follows:

	2018	2017
within 1 year	1,609	1,560
1 year to no later than 5 years	1,264	2,873
<b>Total</b>	<b>2,873</b>	<b>4,433</b>

## Note 18

### Other expenses

	2018	2017
Rental costs for shops and storage	198,171	187,266
Advertising and other marketing costs	66,926	65,271
Other expenses	67,607	61,179
<b>Total other expenses</b>	<b>332,703</b>	<b>313,716</b>







## Note 19

### Deferred income tax

The analysis of deferred tax assets and deferred tax liabilities is as follows:

	2018	2017
Deferred tax assets:		
- Deferred tax assets to be recovered after more than 12 months	-	-
- Deferred tax assets to be recovered within 12 months	1,407	1,448
	<b>1,407</b>	<b>1,448</b>
Deferred tax liabilities:		
- Deferred tax liability to be recovered after more than 12 months	-320,422	-335,049
- Deferred tax liability to be recovered within 12 months	-2,338	-983
	<b>-322,760</b>	<b>-336,032</b>
<b>Deferred tax liabilities (net)</b>	<b>-321,352</b>	<b>-334,585</b>

The movement in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Specification of temporary differences Asset/liability (-)	2018	Movement	2017
Tangible and intangible assets	-1,455,909	-460	-1,456,369
Trade receivables	65	-40	25
USD Bank account	-1,648	1,665	17
Inventories	4,963	183	5,146
Financial lease	-555	460	-95
Deferred gain - sale of fixed assets	-	-367	-367
Provisions	1,370	-264	1,106
Forward currency contracts	-8,949	4,769	-4,180
Pensions	-29	29	-
Sum temporary differences	<b>-1,460,692</b>	<b>5,975</b>	<b>-1,454,717</b>
Basis for deferred tax	-1,460,692	5,975	-1,454,717
Tax rate	22%	23%	23%
Deferred tax in the balance sheet	<b>-321,352</b>	<b>1,374</b>	<b>-334,585</b>
Tax effect of change in tax rate*		-14,607	
Net change deferred tax in income tax expense		<b>-13,233</b>	

Deferred tax liability/Deferred tax asset is net presented in the financial statements.

\* From 2018 the tax rate in Norway was reduced from 24% til 23%, and from 2017 the tax rate was reduced from 25% to 24%. The movement in the deferred taxes related to the change in tax rates is primarily due to the book value of the trademark as compared to the tax basis of zero.

## Note 20

### Post-employment benefits

The table below outlines where the group's post-employment amounts and activity are included in the financial statements.

Income statement charge included in operating profit for:	2018	2017
Pensions earned this year - the group pension scheme	4,077	4,001
Pensions earned this year - the agreed early retirement scheme (AFP)	455	776
Social security fees	639	674
<b>Net pension expenses</b>	<b>5,171</b>	<b>5,451</b>

The income statement charge included within operating profit includes current service cost, interest cost, past service costs and gains and losses on settlement and curtailment.

### 20.1 AFP scheme

The subsidiary Kid Logistikk AS and 11 of our stores have an agreed early retirement scheme (AFP). The AFP-scheme, in force from 1st of January 2011, is a defined benefit multi-enterprice scheme, but is recognised in the accounts as as defined contribution scheme until reliable and sufficient information is available for the group to recognise its proportional share of pension cost, pension liability and pension funds in the scheme. The companys liabilities are therefore not recognised as debt in the balance sheet.

As of 31 December 2018, the deposit fund amounts to TNOK 29 (2017: 3), and the members pension capital is TNOK 22 407 (2017: 22 764).





## Note 21 Commitments

### Operating lease commitments

The group leases various retail outlets, offices and warehouses under non-cancellable operating lease agreements. The lease terms are between 3 and 10 years, and the majority of lease agreements are renewable at the end of the lease period at market rate.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	2018	2017
No later than 1 year	141,908	146,330
Later than 1 year and no later than 5 years	413,064	387,021
Later than 5 years	220,199	179,191
<b>Total</b>	<b>775,171</b>	<b>712,542</b>

### Operating lease expense

	2018	2017
<b>Lease expense for the year consists of:</b>		
Minimumrent	152,077	145,324
Rent based on turnover	7,758	5,195
Joint costs	35,626	34,907
Other storage costs	817	763
Depreciation of tenancy rights	1,891	1,077
<b>Total</b>	<b>198,169</b>	<b>187,266</b>

	2018	2017
<b>Lease expense by category of asset:</b>		
Office rentals	2,568	2,197
Storage facilities	13,693	13,555
Rental outlets	180,017	170,437
Depreciation of tenancy rights	1,891	1,077
<b>Totalt</b>	<b>198,169</b>	<b>187,266</b>

	2018	2017
Number of lease contracts	143	140
Right to renewal of lease contract	97	63
Percentage of lease contracts with option to renewal	68 %	45 %

## Note 22 Related parties

The Group's related parties include it associates, key management, members of the board and majority shareholders. The largest shareholder is Gjelsten Holding AS which owns 36.6 % of the company's shares and is defined as a related party in accordance with IAS 24.

The following transactions with Gjelsten Holding AS occurred in the year.

Lease agreements	2018	2017
Gilhus Invest AS (Headquarter rental)*	-	16,674
Vågsgaten Handel AS with subsidiaries (Store rental)	1,263	1,272
<b>Total</b>	<b>1,263</b>	<b>17,946</b>

\* Gjelsten Holding AS was the ultimate parent for the company until December 2017.

## Note 23 Reconciliation of other reserves

### Cash flow hedge reserve

The company uses hedging instruments as part of its mangement of foreign currency risk associated with its highly probable inventory purchases. These include foreign currency forward contracts which are designated in the cash flow hedge relationships. To the extent these hedges are effective; the change in fair value of the hedging instrument is recognised in the cash flow hedge reserve. The cash flow hedge reserve is transferred to the initial cost of the related inventory when the inventory is recognised.

Opening balance 01.01.2017	6,370
Add: Cost of hedging deferred for the year	-9,420
Less: Reclassified to the carrying amount of inventory	5,200
Less: Deferred tax	1,055
<b>Closing balance 31.12.2017</b>	<b>3,205</b>

Opening balance 01.01.2018	3,205
Add: Cost of hedging deferred for the year	19,427
Less: Reclassified to the carrying amount of inventory	-12,992
Less: Deferred tax	-1,373
<b>Closing balance 31.12.2018</b>	<b>8,265</b>



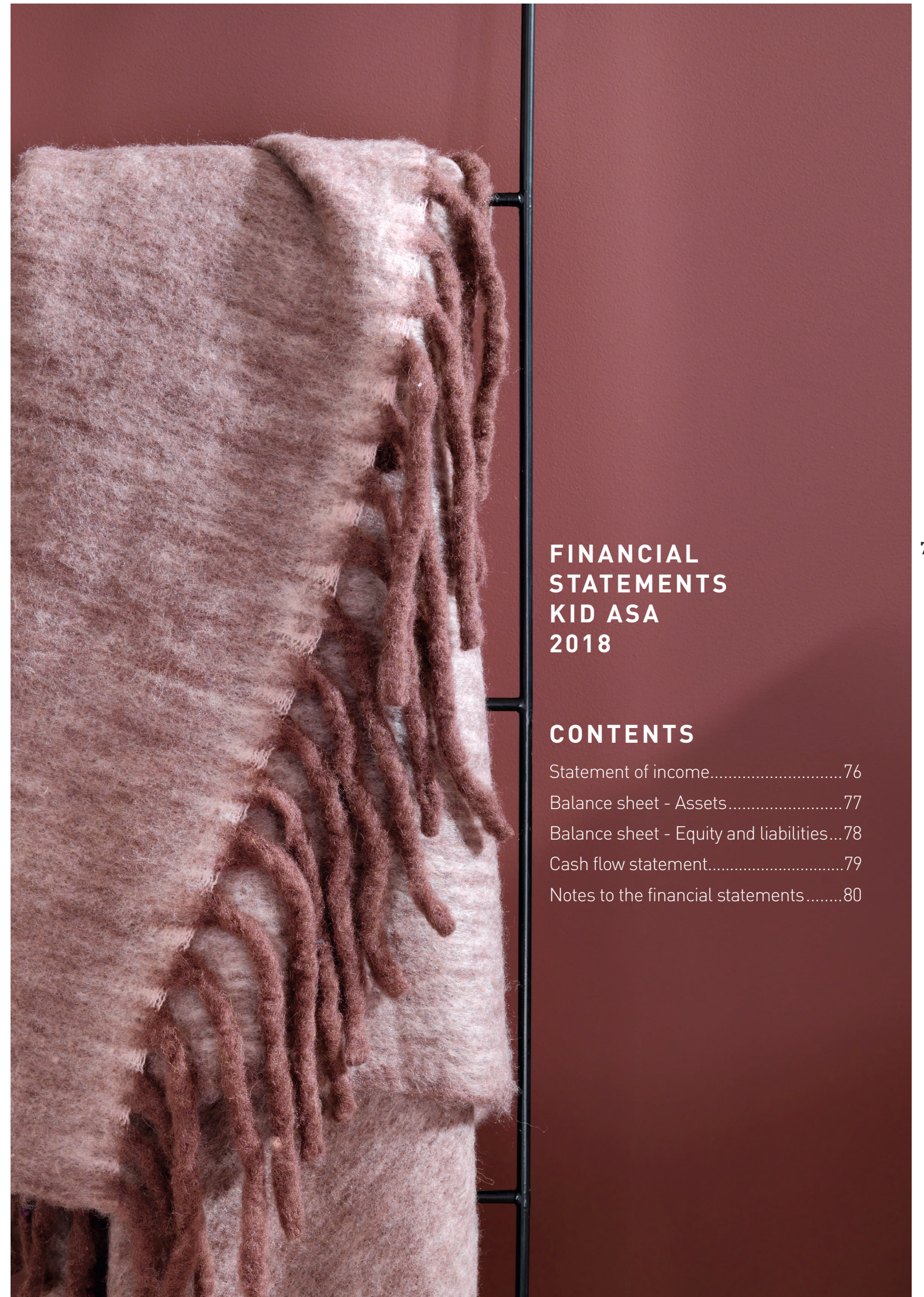
## Note 24

### Net debt reconciliation

The below table sets out an overview over net debt.

	2018	2017
Cash and cash equivalents	242,152	130,071
Borrowings - repayable within one year (including overdraft)	-1,609	-1,560
Borrowings - repayable after one year	-426,264	-427,873
<b>Net debt</b>	<b>-185,721</b>	<b>-299,363</b>
Cash and liquid investments	242,152	130,071
Gross debt - fixed interest rates	-	-
Gross debt - variable interest rates	-427,873	-429,433
<b>Net debt</b>	<b>-185,721</b>	<b>-299,363</b>

	Cash/ bank over- draft	Finance leases due within 1 year	Finance leases due after 1 year	Borrow. due within 1 year	Borrow. due after 1 year	Total
<b>Net debt as at 1 January 2017</b>	<b>291,852</b>	<b>-332</b>	<b>-1,212</b>	<b>-</b>	<b>-525,000</b>	<b>-234,693</b>
Cash flows	-162,491	-	-	-	100,000	-62,491
Acquisitions - finance leases and lease incentives	-	-1,228	-1,661	-	-	-2,889
Foreign exchange adjustments	710	-	-	-	-	710
Other non-cash movements	-	-	-	-	-	-
<b>Net debt as at 31 December 2017</b>	<b>130,070</b>	<b>-1,560</b>	<b>-2,873</b>	<b>-</b>	<b>-425,000</b>	<b>-299,363</b>
Cash flows	112,110	-	-	-	-	112,110
Acquisitions - finance leases and lease incentives	-	-49	1,609	-	-	1,560
Foreign exchange adjustments	-29	-	-	-	-	-29
Other non-cash movements	-	-	-	-	-	-
<b>Net debt as at 31 December 2018</b>	<b>242,153</b>	<b>-1,609</b>	<b>-1,264</b>	<b>-</b>	<b>-425,000</b>	<b>-185,721</b>



## FINANCIAL STATEMENTS KID ASA 2018

### CONTENTS

Statement of income.....	76
Balance sheet - Assets.....	77
Balance sheet - Equity and liabilities...	78
Cash flow statement.....	79
Notes to the financial statements.....	80



## KID ASA - STATEMENT OF INCOME

(All amounts in NOK 1000 unless otherwise stated)

	Note	2018	2017
Personnel expenses	7	1 368	1 505
Other operating expenses	7	1 115	1 453
<b>Total operating expenses</b>		<b>2 483</b>	<b>2 957</b>
<b>Operating profit</b>		<b>-2 483</b>	<b>-2 957</b>
Income from subsidiaries and associated companies	3	213 768	180 766
Interest income from group companies		926	1 334
Other interest income		151	209
Other interest expenses	8	-11 032	-10 823
Other financial expenses		-395	-204
<b>Profit before tax</b>		<b>200 935</b>	<b>168 324</b>
Tax on ordinary result	6	46 216	40 415
<b>Net profit or loss for the year</b>		<b>154 719</b>	<b>127 909</b>
Profit attributable to:			
Allocated dividend		81 290	52 839
Allocated to other equity		73 429	75 070
<b>Total allocation</b>		<b>154 719</b>	<b>127 909</b>

Notes 1 to 10 are an integral part of these financial statements

## KID ASA - BALANCE SHEET

### ASSETS

(All amounts in NOK 1000 unless otherwise stated)

	Note	2018	2017
<b>FIXED ASSETS</b>			
Financial fixed assets			
Investments in subsidiaries	1,2	1,204,158	1,204,158
<b>Total financial fixed assets</b>		<b>1,204,158</b>	<b>1,204,158</b>
<b>Total fixed assets</b>		<b>1,204,158</b>	<b>1,204,158</b>
<b>CURRENT ASSETS</b>			
Debtors			
Other receivables	3	213,871	120,952
<b>Total receivables</b>		<b>213,871</b>	<b>120,952</b>
Cash and bank deposits		77,688	111,732
<b>Total current assets</b>		<b>291,560</b>	<b>232,684</b>
<b>TOTAL ASSETS</b>		<b>1,495,717</b>	<b>1,436,842</b>



## KID ASA - BALANCE SHEET

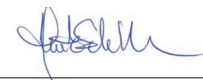
### EQUITY AND LIABILITIES

(All amounts in NOK 1000 unless otherwise stated)

	Note	2018	2017
<b>Restricted equity</b>			
Share capital	5	48,774	48,774
Share premium reserve		321,049	321,049
Other paid-up equity		64,617	64,617
<b>Total paid-up equity</b>		<b>434,440</b>	<b>434,440</b>
<b>Retained earnings</b>			
Other equity		506,867	482,212
<b>Total retained earnings</b>		<b>506,867</b>	<b>482,212</b>
<b>TOTAL EQUITY</b>	4	<b>941,307</b>	<b>916,652</b>
<b>Other long-term liabilities</b>			
Liabilities to financial institutions	2	425,000	425,000
<b>Total of other long term liabilities</b>		<b>425,000</b>	<b>425,000</b>
<b>CURRENT LIABILITIES</b>			
Trade creditors		31	200
Tax payable	6	46,216	40,415
Dividend		81,290	52,839
Other current debt		1,873	1,736
<b>Total short term liabilities</b>		<b>129,411</b>	<b>95,189</b>
<b>TOTAL LIABILITIES</b>		<b>554,411</b>	<b>520,189</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,495,717</b>	<b>1,436,842</b>

Notes 1 to 10 are an integral part of these financial statements

Lier, 10 April 2019  
The board of directors, Kid ASA



Henrik Schüssler  
Chairman of the board



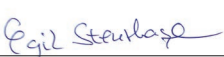
Bjørn Rune Gjelsten  
member of the board



Vilde Falck-Ytter  
member of the board



Karin Bing Orgland  
member of the board



Egil Stenshagen  
member of the board



Anders Fjeld  
General Manager

## KID ASA - CASH FLOW STATEMENT

(All amounts in NOK 1000 unless otherwise stated)

	Note	2018	2017
<b>CASH FLOW FROM OPERATIONS</b>			
Profit before income taxes		200,935	168,324
Taxes paid in the period		-40,415	-40,849
Change in trade creditors		-169	196
Change in other provisions		-92,782	-7,183
<b>Net cash flow from operations</b>		<b>67,569</b>	<b>120,488</b>
<b>CASH FLOW FROM FINANCING</b>			
Proceeds from short/long term loans		-	-100,000
Payment of dividen		-101,613	-121,935
<b>Net cash flow from financing</b>		<b>-101,613</b>	<b>-221,935</b>
<b>Net change in cash and cash equivalents</b>		<b>-34,044</b>	<b>-101,447</b>
<b>Exchange gain /(losses) on cash and cash equivalents</b>		<b>-</b>	<b>-</b>
Cash and cash equivalents at the beginning of the period		111,732	213,179
<b>Cash and cash equivalents at the end of the period</b>		<b>77,688</b>	<b>111,732</b>



## KID ASA - NOTES TO THE FINANCIAL STATEMENTS

### Accounting principles

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

#### Use of estimates

The preparation of financial statements in compliance with the Accounting Act requires the use of estimates. The application of the company's accounting principles also requires management to apply assessments. In areas which either to a great extent contain such assessments, a high degree of complexity, or areas in which assumptions and estimates are significant for the financial statements, these are described in the notes.

#### Investments in other companies

The cost method is applied to investments in other companies. The cost price is increased when funds are added through capital increases or when group contributions are made to subsidiaries. Dividends received are initially taken to income. Dividends exceeding the portion of retained equity after the purchase are reflected as a reduction in purchase cost. Dividend/group contributions from subsidiaries are reflected in the same year as the subsidiary makes a provision for the amount. Dividends from other companies are reflected as financial income when it has been approved.

#### Classification of balance sheet items

Assets intended for long-term ownership or use have been classified as fixed assets. Assets relating to the trading cycle have been classified as current assets. Other receivables are classified as current assets if they are to be repaid within one year after the transaction date. Similar criteria apply to liabilities. First year instalments on long-term liabilities and long-term receivables are, however, not classified as short-term liabilities and current assets.

#### Purchase costs

The purchase costs of assets includes the cost price for the asset, adjusted for bonuses, discounts and other rebates received, and purchase costs (freight, customs fees, public fees which are non-refundable and any other direct purchase costs). Purchases in foreign currencies are reflected in the balance sheet at the exchange rate at the transaction date.

For fixed assets and intangible assets, purchase costs also include direct expenses to prepare the asset for use, such as expenses for testing of the asset.

Interest expenses incurred in connection with the production of fixed assets are expensed.

#### Asset impairments

Impairment tests are carried out if there is an 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 write-down of goodwill, are reversed in later periods if the conditions causing the write-down are no longer present"

#### Liabilities

Liabilities, with the exception of certain liability provisions, are recognised in the balance sheet at nominal amount.

#### 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 relevant tax rates on the basis of the temporary differences which exist between accounting and tax values, and any carry-forward losses for tax purposes at year-end. Tax enhancing or tax reducing temporary differences, which are reversed or may be reversed in the same period, have been eliminated. The disclosure of deferred tax benefits on net tax reducing differences which have not been eliminated, and carry forward losses, is based on estimated future earnings. Deferred tax and tax benefits which may be shown in the balance sheet are presented net.

The tax reduction on group contributions given and tax on group contribution received, booked as a reduction of cost price or taken directly to equity, are booked directly against tax in the balance sheet (offset against payable taxes if the group contribution has affected payable taxes, and offset against deferred taxes if the group contribution has affected deferred taxes).

#### Cashflow statement

The cashflow 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, with due date less than three months from purchase date.

### Note 1 Subsidiaries, associated companies, and joint ventures

#### Parent company

Investments in subsidiaries, associated companies and joint ventures are booked according to the cost method.

Subsidiaries	Location	Ownership/ voting right	Equity last year (100%)	Result last year (100%)	Balance sheet value
Kid Interiør AS	Lier	100%	125,890	136,253	1,204,158
<b>Balance sheet value 31.12.18</b>					<b>1,204,158</b>

### Note 2 Debtors and liabilities

	2018	2017
Liabilities to credit institutions	-	-
Other long-term liabilities	-	-
<b>Total</b>	<b>-</b>	<b>-</b>
<b>Liabilities secured by mortgage</b>	<b>425,000</b>	<b>425,000</b>
<b>Balance sheet value of assets placed as security:</b>		
Shares	-	1,204,158
<b>Total</b>	<b>-</b>	<b>1,204,158</b>

### Note 3 Balance with group companies, etc.

	Other short-term liabilities		Other debtors	
	2018	2017	2018	2017
Group companies	-	-	213,768	120,766
<b>Total</b>	<b>-</b>	<b>-</b>	<b>213,768</b>	<b>120,766</b>

### Note 4 Shareholders' equity

Equity changes in the year	Share capital	Share premium	Other paid-in equity	Other equity	Total
Equity 01.01.18	48,774	321,049	64,617	482,212	916,652
Profit for the year	-	-	-	154,719	154,719
Tilleggsutbytte	-	-	-	-48,774	-48,774
Avsatt utbytte	-	-	-	-81,290	-81,290
<b>Equity 31.12.18</b>	<b>48,774</b>	<b>321,049</b>	<b>64,617</b>	<b>506,867</b>	<b>941,307</b>



## Note 5

### Share capital and shareholder information

The share capital of NOK 48 774 194 consist of 40 645 162 shares with a nominal value of NOK 1.2 each. Kid ASA is listed on the Oslo Stock Exchange. Top 20 shareholders as of 31.12.18 was:

Shareholder	Ownership
Gjelsten Holding AS	37.3%
Pareto Aksje Norge Verdipapirfond	5.3%
Verdipapirfondet Alfred Berg Gamba	4.7%
Verdipapirfondet Pareto Investment	4.4%
Banque De Luxembourg S.A.	3.6%
Stenshagen Invest AS	3.6%
Goldman Sachs International	2.7%
Salt Value AS	1.6%
VPF Nordea Kapital	1.5%
Pescara Invest AS	1.5%
Eika Norge	1.5%
Forsvarets Personellservice	1.4%
N-Ucit Nordea Private Bk No Ak Pt	1.4%
VPF Nordea Avkastning	1.3%
Vj Invest AS	1.3%
Storebrand Verdi Verdipapirfond	1.3%
Vevlen Gård AS	1.2%
VPF Nordea Norge Verdi	1.0%
Espedal & Co AS	0.9%
Varner Equities AS	0.8%

## Note 6

### Taxes

#### Basis for income tax expenses, changes in deferred tax and tax payable

	2018	2017
Result before taxes	200,935	168,324
Permanent differences	3	72
Basis for the tax expense for the year	200,938	168,396
Change in temporary differences	-	-
<b>Basis for payable taxes in the income statement</b>	<b>200,938</b>	<b>168,396</b>
+/- Group contributions received/given	-	-
<b>Taxable income (basis for payable taxes in the balance sheet)</b>	<b>200,938</b>	<b>168,396</b>

#### Components of the income tax expenses

	2018	2017
Tax rate	23%	24%
Payable tax on this year's result	46,216	40,415
Tax effect of transaction costs related to primary issue of shares	-	-
Total payable tax	46,216	40,415
Change in deferred tax based on original tax rate	-	-
Change in deferred tax due to change in tax rate	-	-
<b>Tax expense</b>	<b>46,216</b>	<b>40,415</b>

Tax expense as a percentage of profit before tax	23%	24%
--	-----	-----

#### Payable taxes in the balance sheet

Payable tax in the tax charge	46,216	40,415
Tax effect of group contribution	-	-
<b>Payable tax in the balance sheet</b>	<b>46,216</b>	<b>40,415</b>

## Note 7

### Payroll expenses, number of employees, remunerations, loans to employees, etc.

#### Payroll expenses

	2018	2017
Salaries/wages	-	-
Social security fees	-	-
Board remuneration	1,368	1,505
Pension expenses	-	-
Other remuneration	-	-
<b>Total</b>	<b>1,368</b>	<b>1,505</b>

There are no employees in Kid ASA.  
The CEO of Kid ASA has not received salary in relation to her role in this company.

No loans/sureties have been granted to the general manager, board chairman or other related parties.

#### Expensed audit fees

	2018	2017
Statutory audit (incl. technical assistance with financial statements)	255	226
Other assurance services	-	-
Tax advisory fee (incl. technical assistance with tax return)	-	-
Other assistance (IFRS conversion and quarterly reports)	80	373
<b>Total audit fees</b>	<b>335</b>	<b>599</b>



**Note 8**  
Specification  
of financial  
income and  
expenses

**Financial income**

	2018	2017
Interest income from group entities	926	1334
Interest income	151	209
Other financial income	-	-
Total financial income	1,077	1,543

**Financial expenses**

	2018	2017
Interest expenses	11,032	10,823
Other financial expenses	395	204
Total financial expenses	11,427	11,027

**Note 9**  
Related-party  
transactions

The balance with group companies is disclosed in note 3.

There have been no related-party transactions in 2018.

**Note 10**  
Financial  
market risk

Kid ASA is exposed to interest rate risk on long term debt.

**Interest risk**

The company's interest rate risk arises from long-term borrowings and bank deposits. Borrowings issued at variable rates expose the group to cashflow interest rate risk which is partially offset by cash held at variable rates.

The company finds the interest rate risk acceptable at the current level of net interest-bearing debt. In addition to the MNOK 425 long term loan, Kid ASA also have a MNOK 100 flexible credit facility that is used during the year, but not at year end.










RESPONSIBILITY STATEMENT


We confirm, to the best of our knowledge, that the financial statements for the period 1 January to 31 December 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.

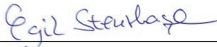
Lier, 10 April 2019  
The board of directors, Kid ASA


  
Henrik Schüssler  
Chairman of the board

  
Bjørn Rune Gjelsten  
member of the board

  
Vilde Falck-Ytter  
member of the board

  
Karin Bing Orgland  
member of the board

  
Egil Stenshagen  
member of the board

  
Anders Fjeld  
General Manager



To the General Meeting of KID ASA

Independent auditor’s report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of KID ASA, which comprise:

- The financial statements of the parent company KID ASA (the Company), which comprise the balance sheet as at 31 December 2018, the statement of income and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- The consolidated financial statements of KID ASA and its subsidiaries (the Group), which comprise the statement of financial position as at 31 December 2018, the statement of profit and loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- The financial statements are prepared in accordance with the law and regulations.
- The accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2018, 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.
- The accompanying consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2018, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Basis for Opinion

We conducted our audit in accordance with 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 and the Group 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The Groups business operations, who continue to evolve due to ongoing improvement projects, are largely the same as last year. We have not identified regulatory changes, transactions or other events that qualified as new Key Audit Matters for this year’s audit. In this light, our areas of focus have been the same in 2018 as the previous year.

Key Audit Matter

How our audit addressed the Key Audit Matter

Valuation of the trademark

For more information about managements valuation of trademark, see note 4 Critical accounting estimates and note 11 Intangible assets.

The trademark amounts to about 2/3s of the Group’s total assets. Management performed an impairment test to assess the book value by estimating and discounting the expected net future cash flows. The estimation of the net future cash flows and discount rate are dependent on management judgement. In the event of a write-down of the trademark, both operating profit and total equity would be impacted. No impairment charges was recognized in 2018.

We focused on valuation of the trademark due to its significance to the financial statements and the inherent risk that management judgement could affect the valuation.

To challenge the judgement management used in the estimation of the net future cash flows, we compared management’s estimates of the future cash flows with the prior year’s actual cash flows, approved budgets and business plans. We did not find any inconsistencies between the estimated net discounted cash flows and the information used by management to estimate these cash flows.

To evaluate management’s estimation accuracy, we compared the 2018 estimated cash flows used in last year’s impairment test with the actual cash flows in 2018. The estimate deviation was of no significance.

To evaluate management’s assumptions related to future long-term revenue growth, we compared management’s estimates with the expectations in the marketplace. We found that management’s estimates for long-term growth were in line with both the market’s and our expectations.

To evaluate management’s assumptions related to the technical modelling of the discount rate, we compared the different input factors used in the determination of the discount rate by comparing these input factors with observable market data, market expectations and the discount rates used by industry comparable companies. We found that managements discount rate contains the elements required by IFRS, and that the different elements were in line with what we find in the marketplace and comparative companies.

To challenge management’s sensitivity analysis, we simulated changes in key parameters and found that the calculation of value used was most sensitive to changes in sales, long-term growth and discount rate. A reasonable variation in the key parameters did not lead to a different conclusion on the impairment test.

We have used checklists and judgement to consider whether IFRS disclosure requirements related to the trademark and the valuation and impairment test were appropriate. We found that the disclosures, including the sensitivity analysis, were satisfactory and provided meaningful information about the trademark and the valuation performed.



### 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.

### 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 fair presentation of the financial statements of the Company in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for the preparation and fair presentation of the consolidated financial statements of the Group in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements of the Company use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations. The consolidated financial statements of the Group use the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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.

As part of an audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's or the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### 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 and in the statements on Corporate Governance and Corporate Social Responsibility concerning the financial statements, the going concern assumption and the proposed allocation of the result is consistent with the financial statements and complies with the law and regulations.

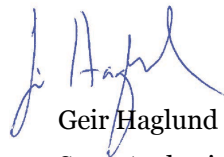


### Opinion on Registration and Documentation

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.

Oslo, 10. April 2019

**PricewaterhouseCoopers AS**



Geir Haglund

State Authorised Public Accountant







## FINANCIAL CALENDAR 2019

Our financial calendar shows the dates on which we plan to publish our financial reports and conduct our annual general meeting. It also includes information about events that are relevant to our shareholders.

The accounts and presentation material are available from 08:00 (CET) on the day of publication, and can be downloaded from our website, <http://investor.kid.no/>

**Annual  
General  
Meeting**

20<sup>th</sup> May 2019

**Q1**

15<sup>th</sup> May 2019

**Q2**

15<sup>th</sup> August 2019

**Q3**

14<sup>th</sup> November 2019

## REVENUE UPDATES

Kid ASA will announce revenue updates on the following dates:

**Q1-2019 revenue - 05.04.2019**

**Q2-2019 revenue - 05.07.2019**

**Q3-2019 revenue - 07.10.2019**

All dates are subject to change.

This information is published pursuant to the requirements set out in the continuing obligations.

## INVESTOR SITE

<http://investor.kid.no/>



---

# Kid

KID ASA  
Gilhusveien 1, N-3426 Gullaug  
Box 505, N-3412 Lierstranda  
Phone: +47 940 26 000

[kundeservice@kid.no](mailto:kundeservice@kid.no)  
[www.kid.no](http://www.kid.no)