



Kid ASA

Remuneration report 2021

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1. Key developments in remuneration 2021

This report on remuneration to senior executives (the "Report") is prepared by the board of directors of Kid ASA. The Report has been prepared in accordance with the Norwegian Public Limited Liability Act 1997 section 6-16 b, the Norwegian Regulation on Guidelines and Report on Remuneration of Leading Employees of 2020 section 6 and the Norwegian Accounting Act section 7-31b.

The remuneration report for 2021 complies with the Remuneration Policy approved by the General Meeting in May 2021. The Policy is applicable for a period of four years unless material changes are proposed by the Board of Directors and can be found on the Company's website investor.kid.no. The remuneration policy is subject for a yearly review by the Board. No changes to the policy have been proposed for 2022.

The overall objective of the remuneration guidelines for the Executive Management is to attract, retain and motivate employees with the skills, qualifications and experience needed to maximize value creation for the Company and its shareholders. KID shall offer competitive terms to its Executive Management Team, and consequently, the remuneration of the Executive Management Team shall as far as possible be in line with the market level for remuneration of senior management in comparable companies. However, the remuneration of the Executive Management Team shall not be of a size or nature which is liable to harm the Company's reputation.

The remuneration of the Board is approved by the General Meeting. The Board of Directors are not eligible to participate in any incentive arrangements operated by KID and receive a fixed annual fee.

The Remuneration Policy, adopted by the general meeting 2021, have been fully implemented. No deviations from the Remuneration Guidelines have been decided and no derogations from the procedure for implementation of the Remuneration Guidelines have been made. No remuneration has been reclaimed by the Company during the reported financial year. The Remuneration Report will be presented to the Annual General Meeting 2022 for an advisory vote.

1.1 Overall company performance in 2021

2021 was yet another successful year for the Kid Group, driven by increased revenues in all markets, higher gross margin and stringent cost control. Along with all-time-high profit, we also passed the milestone of NOK 3 billion in revenues, we were included in the OSEBX index on the Oslo Stock Exchange, and we made strong progress in developing our business.

Revenues for 2021 were MNOK 3 097.1 (MNOK 2 994.7) and gross margin was 62.6 % (62.3 %). Employee benefit expenses and other operating expenses excluding IFRS16 was 34.6 % (34.9%) of revenues. Operating profit (EBIT) was MNOK 541.2 (MNOK 483), driven by revenue growth and increased gross margins.

In accordance with the Remuneration Policy, the remuneration of the Executive Management consists of a fixed annual salary and performance-based bonuses. Since the targets of the short- and long-term incentive plans are linked to the company's profitability targets, the positive development of the company's business operations is reflected in the remuneration paid to the executive management. For further details on the Company's performance in 2021, reference is made to the Company's consolidated annual accounts for 2021, available at kid.investor.no.

1.2 Key developments in Board remuneration in 2021

The Nomination Committee is responsible for preparing matters related to the election and remuneration of the members of the Board of Directors for the General Meeting. At the General Meeting in May 2021 three members of the Board were re-elected. The Annual General Meeting adopted a Remuneration Policy which is applicable to the Board immediately following the General Meeting. Also, it was approved to adjust the Board remuneration based on the levels of remuneration for elected members of Boards of Directors in comparable companies. The General Meeting resolved that the remuneration of the Board of Directors for the previous twelve months should be as followed (TNOK):

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	2020	2021
Chairperson:		
Fee	250	400
Board member:		
Fee	200	325
Number of members	4	4
Additional fee to audit committee:		
Fee	12 per meeting	12 per meeting
Number of members	2	2
Nomination committee:		
Fee	50	40
Number of members	2	2

No Board member has taken on additional tasks in the company outside their normal duties during the year.

1.3 Key developments in Executive Management remuneration in 2021

There have been no changes in the composition of the Executive Management in 2021, and remuneration in 2021 was in line with the approved Remuneration policy. The remuneration level is a result of solid business results, individual performance and alignment with competitive terms. The increase in total remuneration compared to 2020 is partly due to adjustments of base salary, short term incentive plan and the introduction of a long-term incentive plan approved by the Annual General Meeting in June 2021.

The incentive plans are based on financial targets aligned with the strategic ambition. As a result of solid financial performance in 2021, both the short-term and the long-term programs resulted in 100% of maximum bonus. In 2020, the short-term incentive resulted in 100% of maximum bonus while the long-term was not applicable.

2. Total remuneration

2.1 Board remuneration 2021

The following table shows the total Board remuneration which has been paid in 2021 and 2020 (TNOK) for the periods May 2020 to May 2021 and May 2019 to May 2020 respectively.

Board of Directors 2021	Position	Salary	Pension	Bonus	Other benefits	Total
Petter Schouw-Hansen*	Chairman of the Board				484	484
Rune Marsdal	Board Member				325	325
Karin Bing Orgland*	Board Member				409	409
Liv Berstad	Board Member				325	325
Gyrid Skalleberg Ingerø	Board Member				325	325
Nomination committee						
Geir Moe	Nomination committee				40	40
Sten Arthur Sælør	Nomination committee				40	40
Board of Directors 2020						
Petter Schouw-Hansen*	Chairman of the Board	375			310	685
Rune Marsdal	Board Member				200	200
Karin Bing Orgland*	Board Member				260	260
Vilde Falck-Ytter	Board Member				200	200
Egil Stenshagen	Board Member				200	200
Nomination committee						
Jostein Devold	Nomination committee				50	50
Sten Arthur Sælør	Nomination committee				50	50

*Members of the Audit Committee

2.2 Shareholdings by the Board

The following table shows the shareholdings of the Board per 31.12.21 and 31.12.20

Number of shares	2021	2020
Petter Schouw-Hansen	54 808	44 058
Liv Berstad	420	-
Gyrid Skalleberg Ingerø	3 007	1 007
Karin Bing Orgland	32 629	32 629
Rune Marsdal	20 427	9 677

2.3 Remuneration to Executive Management in 2021

The total remuneration for Executives comprises a base salary, a short-term cash-based incentive, a long-term cash-based incentive, a pension contribution and other benefits. The fixed remuneration enables the Executives to take decisions with a long-term perspective in mind without undue considerations for short- or long-term incentives. The variable remuneration is designed to promote performance in line with the company's strategy and to further align the interests of Executives and shareholders. The variable remuneration is based on financial targets of the Group. Set out below is an overview of the Executive remuneration in 2020 and 2021 (TNOK):

	Fixed remuneration			Variable remuneration		Total remuneration	% fixed remuneration / % variable remuneration
	Base salary*	Pension	Other benefits**	Short term incentive plan***	Long term incentive plan		
2021							
Anders Fjeld, CEO	3 324	44	200	1 650	825	6 043	59 / 41
Eystein Lund, CFO	2 355	42	4	1 225	613	4 238	57 / 43
Anders Lorentzson, VD Hemtex	2 636	572	127	968	645	4 947	67 / 33

	Fixed remuneration			Variable remuneration		Total remuneration	% fixed remuneration / % variable remuneration
	Base salary*	Pension	Other benefits**	Short term incentive plan***	Long term incentive plan		
2020							
Anders Fjeld, CEO	3 118	42	210	3 775	-	7 145	47 / 53
Eystein Lund, CFO	1 587	33	9	1 125	-	2 754	59 / 41
Anders Lorentzson, VD Hemtex	2 315	557	156	2 070	-	5 098	59 / 41

*Base salary includes holiday pay

**Other benefits includes car allowance

***Incentives are earned, but not yet paid out as per year end. The short-term incentive plan for the CEO and VD in Hemtex in 2020 includes a one-off bonus of MNOK 2.2 and MNOK 1.5 respectively, related to the financial performance of the Hemtex integration.

There have not been any loans or guarantees granted to key management personnel for either 2020 or 2021. CEO and CFO have 6 months' salary as termination benefit if the termination is initiated by the Company. There are no share-based payments.

2.3.1 Short term incentive plan 2021

For 2021, the Board determined the maximum possible bonus to be 6 month's base salary for the Chief Executive Officer and Chief Financial Officer and 4.5 month's base salary for the VD of Hemtex. The bonus is determined based on the financial performance of the Company in relation to the budget. The short-term bonus for the Executives was 100% of maximum (100% in 2020). As a result, the accrued bonus for the Chief Executive Officer and Chief Financial Officer for 2021 were 6 months' base salary and 4.5 month's base salary for the VD in Hemtex, with payment in 2022.

2.3.2 Long-term incentive plan 2021

The Executive Management have participated in a long-term incentive plan in 2021 consisting of a one-year performance period (2021) where a bonus deposit for executive management is calculated based on financial profit targets. For 2021, management earned the maximum deposit of 3 months' salary. The deposit will be adjusted according to the Company's share price development on an annual basis, based on

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volume weighted average share price the week following the Annual General Meeting. The volume weighted share price shall be adjusted for dividends. The program is designed with annual payments over the 3 years following the annual general meeting after the financial year of the deposit, with 25% the two first years and 50% the last year. The first payment based on the deposits for 2021 will be made after the annual general meeting in 2023 and the final payment after the annual general meeting in 2025.

The long-term incentive plan is approved and unchanged for 2022 with possible payouts in 2024-2026 based on the financial performance in 2022 and share price development over the payout period.

2.4 Shareholdings by Executive Management

There are no share-based payment schemes in Kid ASA. The members of the Executive Management are encouraged to hold shares in the Company. The following table shows the shareholdings of the Executive Management:

Number of shares	2021	2020
Anders Fjeld	130 000	90 000
Eystein Lund	50 286	62 286
Anders Lorentzson	-	-

3. Remuneration and Company performance 2017-2021

A summary of the development of the executive remuneration, of employee remuneration and of company performance in the five-year period 2017–2021 is provided in the table below (TNOK)

Remuneration		2017	2018	2019	2020	2021
Anders Fjeld, CEO	Remuneration		642	3 804	7 145	6 043
	% change			n/a	88 %	-15 %
Kjersti Hobøl*	Remuneration	4 342	2 791	-	-	-
	% change	17 %	n/a	-	-	-
Eystein Lund, CFO	Remuneration	-	-	-	2 754	4 238
	% change	-	-	-	n/a	54 %
Henrik Frisell**	Remuneration	-	-	2 567	1 512	-
	% change	-	-	n/a	n/a	-
Petter Schouw-Hansen	Remuneration	2 935	2 267	-	-	-
	% change	17 %	-23 %	-	-	-
Anders Lorentzson, VD Hemtex***	Remuneration	-	-	-	5 098	4 947
	% change	-	-	-	n/a	-3 %
Board of Directors	Remuneration	1 045	1 129	1 122	1 545	1 844
	% change	142 %	8 %	-1 %	38 %	19 %
Average remuneration on a full-time equivalent basis of employees of the Group****	Average remuneration	587	613	575	569	575
	% change	-4 %	4 %	-6 %	-1 %	1 %
Company performance						
EBITDA ex IFRS 16		214 528	250 233	354 406	535 111	590 533
		7 %	17 %	42 %	51 %	10 %
Net income		141 325	168 723	207 950	356 098	384 426
		5 %	19 %	23 %	71 %	8 %

*The employment of Kjersti Hobøl ended 30 September 2018, hence % change in 2018 is not calculated

**The employment period of Henrik Frisell ended 30 September 2020, hence % change in 2020 is not calculated.

***Hemtex AB was acquired in May 2019. The salary of the VD in Hemtex have been included from 2020 as the first full year

****The average salary for other employees in Hemtex has been calculated based on constant currency to ensure comparability. Average salary has been calculated based on total remuneration of all other employees divided by the average FTE for the year. Included in total remuneration is base salary, holiday pay and accrued bonus. Hemtex have been included from the date of acquisition, 14 of May 2019.



To the General Meeting of Kid ASA

Independent auditor's assurance report on report on salary and other remuneration to directors

Opinion

We have performed an assurance engagement to obtain reasonable assurance that Kid ASA report on salary and other remuneration to directors (the remuneration report) for the financial year ended 31 December 2021 has been prepared in accordance with section 6-16 b of the Norwegian Public Limited Liability Companies Act and the accompanying regulation.

In our opinion, the remuneration report has been prepared, in all material respects, in accordance with section 6-16 b of the Norwegian Public Limited Liability Companies Act and the accompanying regulation.

Board of directors' responsibilities

The board of directors is responsible for the preparation of the remuneration report and that it contains the information required in section 6-16 b of the Norwegian Public Limited Liability Companies Act and the accompanying regulation and for such internal control as the board of directors determines is necessary for the preparation of a remuneration report that is free from material misstatements, whether due to fraud or error.

Our independence and quality control

We are independent of the company as required by laws and regulations and the International Ethics Standards Board for Accountants' Code of International Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. Our firm applies International Standard on Quality Control 1 (ISQC 1) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditor's responsibilities

Our responsibility is to express an opinion on whether the remuneration report contains the information required in section 6-16 b of the Norwegian Public Limited Liability Companies Act and the accompanying regulation and that the information in the remuneration report is free from material misstatements. We conducted our work in accordance with the International Standard for Assurance Engagements (ISAE) 3000 – "Assurance engagements other than audits or reviews of historical financial information".

We obtained an understanding of the remuneration policy approved by the general meeting. Our procedures included obtaining an understanding of the internal control relevant to the preparation of the remuneration report in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. Further we performed procedures to ensure completeness and accuracy of the information provided in



the remuneration report, including whether it contains the information required by the law and accompanying regulation. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Oslo, 7 April 2022

PricewaterhouseCoopers AS

A handwritten signature in blue ink, appearing to read 'G. Haglund', is written over the printed name.

Geir Haglund

State Authorised Public Accountant